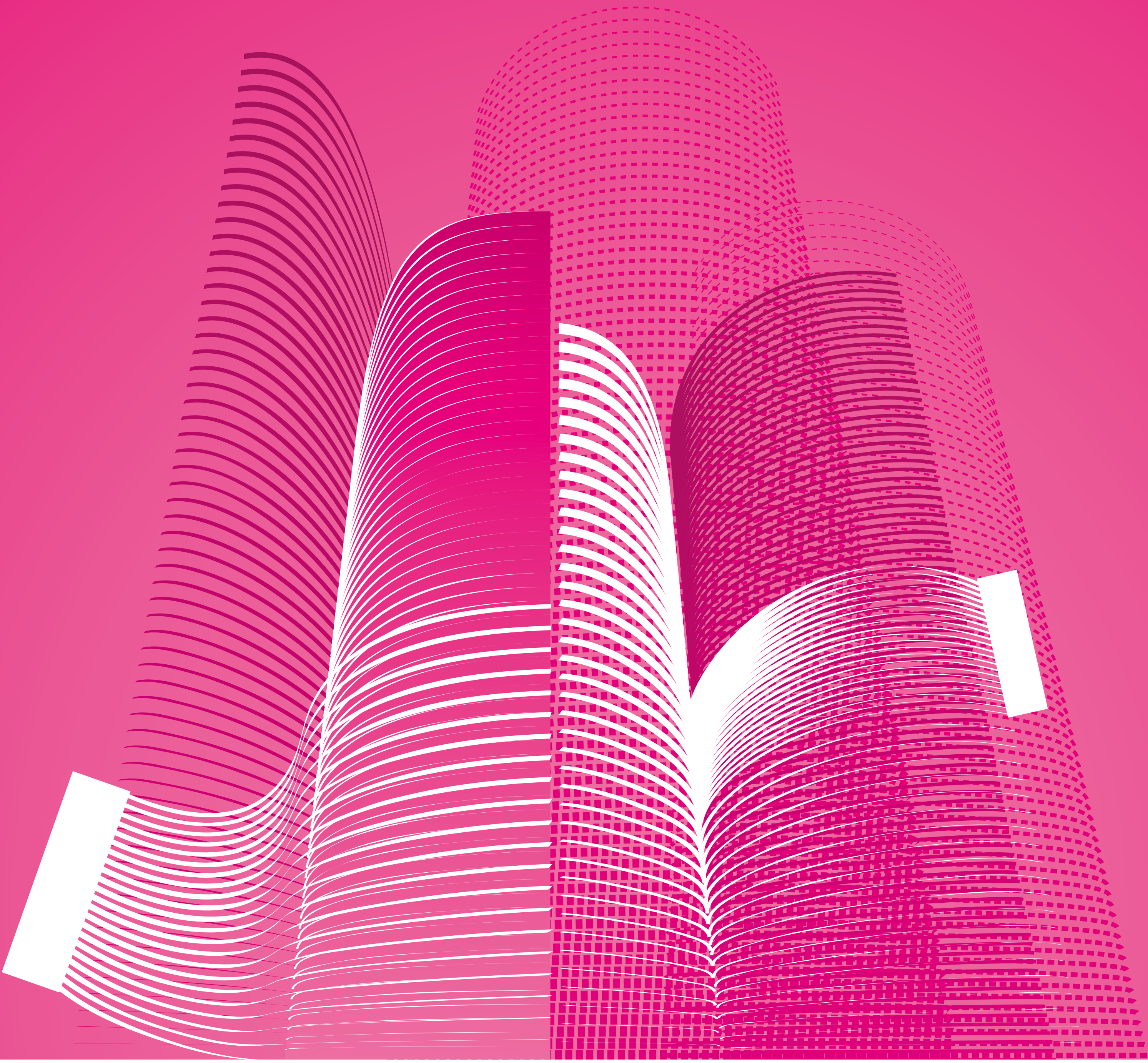
ANNUAL REPORT 2015



Annual Report 2015

Contents

ENEL IS OPEN POWER

Open to the world, to technology and, internally, among our people. This is the strategic concept of **Open Power**. But in order to transfer to our customers and stakeholders the essence of a new innovative and open Enel, it is essential to instill this approach to openness within the Company.
In order to create a shared culture among all of the Group's parts, we have developed a "galaxy" composed of a Vision – for the first time in Enel – which represents our major long-term objective, a Mission 2025 expressed in five points, the values that represent Enel's DNA and ten principles of conduct that must inspire everyone who works for the Company. **Let's discover the Open Power galaxy.**

VALUES

INNOVATION

RESPONSIBILITY

Share information, being willing to collaborate and open to the contribution of others.

Work for the integration of all, recognizing and leveraging individual diversity (culture, gender, age, disabilities, personality etc.).

Follow through with **commitments**, pursuing activities with determination and passion.

Change priorities swiftly in response to changes in the context.

PRINCIPLES OF CONDUCT

Adopt and promote **safe behavior** and move pro-actively to **improve** conditions for health, safety and well-being.

Make decisions in **daily activities** and take responsibility for them.

Recognize **merit in your co-workers** and give feedback that can improve their contribution.

Your work is focused on **satisfying customers** and/or co-workers, acting effectively and rapidly.

Get results by aiming **for excellence**.

Propose **new solution** and do not give up when faced with obstacles or failure.

VISION

“**OPEN POWER** TO SOLVE THE GREATEST CHALLENGES FACING **OUR WORLD**”

TRUST

PROACTIVITY

MISSION 2025

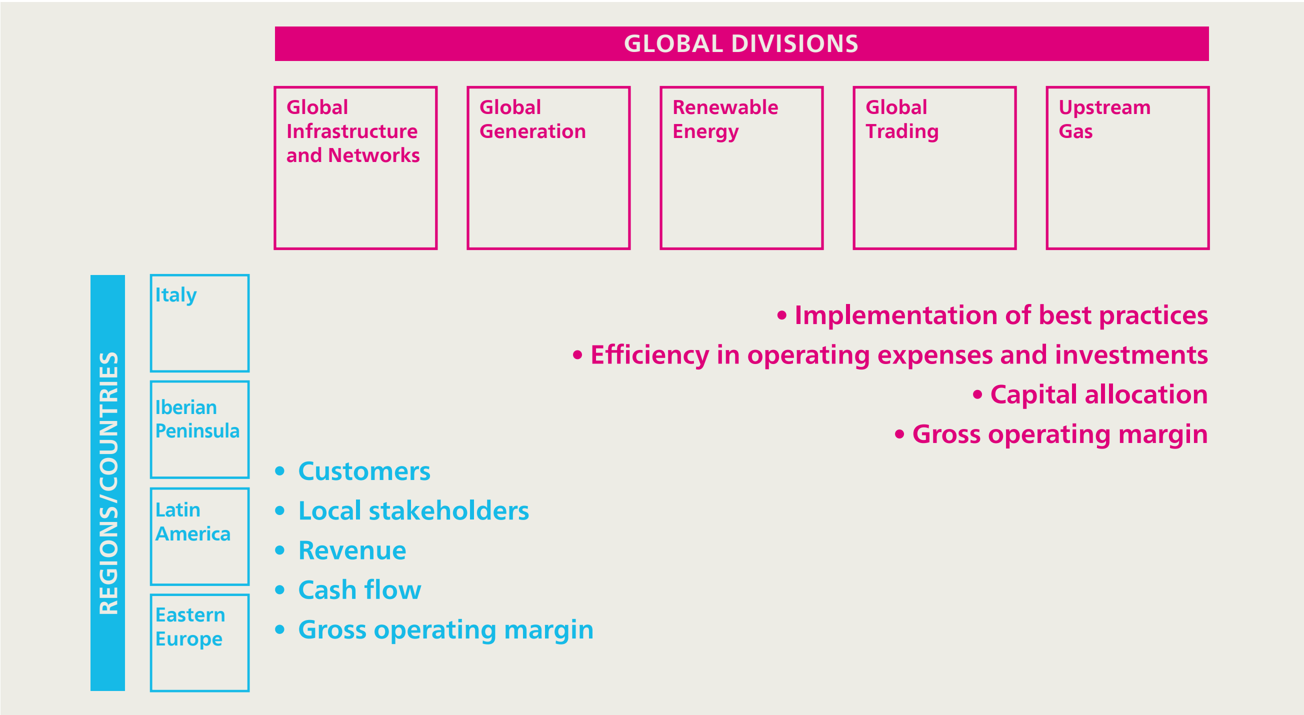
- OPEN **ACCESS** TO ELECTRICITY FOR **MORE** PEOPLE
- OPEN THE **WORLD** OF ENERGY TO **NEW TECHNOLOGY**
- OPEN UP TO **NEW USES** OF ENERGY
- OPEN UP TO NEW WAYS OF **MANAGING ENERGY** FOR PEOPLE
- OPEN UP TO NEW **PARTNERSHIPS**

Report on operations

Enel organizational model

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

> pursue and maintain technological leadership in the sectors in which the Group operates, ensuring operational excellence;
> maximize the level of service offered to customers in local markets.



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

More specifically, the new Enel Group structure is organized into:

> *Divisions* (Global Generation, Global Infrastructure and Networks, Renewable Energy, Global Trading, Upstream Gas), which are responsible for managing and developing assets, optimizing their performance and the return on capital employed in the various geographical areas in which the Group operates. The Divisions are also tasked with improving the efficiency of the processes they manage and sharing best practices at the global level. The Group can benefit from a centralized industrial vision of projects in the various business areas. Each project will be assessed not only on the basis of its financial return, but also on the basis of the best technologies available at the Group level;
> *Regions and Countries* (Italy, Iberian Peninsula, Latin America, Eastern Europe), which are responsible for managing relationships with institutional bodies and regulatory authorities, as well as selling electricity and gas, in each of the countries in which the Group is present, while also providing staff and other service support to the Divisions.

This matrix is sustained by general business support functions:

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

Corporate boards

Board of Directors

Chairman	Chief Executive Officer and General Manager	Directors	Secretary
Patrizia Grieco	Francesco Starace	Alfredo Antoniozzi Alessandro Banchi Alberto Bianchi Paola Girdinio Alberto Pera Anna Chiara Svelto Angelo Taraborrelli	Claudio Sartorelli

Board of Auditors

Chairman	Auditors	Alternate auditors
Sergio Duca	Lidia D'Alessio Gennaro Mariconda	Giulia De Martino Pierpaolo Singer Franco Luciano Tutino

Independent auditors

Reconta
Ernst & Young SpA

Powers

Board of Directors

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

Chairman of the Board of Directors

The Chairman is vested by the bylaws with the powers to represent the Company and to sign on its behalf, presides over Shareholders' Meetings, convenes and presides over the Board of Directors, and ascertains that the Board's resolutions are carried out. Pursuant to a Board resolution of May 23, 2014, the Chairman has been vested with a number of additional non-executive powers.

Chief Executive Officer

The Chief Executive Officer is also vested by the bylaws with the powers to represent the Company and to sign on its behalf, and in addition is vested by a Board resolution of May 23, 2014 with all powers for managing the Company, with the exception of those that are otherwise assigned by law or the bylaws or that the aforesaid resolution reserves for the Board of Directors.

Letter to shareholders and other stakeholders

Dear shareholders and stakeholders,

The year 2015 was marked by great changes and the achievement of significant results. The strategic decisions we have taken have in fact enabled us to gain strength and resilience in a changing economic environment, while laying the foundation for equally solid growth in the near future.

Strategy and outlook for 2016

In March, the new management presented its first strategic plan to the market. After the significant progress achieved during the year, and following the decision to shift the presentation of the plan from March to November each year, for 2015 only an update was subsequently presented. The new plan is focused closely on long-term industrial growth, especially in renewables and networks. It sets out an ambitious program for enhancing efficiency through the reduction of maintenance and operating costs in all the global business lines in which our operations are now structured following the reorganization undertaken in 2014.

The plan also envisages the simplification of the Enel Group's corporate structure, which began in 2014 with the separation of the two subsidiaries Endesa and Enersis. It also seeks to manage the Enel portfolio actively with a view to creating value through the strategic repositioning of the Group. Finally, it provides for focusing growing attention on shareholder remuneration, thanks to a gradual increase in dividends distributed through 2019 in order to align the Enel Group more closely with the sector average.

The Enel strategic plan, which is updated each year, is a synthesis of the long-term vision of the Company. It is the fruit of cooperation and exchange between management and the Board of Directors. The Board, after a process of sharing information and analysis with management, is responsible for final approval of the strategic direction being pursued and periodic monitoring of its implementation.

We sought to summarize the essence of this new strategic direction with the term "Open Power", which represents a new approach involving all of the Group's industrial processes and commercial initiatives, guiding investments and the relationship with stakeholders. It is in fact based on the concept of openness in terms of sustainability and, hence, innovation and technological innovation at a time when the Enel Group is opening its infrastructure to a variety of other uses: openness with stakeholders, through dialogue with the communities in which the Group operates; openness within the Group, which means leveraging the talents and diversity among our people; and finally, openness as the capacity to listen to the world around us and to seize the opportunities and meet the needs we find. Consistent with this innovative approach, on January 26, 2016, in Madrid, Enel presented the new Group logo, a global brand that represents openness to change, listening and innovation.

The macroeconomic environment

The global economic environment in 2015 was characterized by strong turbulence, marked by increased volatility in the major financial markets and uncertainty about the outlook for the global economic recovery. Preliminary forecasts of growth in global gross domestic product are below the average of the last 15 years. In the euro area, the combined effects of the expansionary monetary policy instituted by the European Central Bank, together with the fall in commodity prices and the depreciation of the euro, point to faster expected growth than last year, although the outlook is impacted by the weakness of the global economy and developments in the foreign exchange market.

The emerging economies are slowing, with a contraction in domestic demand, high inflation and the depreciation of local currencies. Tensions on the financial market in China, combined with the prospects of a slowdown in the real economy, have had an adverse impact on trade and, owing to a decline in expected use of commodities in industry and construction, have contributed to the sharp decline in commodity prices, particularly oil.
Despite the slide in oil prices, investments in renewable energy around the world continued the positive trend of recent years, reaching record levels in 2015. This trend will also continue in the coming years, irrespective of the volatility in commodity prices that, in all probability, will also characterize the immediate future.

Performance

In spite of the complex macroeconomic environment, 2015 was a good year for Enel, as demonstrated by the excellent performance we achieved: revenue of about €75.7 billion, essentially in line with 2014; ordinary EBITDA of €15.0 billion, a slight decrease compared with the €15.5 billion posted in 2014, but perfectly in line with the targets already announced to the market; and ordinary net income of €2.9 billion. The decrease in EBITDA is essentially due to the adverse evolution of exchange rates, the formalization of a number of agreements on early retirement incentives in Italy and Spain – intended to achieve significant generational turnover – and the lower margin on the generation of electricity from conventional resources. These factors were partly offset by efficiency gains and the positive impact of regulatory and legislative changes in the countries in which we operate.
At the end of 2015, net financial debt stood at €37.5 billion, essentially in line with the figure reported at December 31, 2014. The cash flows generated by ordinary operations allowed us to finance almost all our investments in the period and the payment of dividends, which were compounded by the negative effects of exchange rate changes.

Main events

The performance described above synthesizes the commitment of a year of hard work, one marked by a series of major events.
In February 2015, the Ministry for the Economy and Finance carried out the fifth tranche of Enel's privatization, an operation that reduced the majority shareholder's interest to 25.5%, down from the 31.2% held previously.
As regards industrial growth, 2015 saw the completion of construction and the entry into service of power plants with a total capacity of 2,063 MW, of which 94% powered by renewable resources (including large hydroelectric facilities), strengthening Enel's leadership position in this important sector.
We also initiated sustainable growth in new countries (India, Kenya and Germany), pursuing our medium/long-term strategy.
In 2015 we connected about 530,000 new users to our networks, expanding the number of customers served around the world to 61.5 million, once again reinforcing Enel's pre-eminent global position.
In Italy, we reached the significant threshold of 10 million customers served on the free markets for electricity and gas.
Within the program for the active management of our asset portfolio, in 2015 we made disposals totaling about €1.6 billion, including a number of hydroelectric assets in Italy, minority stakes in renewables in the United States and renewables assets in Portugal.
We also reached an agreement for the sale of our stake in Slovenské elektrárne, to be implemented in two tranches: the first in 2016 and the second upon completion of the construction of the new 3 and 4 units at the Mochovce nuclear power plant.
With regard to Italy in particular, 2015 saw the launch of Futur-E, a project for the redevelopment of generation plants that have reached or are approaching the end their life cycle. Specifically, the project involves 23 thermal plants (with a total of 13 GW of capacity) for which Enel intends to develop, together with all other stakeholders, sustainable solutions to preserve jobs and, where possible, the productive and industrial vocation of the sites.
In other developments in Italy, we launched a number of initiatives that will have significant implications for the indus-

trial growth of the country. The first is the plan to replace, over the next few years, some 32 million smart meters. The project will enable the roll-out of innovative services with significant benefits for both customers and the entire national electricity system. In addition, with the launch of a project that recently led to the establishment of the new company Enel Open Fiber, we have laid the foundations for major infrastructure development (which could also be replicated in other countries in the future): a national ultra-broadband network. The initiative is open to all interested stakeholders and will contribute to digitizing the entire country by 2020, in line with national objectives.

Another important event was Expo 2015, an initiative in which Enel participated as an Official Global Partner, creating the first greenfield smart city in the world and a showroom to showcase Enel's most innovative technologies to the some 800,000 visitors.

In order to simplify the Group's corporate structure, we launched a restructuring program in Latin America. This represents a key decision for the development of our business in that area: it provides for the separation of generation and distribution activities in Chile from those in other Latin American countries (Argentina, Brazil, Colombia and Peru). It will allow us to eliminate existing duplication and overlap, improve the visibility of the various businesses and countries, accelerate and streamline decision-making and maximize value creation.

In another step, at the end of 2015 we began the process of integrating Enel Green Power into Enel: this operation enable us to increase the economic impact of the Group's most important drive of growth in the coming years and accelerate the development of the global renewables market. At the same time, it will improve synergies with the rest the Group and add flexibility to the structure of the program for the structural rotation of assets.

Also in 2015, Enel was recognized – unique among utilities – by Fortune in the Change the World list as one of the five companies capable of changing the world and was appointed to the Board of the Global Compact of the United Nations. And as regards the new Sustainable Development Goals adopted by the United Nations, we wanted to make an effective contribution to their achievement through the implementation of projects aimed at: i) ensuring universal access to clean energy; ii) countering climate change and its effects; iii) supporting access to education; and iv) contributing to the inclusive and sustainable economic growth of the communities in the countries in which we operate. Enel, in a demonstration of its commitment to sustainable development, from the very outset integrated those objectives into its strategy and in its sustainability reporting.

In 2016 Enel will complete the integration of Enel Green Power, the reorganization in Latin America, the start of installation of smart meters, and the development of the business plan of Enel Open Fiber. These are solid projects that well represent the pillars of our 2016-2019 strategic plan: improving operational efficiency, industrial growth, simplifying the Group, active management of our asset portfolio and the remuneration of shareholders. These are the foundations on which we are building the Enel of the future.

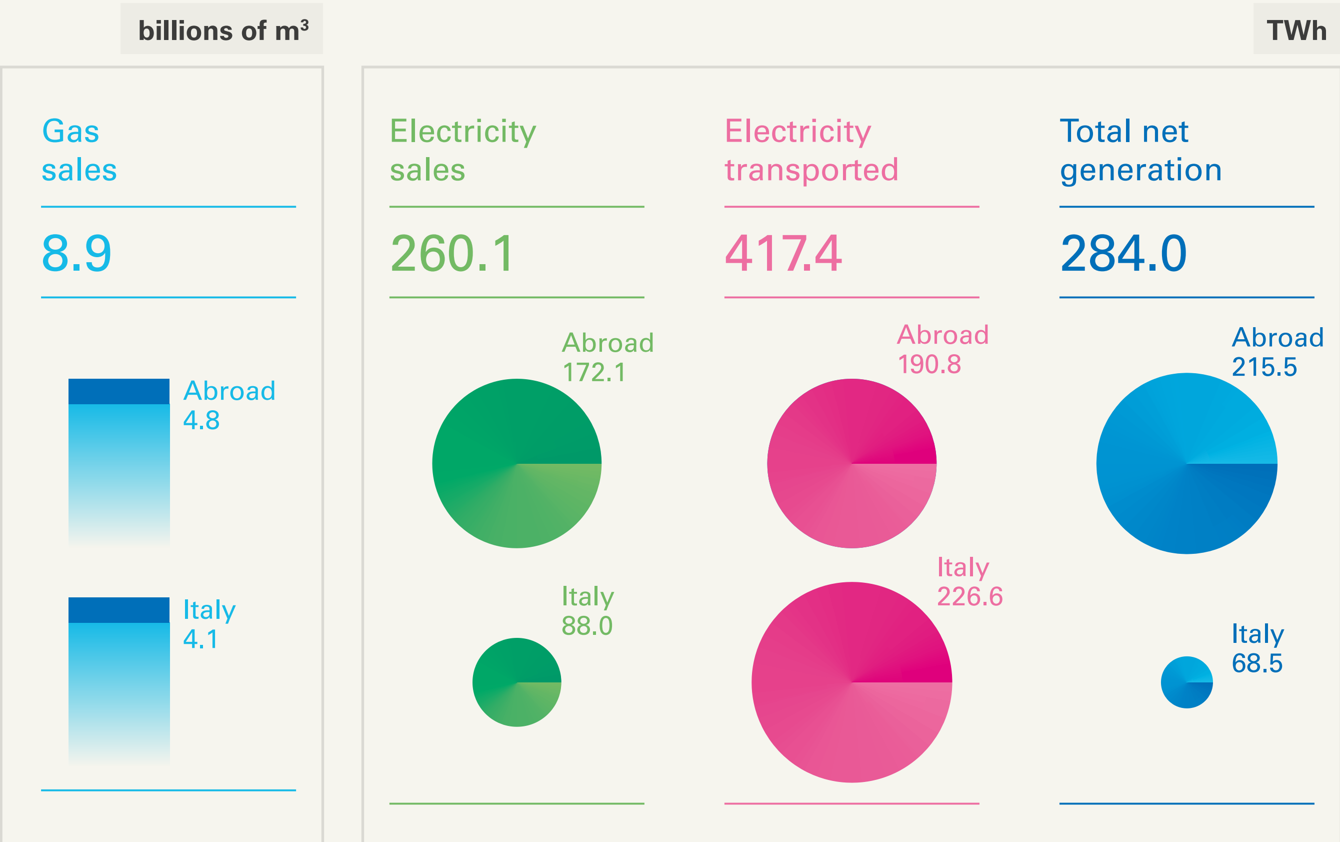
The Chairman of the Board of Directors

Patrizia Grieco

The Chief Executive Officer

Francesco Starace

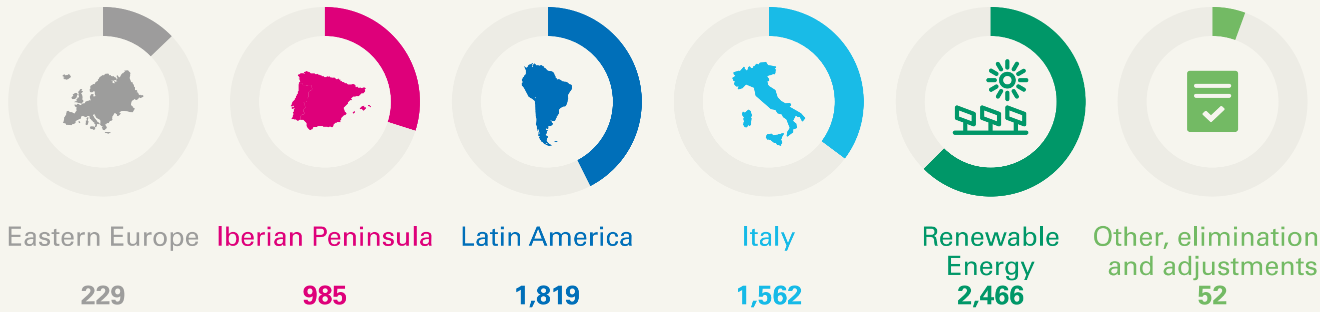
Summary of results



Capital expenditure by business area

millions of euro

7,113



Performance for 2015 (compared with 2014)

Revenue
75,658 **-0.2%**

Total net generation by resource

TWh

284.0

Net generation by renewable resource

TWh

89.3

Employees by business area

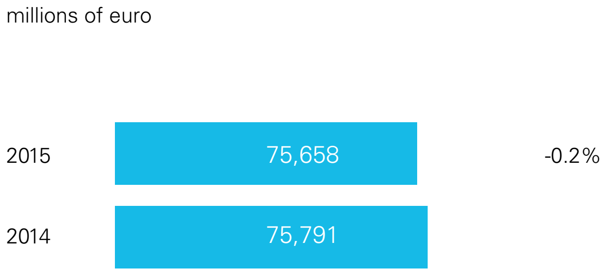
67,914

millions of euro

Performance data

Revenue

Revenue in 2015 amounted to €75,658 million, a decrease of €133 million (-0.2%) compared with 2014. The slight contraction is attributable to a decline in sales of electricity, partly offset by greater revenue from the sale of fuels and gas. The increase in revenue in Italy, especially in distribution as a result of regulatory changes concerning electricity transport (Resolutions 654/2015 and 655/2014 of the Authority for Electricity, Gas and the Water System), and in Latin America, especially owning to the effect of *Resolución* 32/2015 in Argentina and the acquisition, as from April 2014, of control of Gas Atacama in Chile, partly offset the negative impact of changes in the exchange rates of other local currencies, notably in Brazil, Colombia and Russia, against the euro (equal to about €773 million).
In addition, revenue in 2015 includes the gain of €141 million on the disposal of SE Hydropower and the negative goodwill and simultaneous remeasurement at fair value of the stake already held by the Group following the acquisition of 3Sun for a total of €116 million. During the same period of 2014, revenue included the gain on the disposal of LaGeo (€123 million), the adjustment to the sales price (€82 million) on the disposal of Artic Russia, which was carried out at the end of 2013, and the remeasurement at fair value (€50 million) of the net assets of SE Hydropower, a company over which the Group lost control at the start of 2014.



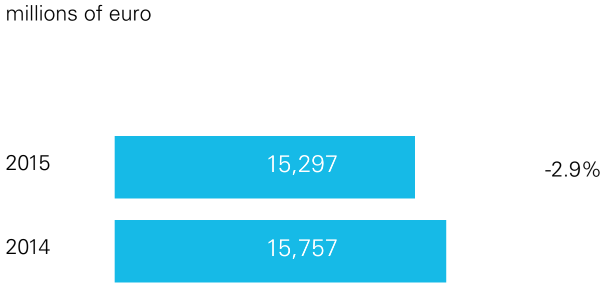
Millions of euro

	2015	2014 restated	Change	
Italy	39,644	38,389	1,255	3.3%
Iberian Peninsula	20,105	20,952	(847)	-4.0%
Latin America	10,627	9,648	979	10.1%
Eastern Europe	4,831	5,299	(468)	-8.8%
Renewable Energy	3,011	2,921	90	3.1%
Other, eliminations and adjustments	(2,560)	(1,418)	(1,142)	-80.5%
Total	**75,658**	**75,791**	**(133)**	**-0.2%**

Gross operating margin

The **gross operating margin** amounted to €15,297 million in 2015, down 2.9% compared with 2014. More specifically, in view of the fact that the effects of the extraordinary corporate transactions cited above were essentially neutral, the change reflected the adverse developments in exchange rates, the formalization of a number of agreements in the 4th Quarter of 2015 for the early retirement of personnel in Italy and Spain, and a decrease in the margin on electricity from conventional generation. These effects were partly offset by efficiency gains, a number or regulatory changes with a positive impact on results and the new regulations introduced in July 2015 in Slovakia that made it possible to partially reverse the provision for charges for the disposal of depleted nuclear fuel.

More specifically, fluctuations in the exchange rates of other currencies with respect to the euro produced a net exchange loss of about €107 million, the net balance of the depreciation of certain currencies (including the ruble, the Colombian peso and the Brazilian real) and the appreciation of others (notable the Chilean peso, the US dollar and the Peruvian sol) against the euro.



Millions of euro

	2015	2014 restated	Change	
Italy	6,098	6,343	(245)	-3.9%
Iberian Peninsula	3,111	3,203	(92)	-2.9%
Latin America	3,167	3,092	75	2.4%
Eastern Europe	1,308	1,210	98	8.1%
Renewable Energy	1,826	1,938	(112)	-5.8%
Other, eliminations and adjustments	(213)	(29)	(184)	-
Total	**15,297**	**15,757**	**(460)**	**-2.9%**

Operating income

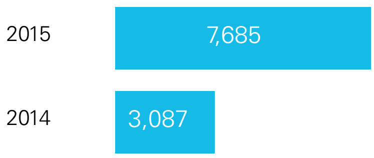
Operating income in 2015 amounted to €7,685 million, an increase of €4,598 million compared with 2014 (€3,087 million). In addition to a decline in depreciation and amortization, the changes reflected a reduction in impairment losses on property, plant and equipment and intangible assets. In particular, the change mainly reflected the following contrasting factors:

> impairment of non-current assets in 2014, mainly regarding generation in Italy, Slovakia and Russia and certain assets in Spain, renewables assets in Greece, the tolling agreement with Marcinelle Energie and the Aysén water use rights for a total of about €6,427 million;

> impairment of non-current assets in 2015, mainly regarding Russian generation and Romanian renewables assets following changes in market and regulatory conditions, and on Slovakian assets in order to align their carrying amounts with their estimated realizable values, in addition to the impairment of the net assets of the upstream gas area as a result of the difficulty in continuing projects and the change in the price scenario in the global fuel market, for a total of about €1,787 million.

These effects were partly offset by the contraction in the gross operating margin.

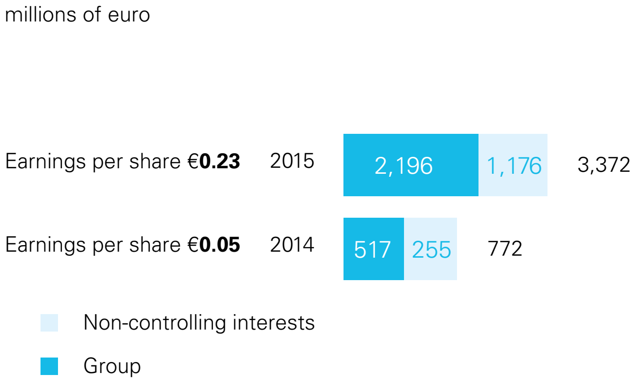
millions of euro



Millions of euro

	2015	2014 restated	Change	
Italy	4,005	1,918	2,087	-
Iberian Peninsula	1,397	1,240	157	12.7%
Latin America	2,241	1,549	692	44.7%
Eastern Europe	(499)	(2,676)	2,177	-81.4%
Renewable Energy	879	1,124	(245)	-21.8%
Other, eliminations and adjustments	(338)	(68)	(270)	-
Total	**7,685**	**3,087**	**4,598**	**-**

Net income

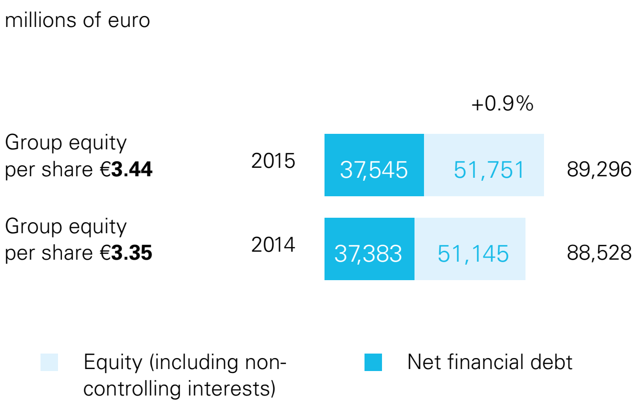


Net income attributable to shareholders of the Parent Company amounted to €2,196 million in 2015, compared with €517 million the previous year. More specifically, the increase in operating income was accompanied by a decline in net financial expense (mainly associated with a reduction in interest on debt and a number of non-recurring items), only partly offset by an increase in income taxes. The latter were affected by numerous non-recurring items, including: a) an increase in deferred tax assets recognized in 2014 by Enel Iberoamérica in the amount of €1,392 million following the reorganization of investments in Spain and Latin America; b) the tax benefits associated with the elimination at the end of 2014 of the IRES (corporate income tax) surtax (the so-called "Robin Hood Tax"); c) changes in the deductibility of personnel costs for IRAP (regional business tax) purposes; d) new tax regulations in Spain, Peru, Chile and Colombia that had an impact on deferred taxation; and e) the application of the new Italian Stability Act approved in December 2015, which reduces the IRES rate from 27.5% to 24% as from January 1, 2017.

These factors were accompanied by the increase in the impact of non-controlling interests, mainly due to the disposal of 21.92% of Endesa in the 4th Quarter of 2014.

Financial data

Net capital employed



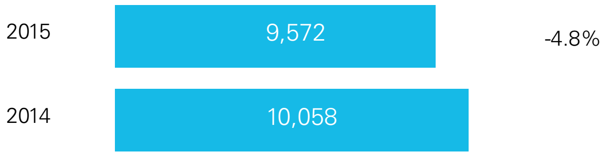
Net capital employed, including net assets held for sale of €1,490 million (mainly Slovenské elektrárne), amounted to €89,296 million at December 31, 2015 and was financed by equity pertaining to shareholders of the Parent Company and non-controlling interests of €51,751 million and net financial debt of €37,545 million. At December 31, 2015, the debt/equity ratio came to 0.73 (0.73 at December 31, 2014).

Net financial debt came to €37,545 million, an increase of €162 million on December 31, 2014, reflecting the borrowing generated by investment in the period, the payment of dividends and developments in exchange rates.

Cash flows from operations

Cash flows from operations amounted to €9,572 million, down €486 million on the previous year.

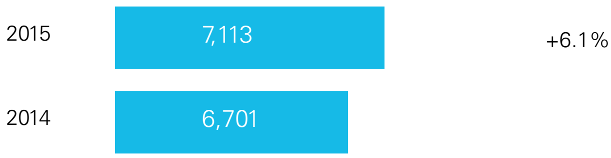
millions of euro



Capital expenditure

Capital expenditure amounted to €7,113 million in 2015 (of which €6,353 million in respect of property, plant and equipment), an increase of €412 million on 2014.

millions of euro



Millions of euro

	2015	2014 restated	Change	
Italy (1)	1,562	1,460	102	7.0%
Iberian Peninsula	985	993	(8)	-0.8%
Latin America	1,819	1,609	210	13.1%
Eastern Europe (2)	229	936	(707)	-75.5%
Renewable Energy	2,466	1,658	808	48.7%
Other, eliminations and adjustments	52	45	7	15.6%
Total	**7,113**	**6,701**	**412**	**6.1%**

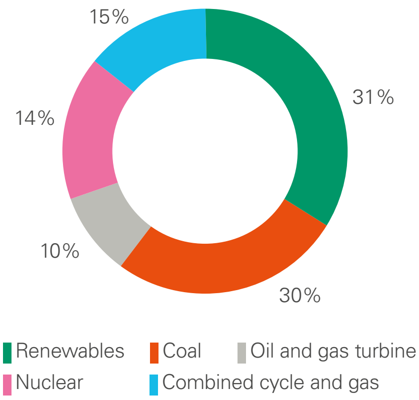
(1) The figure does not include €1 million regarding units classified as "held for sale".
(2) The figure does not include €648 million regarding units classified as "held for sale".

Operations

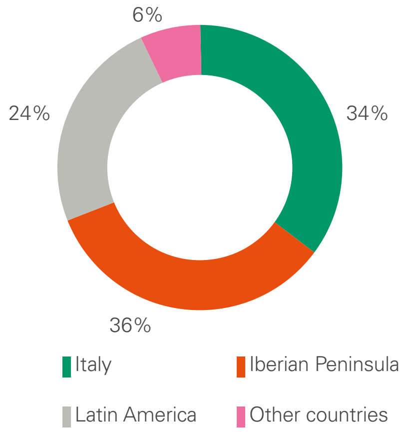
	Italy	Abroad	Total	Italy	Abroad	Total
		2015			2014	
Net electricity generated by Enel (TWh)	68.5	215.5	**284.0**	71.8	211.3	**283.1**
Electricity transported on the Enel distribution network (TWh)	226.6	190.8	**417.4**	223.0	188.1	**411.1**
Electricity sold by Enel (TWh) (1)	88.0	172.1	**260.1**	87.6	173.4	**261.0**
Gas sold to end users (billions of m³)	4.1	4.8	**8.9**	3.5	4.3	**7.8**
Employees at year-end (no.) (2)	33,040	34,874	**67,914**	33,405	35,556	**68,961**

(1) Excluding sales to resellers.
(2) Includes 4,301 in units classified as "held for sale" at December 31, 2015 (4,486 at December 31, 2014).

Net electricity generation by source (2015)



Electricity sold by geographical area (2015)



Net electricity generated by Enel in 2015 increased by 0.9 TWh compared with 2014 (+0.3%). More specifically, the rise attributable to greater generation abroad (+4.2 TWh) is largely accounted for by greater conventional thermal output, only partly offset by a decline in renewables generation, which in 2015 was affected by a decline in resource availability. Finally, 31% of the electricity generated by Enel in 2015 came from renewable sources (34% in 2014).

Electricity transported on the Enel distribution network in 2015 amounted to 417.4 TWh, up 6.3 TWh (+1.5%), mainly reflecting an increase in electricity demand in Spain and Latin America, with the exception of Brazil.

Electricity sold by Enel in 2015 amounted to 260.1 TWh, a decrease of 0.9 TWh (-0.3%) compared with 2014.
A decline in sales in the Iberian Peninsula, reflecting the ongoing shift of customers to the free market, was only partly offset by the rise in amounts sold in Italy and in Latin America.

At December 31, 2015, Enel Group **employees** numbered 67,914. The decrease of 1,047 on the end of 2014 is attributable to the net balance of new hires and terminations (-1,316), partly offset by the change in the scope of consolidation (+269).

Employees (no.)

	2015	2014 restated
Italy (1)	28,774	29,656
Iberian Peninsula	10,001	10,500
Latin America (2)	12,211	12,301
Eastern Europe (3)	10,200	10,411
Renewable Energy	4,309	3,609
Other, eliminations and adjustments	2,419	2,484
Total	**67,914**	**68,961**

(1) Of which 41 in units classified as "held for sale" at December 31, 2014.
(2) Of which 15 in units classified as "held for sale" at December 31, 2014.
(3) Of which 4,301 in units classified as "held for sale" at December 31, 2015 (4,430 at December 31, 2014).

Environmental, social and governance indicators

	2015	2014	Change	
ISO 14001-certified net efficient capacity (% of total)	97.6	94.3	3.3	3.5%
Average efficiency of thermal plants (%) (1)	38.1	37.8	0.3	0.8%
Total specific emissions of CO_2 from net generation (gCO_2/kWh_{eq}) (2)	409	395	14	3.5%
"Zero-emission" generation (% of total)	45.5	47.4	(1.9)	-4.0%
Enel injury frequency rate (3)	1.27	1.32	(0.05)	-3.8%
Enel injury severity rate (4)	0.05	0.07	(0.02)	-33.4%
Serious and fatal injuries at Enel	7	4	3	75.0%
Serious and fatal injuries at contractors	33	38	(5)	-13.2%
Verified violations of the Code of Ethics (5)	32	31	1	3.2%

(1) Percentages calculated using new method that does not consider oil and gas plants in Italy that are included in the 2015-2016 disposal program and heat.
(2) Specific emissions are calculated as total emissions from simple thermal generation and co-generation of electricity and heat as a ratio of total renewables generation, nuclear generation, simple thermal generation and co-generation of electricity and heat (including the contribution of heat in MWh equivalent).
(3) The indicator is calculated as the ratio between the total number of injuries and the number of hours worked, in millions (INAIL standard).
(4) The indicator is calculated as the ratio between the number of days lost for injuries and the number of hours worked, in thousands (INAIL standard).
(5) The analysis of reports received in 2014 was completed in 2015. For that reason, the number of verified violations for 2014 was restated from 27 to 31.

Currently, more than 45% of Enel generation output comes from zero-emission resources. In 2015 Enel Green Power installed about 870 MW of new wind capacity, mainly in the United States, Mexico, Brazil and our new country Uruguay, reaching a total installed capacity for renewable resources of 37,033 MW. This confirms the Group's commitment to the development of carbon-free generation, which will continue in the coming years.

With the additional increase in renewables generation envisaged in the plan, Enel confirms its objective for achieving carbon neutrality by 2050, with an intermediate target at 2020 of reducing emissions by 25% compared with 2007. This goal has been recognized as a "Science Based Target" as it is in line with global climate targets. This downward trend was interrupted by a temporary increase of 3.5% in CO_2 emissions as a result of greater use of thermal generation assets in order to offset, together with greater wind generation, the reduction in expected hydroelectric generation owing to poor rainfall during the year.

The average yield of thermal plants was unchanged in the last two years, going from 37.8% in 2014 to 38.1% in 2015. The proportion of ISO 14001-certified net efficient capacity was equal to 97.6%, an increase compared with 2014 thanks to the new installed capacity of Enel Green Power and the exit of marginal plants, mainly in Italy.

Injury frequency and severity rates for employees of the Enel Group were equal to 1.27 (down about 4% compared with 2014) and 0.05 (down about 33% on the previous year), respectively.

In 2015 there were 7 serious and fatal injuries involving Enel personnel (3 more than in 2014) and 33 serious and fatal injuries involving the employees of contractors working for Enel (5 fewer compared with 2014).

The management of reported violations of the Code of Ethics was revised to ensure greater transparency and traceability and to standardize assessment systems at the Group level while ensuring appropriate assessment times. The new process also improved the preliminary analysis of reports received, which numbered 124 in 2015, of which 32 were classified as violations.

Overview of the Group's operations, performance and financial position

Definition of performance indicators

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

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

> Group net ordinary income: this is Group net income produced by ordinary operations.

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

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

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

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

> Net financial debt: a financial structure indicator, determined by "Long-term borrowings", the current portion of such borrowings and "Short-term borrowings" less "Cash and cash equivalents", "Current financial assets" and "Non-current financial assets" not previously considered in other balance sheet indicators. More generally, the net financial debt of the Enel Group is calculated in conformity with paragraph 127 of Recommendation CESR/05-054b implementing Regulation 2004/809/EC and in line with the CONSOB instructions of July 26, 2007, net of financial receivables and long-term securities.

Main changes in the scope of consolidation

In the two periods under review, the scope of consolidation changed as a result of a number of transactions. For more information, please see note 5 in the notes to the consolidated financial statements.

Group performance

Millions of euro

	2015	2014	Change	
Total revenue	75,658	75,791	(133)	-0.2%
Total costs	60,529	59,809	720	1.2%
Net income/(expense) from commodity contracts measured at fair value	168	(225)	393	-
Gross operating margin	**15,297**	**15,757**	**(460)**	**-2.9%**
Depreciation, amortization and impairment losses	7,612	12,670	(5,058)	-39.9%
Operating income	**7,685**	**3,087**	**4,598**	**-**
Financial income	4,018	3,326	692	20.8%
Financial expense	6,474	6,456	18	0.3%
Total financial income/(expense)	**(2,456)**	**(3,130)**	**674**	**21.5%**
Share of income/(losses) of equity investments accounted for using the equity method	**52**	**(35)**	**87**	**-**
Income before taxes	**5,281**	**(78)**	**5,359**	**-**
Income taxes	1,909	(850)	2,759	-
Net income from continuing operations	**3,372**	**772**	**2,600**	**-**
Net income from discontinued operations	**-**	**-**	**-**	**-**
Net income (Group and non-controlling interests)	**3,372**	**772**	**2,600**	**-**
Net income attributable to shareholders of the Parent Company	2,196	517	1,679	-
Net income attributable to non-controlling interests	1,176	255	921	-

Revenue

Millions of euro

	2015	2014	Change	
Revenue from the sale of electricity	46,638	48,062	(1,424)	-3.0%
Revenue from the transport of electricity	9,911	9,142	769	8.4%
Fees from network operators	826	783	43	5.5%
Transfers from equalization funds, market operators and energy services operators	1,152	1,857	(705)	-38.0%
Revenue from the sale of gas	4,045	3,628	417	11.5%
Revenue from the transport of gas	509	459	50	10.9%
Gains on disposal and negative goodwill on acquisitions of subsidiaries, associates, joint ventures, joint operations and non-current assets held for sale	313	292	21	7.2%
Remeasurement at fair value after changes in control	80	82	(2)	-2.4%
Gains on the disposal of property, plant and equipment and intangible assets	52	32	20	62.5%
Other sales, services and revenue	12,132	11,454	678	5.9%
Total	**75,658**	**75,791**	**(133)**	**-0.2%**

In 2015 **revenue from the sale of electricity** amounted to €46,638 million, down €1,424 million on the previous year (-3.0%). This decrease is mainly due to the following factors:

> a reduction of €1,073 million in wholesale electricity sales, mainly due to a decline in revenue from sales in Russia as a result of the depreciation of the ruble with respect to the euro and to a decrease in quantities sold on national electricity exchanges;

> an increase of €61 million in revenue from electricity sales to end users, essentially attributable to higher revenue from free markets in Spain and Latin America (particularly in Brazil and Chile as a result of the combination of higher volumes sold and favorable developments in the Chilean peso exchange rate), partially offset by a decrease in revenue in Italy. More specifically, revenue on free markets rose by €368 million in 2015, only partly offset by a reduction of €307 million in revenue on regulated markets;

> a decrease of €412 million in revenue from electricity trading, reflecting a decline in volumes handled.

Revenue from the transport of electricity amounted to €9,911 million in 2015, an increase of €769 million. The rise mainly reflected developments in the Italian market as a result of regulatory changes implemented with Resolution 654/2015 of the Autority for Electricity, Gas and the Water System (the "Authority"), which eliminated the time lag, as well as the positive impact of an increase in transmission rates as a result of Authority Resolution 655/2014, which updated rates for electricity transmission, distribution and metering rates for residential customers for 2015.

Revenue from **transfers from equalization funds, market operators and energy services operators** came to €1,152 million in 2015, down €705 million compared with the same period of the previous year. More specifically, the reduction is mainly concentrated in the extra-peninsular area of Spain, where joint impact of higher sales and the drop in fuel prices more than offset the effects of certain prior-year items recognized in 2014 following regulatory changes.

Revenue from the sale of gas in 2015 amounted to €4,045 million, an increase of €417 million (+11.5%) on the previous year. The change essentially reflects the greater revenue generated in the Iberian Peninsula and on the domestic market as a result of the sharp increase in volumes, despite the decline in average unit prices.

Revenue from the transport of gas amounted to €509 million in 2015, an increase of €50 million (+10.9%), following a similar pattern to that for sales of gas.

The item **gains and negative goodwill** in 2015 totaled €313 million, an increase of €21 million (+7.2%), mainly relating to the disposal of SE Hydropower (€141 million), the disposal of SF Energy (€15 million) and the negative goodwill in the acquisition of control of 3Sun (€76 million). In 2014, the item primarily regarded the price adjustment on the sale of Artic Russia (€82 million) following satisfaction of the conditions provided for in the earn-out clause of the agreements with the buyer prior to completion of the sale and a number gains realized by Enel Green Power, mainly on the disposal of LaGeo (€123 million) and Enel Green Power France (€31 million).

Gains from **remeasurement at fair value after changes in control** in 2015 came to €80 million (€82 million in 2014). More specifically, the gains for 2015 refer to the adjustment to their current value of assets and liabilities pertaining to the Group already held by Enel prior to the acquisition of full control of 3Sun (€40 million) and the ENEOP consortium (€29 million). In 2014 this item referred to the adjustment to their fair value of assets and liabilities pertaining to the Group (i) following the loss of control, as from January 1, 2014, of SE Hydropower as a result of changes in governance arrangements (€50 million) and (ii) held by Enel prior to the acquisition of full control of Inversiones Gas Atacama (€29 million) and Buffalo Dunes Wind Project (€3 million).

Gains on the disposal of property, plant and equipment and intangible assets in 2015 amounted to €52 million (€32 million in 2014) and mainly regard ordinary disposals during the period.

Revenue under **other sales, services and revenue** amounted to €12,132 million in 2015 (€11,454 million in the previous year) for an increase of €678 million (+5.9%).
The rise is mainly attributable to:

> an increase of €1,452 million in revenue from fuel sales for trading, including revenue for shipping services, essentially due to the increase in volumes sold in international markets;
> a decrease of €945 million resulting from a contraction in revenue from the sale of environmental certificates and a decrease in the grants received for them;
> the regulatory changes in Argentina introduced by *Resolución* 32/2015 concerning the recognition of revenue on the basis of a theoretical framework and the *Mecanismo de Monitoreo de Costos*, which increased revenue by €247 million compared with 2014;
> €98 million in negative goodwill, of which €76 million on the acquisition of 3Sun and €11 million from the definitive allocation of the fair value of the assets acquired and the liabilities and contingent liabilities assumed in South Africa.

Costs

Millions of euro

	2015	2014	Change	
Electricity purchases	22,218	23,317	(1,099)	-4.7%
Consumption of fuel for electricity generation	5,570	5,944	(374)	-6.3%
Fuel for trading and gas for sale to end users	10,087	7,909	2,178	27.5%
Materials	1,078	2,275	(1,197)	-52.6%
Personnel	5,313	4,864	449	9.2%
Services, leases and rentals	15,148	14,662	486	3.3%
Other operating expenses	2,654	2,362	292	12.4%
Capitalized costs	(1,539)	(1,524)	(15)	-1.0%
Total	**60,529**	**59,809**	**720**	**1.2%**

Costs for **electricity purchases** in 2015 fell by €1,099 million compared with 2014, representing a contraction of 4.7%. This development mainly reflects the impact of the decline in purchases through bilateral contracts on national and international markets (€972 million in 2015) and a reduction in costs for purchases of electricity on electricity exchanges (€223 million).

Costs for the **consumption of fuel for electricity generation** amounted to €5,570 million in 2015, down €374 million (-6.3%) on the previous year, reflecting the lower average unit prices of fuels, which more than offset the increase in consumption due to the rise in thermal generation.

Costs for the purchase of **fuel for trading and gas for sale to end users** came to €10,087 million in 2015, an increase of €2,178 million on 2014. The change mainly reflects the trading on commodity markets mentioned above in the discussion of revenue, as well as the need to cover the increase in volumes for sale to end users.

Costs for **materials** in 2015 amounted to €1,078 million, a decrease of €1,197 million on 2014. The decrease is mainly attributable to the contraction in provisioning of CO_2 allowances and green certificates in connection with the decrease in those markets.

Personnel costs in 2015 totaled €5,313 million, an increase of 9.2% on 2014. The change essentially refers to:

> the increase in costs for early retirement incentives under the new agreements for early termination signed in Italy in December 2015, in accordance with Article 4 of Law 92/2012 (€1,128 million, including the impact of those agreements on other employee benefits), as well as the increase in costs (€90 million) due to the introduction of early retirement incentives in the two years in Spain (*Plan de Salida*);

> the reversal (€902 million) of the provision for electricity discounts for former Italian employees as a result of the unilateral revocation of the benefit in the 4th Quarter of 2015;

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

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

The Enel Group workforce at December 31, 2015 numbered 67,914, of whom 34,874 abroad. The Group workforce fell by 1,047 during 2015, reflecting the negative balance between new hires and terminations (-1,316 employees) and the change in the scope of consolidation (+269 employees), the latter mainly attributable to the acquisition of an additional 66% of 3Sun (which gave the Group full control of the company and led to line-by-line consolidation) and the acquisition of a majority stake in the Indian company BLP Energy, as well as the disposal of ENEOP and other Portuguese renewables companies.

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

Balance at December 31, 2014	**68,961**
Hirings	2,695
Terminations	(4,011)
Change in scope of consolidation	269
Balance at December 31, 2015	**67,914**

Costs for **services, leases and rentals** in 2015 amounted to €15,148 million, an increase of €486 million compared with 2014. The change during the period essentially reflects a rise in wheeling costs (€139 million), network access costs (€129 million in 2015) and other services connected with the electricity business (€83 million).

Other operating expenses in 2015 amounted to €2,654 million, an increase of €292 million compared with 2014. They essentially reflect:

> an increase in provisioned charges (€328 million) for compensation to Italian retired employees for the unilateral revocation of the electricity discount as from December 31, 2015;

> an increase in provisions by Spanish generators in respect of the abandonment of the Hidromondego project (about €46 million) and greater charges for CO_2 allowances (€56 million) as a result of an increase in emissions in 2015. The impact was only partly offset by a reduction in the price of EUAs during the year;

> a decrease in expenses (€45 million) associated with the *Bono social* charged to the Spanish electricity companies following the issue of Ministerial Order 350/2014;

> the reversal of provisions for risks and charges (€136 million) recognized at the end of 2014 in Slovakia;

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

> an increase in charges for Enel Distribuzione (€207 million) in respect of energy efficiency certificates as a result of increased purchases to meet compliance requirements and, above all, the regulatory change provided for in Authority Resolution 13/2014 introducing a new cost coverage mechanism;

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

In 2015 **capitalized costs** amounted to €1,539 million, with developments in line with the previous year.

Net income/(expense) from commodity contracts measured at fair value showed net income of €168 million in 2015 (net expense of €225 million in the previous year). More specifically, the net income for 2015 was essentially attributable to net realized income in the period totaling €472 million (€43 million in 2014) and net unrealized charges from the fair value measurement of derivatives positions open at the end of the period in the amount of €304 million (€268 million in 2014).

Depreciation, amortization and impairment losses in 2015 amounted to €7,612 million, a decrease of €5,058 million. The decrease is essentially attributable to the impairment losses recognized to align the value of net assets "held for sale" to their estimated realizable value. More specifically, while in 2014 such impairment totaled €6,427 million (essentially in respect of generation plants in Italy, Russia and Slovakia as well as water use rights in the Aysén region in Chile), the impairment losses recognized in 2015 regarded the Enel Russia CGU (€899 million), the Enel Green Power Romania CGU (€155 million), upstream gas exploration assets (€159 million) and Slovenské elektrárne (€574 million), the latter to realign the carrying amount with estimated realizable value.
These effects were compounded by a reduction in depreciation and amortization in the amount of €317 million, reflecting developments in exchange rates and the reduction in the carrying amounts due to impairment losses, only partly offset by the increase in net writedowns of trade receivables totaling €68 million.

Operating income in 2015 amounted to €7,685 million, an increase of €4,598 million.

Net financial expense amounted to €2,456 million, a decrease of €674 million. This mainly reflected:
> a decrease of €129 million in net interest, essentially due to a reduction in average net financial debt;
> an increase of €236 million in net exchange losses as a result of exchange rate developments;
> an increase of €452 million in net income from financial derivatives (to hedge interest rates and exchange rates);
> a decrease of €86 million in interest expense in respect of the accretion of provisions for employee benefits and early retirement incentives;
> a decrease of €240 million in other net financial expense, mainly reflecting the negative adjustment in 2014 of the financial assets recognized in respect of the services provided under concession arrangements in Brazil and the impairment recognized in 2014 on the financial receivable due from Elcogas, as well as greater capitalized interest expense due in part to the increase in investments.

The **share of income/(losses) of equity investments accounted for using the equity method** in 2015 showed net income of €52 million.

Income taxes in 2015 amounted to €1,909 million, equal to 36.1% of taxable income (compared a net tax creditor position of €850 million in 2014). The increase in taxes in 2015 on the previous year essentially reflects (in addition to the greater pre-tax income):
> a decrease of €197 million in net deferred tax assets as a result of the provisions of the Stability Act approved in December 2015;
> the positive impact of the recognition in the 4th Quarter of 2014 of a tax credit of €1,392 million in respect of the distribution of dividends by Endesa in the 4th Quarter, as well as the tax effect of the significant impairment losses recognized the previous year;

partly offset by:
> the negative impact in 2014 (€280 million) of the increase in tax rates (progressively from 20% to 27% in 2018) under the tax reform in Chile, which led to an adjustment of net deferred taxation;
> in Italy, the benefits (€200 million) of the ruling of unconstitutionality at the end of 2014 of the IRES surtax (the so-called Robin Hood Tax) and the positive impact (€50 million) of the changes in the deductibility of personnel costs for IRAP purposes, the essential exemption from tax of the gains on the disposals of SE Hydropower and SF Energy and the change in the IRES rate from 27.5% to 24% as from 2017;
> the change in the tax rate in Spain from 30% to 28%.

Analysis of the Group's financial position

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Net non-current assets:				
- property, plant and equipment and intangible assets	88,686	89,844	(1,158)	-1.3%
- goodwill	13,824	14,027	(203)	-1.4%
- equity investments accounted for using the equity method	607	872	(265)	-30.4%
- other net non-current assets/(liabilities)	1,092	(741)	1,833	-
Total net non-current assets	**104,209**	**104,002**	**207**	**0.2%**
Net current assets:				
- trade receivables	12,797	12,022	775	6.4%
- inventories	2,904	3,334	(430)	-12.9%
- net receivables due from equalization funds, market operators and energy services operators	(4,114)	(2,994)	(1,120)	-37.4%
- other net current assets/(liabilities)	(5,518)	(4,827)	(691)	-14.3%
- trade payables	(11,775)	(13,419)	1,644	12.3%
Total net current assets	**(5,706)**	**(5,884)**	**178**	**3.0%**
Gross capital employed	**98,503**	**98,118**	**385**	**0.4%**
Sundry provisions:				
- employee benefits	(2,284)	(3,687)	1,403	38.1%
- provisions for risks and charges and net deferred taxes	(8,413)	(7,391)	(1,022)	-13.8%
Total provisions	**(10,697)**	**(11,078)**	**381**	**3.4%**
Net assets held for sale	**1,490**	**1,488**	**2**	**-**
Net capital employed	**89,296**	**88,528**	**768**	**0.9%**
Total shareholders' equity	**51,751**	**51,145**	**606**	**1.2%**
Net financial debt	**37,545**	**37,383**	**162**	**0.4%**

Property, plant and equipment and intangible assets (including investment property) came to €88,686 million at December 31, 2015, a decrease of €1,158 million. The decline is essentially attributable to depreciation, amortization and impairment losses for the year (€5,974 million) and the negative impact of the translation of financial statements prepared in foreign currencies (€2,455 million), which was especially significant for the Colombian peso, the Brazilian real and the Russian ruble. These factors were only partly offset by capital expenditure for the year (€7,713 million) and the changes in the scope of consolidation (€238 million). The latter essentially reflects the acquisition of control of 3Sun, BLP Energy (an Indian renewables generator) and a number of smaller companies operating in renewables generation in the United States. These effects were only partly offset by the disposal of the Portuguese companies of the Renewable Energy Division and the exit of the Italian solar generation companies (Altomonte, Enel Green Power Strambino Solar and Enel Green Power San Gillio) from the scope of consolidation.

Goodwill amounted to €13,824 million, a decrease of €203 million on December 31, 2014. The change is essentially due to the disposal of the Portuguese companies of the Renewable Energy Division (€257 million) and to the impairment losses on the goodwill of Enel Green Power Romania (€13 million) recognized as a result of the adverse market and regulatory scenario in that country. These decreases were partly offset by the positive effects of the adjustment at current exchange rates of goodwill denominated in currencies other than the euro (€51 million), which was especially pronounced for the US dollar, as well as the recognition of €6 million in goodwill from the acquisition of control of a number of companies in Mexico by the Renewable Energy Division.

Equity investments accounted for using the equity method amounted to €607 million, a decrease of €265 million compared with the end of the previous year. The decline mainly reflects the reclassification under assets held for sale of Hydro Dolomiti Enel, the distribution of dividends and the disposal of the Portuguese company ENEOP, which was classified under this item in 2014. These factors were partly offset by the portion of the net income reported by companies accounted for using the equity method attributable to the Group.

Other net non-current assets at December 31, 2015 amounted to €1,092 million, an increase of €1,833 million on December 31, 2014 (net liabilities of €741 million).
The change is mainly attributable to the increase of €1,931 million in the net assets in respect of cash flow hedge derivatives and the increase of €41 million in the value of other equity investments, including the adjustment to fair value of the investment in Bayan Resources. These factors were only partly offset by the decline of €37 million in financial assets in respect of service concession arrangements.

Net current assets came to a negative €5,706 million at December 31, 2015, a decrease of €178 million on December 31, 2014. The change is attributable to the following developments:

> an increase in *trade receivables* of €775 million, mainly due to the changes in a number of collection policies compared with 2014 and the effects of Authority Resolution 654/2015, which produced an increase in revenue from electricity transport and the associated receivables;

> a decrease in *inventories* of €430 million, largely attributable to a decline in inventories of green certificates (€216 million) and stocks of gas and other fuels (€217 million) as a result of a decline in average prices;

> a decrease in *net receivables due from equalization funds, market operators and energy services operators* of €1,120 million, mainly in Italy, following Authority Resolution 268/2015 (the "Grid Code"), which establishes a different methodology for determining the A and UC rate components. Another factor was the decrease in net receivables deriving from the application of equalization mechanisms to electricity purchases;

> a decrease in *other current assets less related liabilities* of €691 million. This was attributable to:
  - a decrease in net income tax receivables of €485 million, essentially associated with the payment of income taxes in the amount of €1,516 million, which was more than offset by the recognition of current taxes (net of adjustments of prior years) amounting to €2,042 million;
  - a decrease in other net current liabilities of €333 million, of which €241 million as a result of the payment of liabilities connected with dividends to be disbursed recognized in 2014, mainly in respect of the Colombian companies;
  - a decrease in net current financial assets of €363 million, essentially reflecting the decline in the fair value of derivatives, only partly offset by an increase in net prepaid financial expense;
  - an increase in other net tax payables other than income tax of €156 million, essentially in respect of taxes and surtaxes on the consumption of electricity and gas;

> a decrease in *trade payables* of €1,644 million, mainly in Italy and partly reflecting the decrease in costs for the purchase of electricity and materials.

Sundry provisions amounted to €10,697 million, a decrease of €381 million on the previous year. The decline essentially reflected the following factors:

> a decrease of €1,403 million in the provision for post-employment and other employee benefits, mainly due to the unilateral revocation of the energy discount benefit for retired Italian employees as from December 31, 2015;

> an increase of €1,559 million in provisions for risks and charges, largely attributable to provisions for early retirement incentives following the new agreement reached on early terminations, which was signed in December 2015, in accordance with Article 4 of Law 92/2012 in Italy, the introduction of a new early retirement incentive scheme (*Plan de Salida*) in Spain, and the granting of a lump-sum benefit under the agreements with the trade unions for the former beneficiaries of the energy discount benefit in Italy;

> a decrease of €513 million in net deferred tax liabilities, mainly due to exchange differences on the net deferred tax liabilities of companies with a currency other than the euro and the partial reversal of net receivables for deferred tax assets following the change in the IRES rate in Italy from 27.5% to 24% as from January 1, 2017, as established in the 2016 Stability Act.

Net assets held for sale amounted to €1,490 million at December 31, 2015 (€1,488 million at December 31, 2014). They include the net assets, valued at their estimated realizable value on the basis of the current status of negotiations, of

Slovenské elektrárne, Hydro Dolomiti Enel, Compostilla and other net assets of smaller companies, which, in view of the decisions taken by management, meet the requirements of IFRS 5 for classification as assets held for sale. SE Hydropower and SF Energy, which were classified under this account the previous year, were sold during the year.

Net capital employed at December 31, 2015 amounted to €89,296 million and was funded by shareholders' equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €51,751 million and net financial debt of €37,545 million. At December 31, 2015, the debt/equity ratio was 0.73 (0.73 at December 31, 2014).

Analysis of the Group's financial structure

Net financial debt

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

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Long-term debt:				
- bank borrowings	6,863	7,022	(159)	-2.3%
- bonds	35,987	39,749	(3,762)	-9.5%
- other borrowings	2,022	1,884	138	7.3%
Long-term debt	*44,872*	*48,655*	*(3,783)*	*-7.8%*
Long-term financial receivables and securities	(2,335)	(2,701)	366	13.6%
Net long-term debt	**42,537**	**45,954**	**(3,417)**	**-7.4%**
Short-term debt:				
Bank borrowings:				
- short-term portion of long-term bank borrowings	844	824	20	2.4%
- other short-term bank borrowings	180	30	150	-
Short-term bank borrowings	*1,024*	*854*	*170*	*19.9%*
Bonds (short-term portion)	4,570	4,056	514	12.7%
Other borrowings (short-term portion)	319	245	74	30.2%
Commercial paper	213	2,599	(2,386)	-91.8%
Cash collateral and other financing on derivatives	1,698	457	1,241	-
Other short-term financial payables	64	166	(102)	-61.4%
Other short-term debt	*6,864*	*7,523*	*(659)*	*-8.8%*
Long-term financial receivables (short-term portion)	(769)	(1,566)	797	50.9%
Factoring receivables	(147)	(177)	30	16.9%
Financial receivables and cash collateral	(1,020)	(1,654)	634	38.3%
Other short-term financial receivables	(304)	(323)	19	5.9%
Cash and cash equivalents with banks and short-term securities	(10,640)	(13,228)	2,588	19.6%
Cash and cash equivalents and short-term financial receivables	*(12,880)*	*(16,948)*	*4,068*	*24.0%*
Net short-term debt	**(4,992)**	**(8,571)**	**3,579**	**41.8%**
NET FINANCIAL DEBT	**37,545**	**37,383**	**162**	**0.4%**
Net financial debt of "Assets held for sale"	**841**	**620**	**221**	**35.6%**

Net financial debt amounted to €37,545 million at December 31, 2015, an increase of €162 million on December 31, 2014. More specifically, net long-term debt fell by €3,417 million, the balance of a decrease in long-term financial receivables of €366 million and a decline in gross long-term debt of €3,783 million.

With regard to the latter aggregate:

> bank borrowings amounted to €6,863 million, a decrease of €159 million due mainly to the reclassification to short term of the share of long-term bank borrowings falling due within 12 months. This was partly offset by drawings on financing by the Latin American companies in the amount of €266 million and drawings on the part of Endesa on a EIB loan of €300 million;

> bonds amounted to €35,987 million, a decrease of €3,762 million on the end of 2014, mainly due to:
  - the reclassification to short term of the current portion of bonds maturing within the next 12 months, including a floating-rate bond in the total amount of €1,000 million and a fixed-rate note of €2,000 million, both issued by Enel SpA and maturing in February 2016, as well as a fixed-rate bond issued by Enel Finance International in the amount of €1,082 million, maturing in September 2016;
  - new issues made in 2015, including a non-binding offer to exchange in January 2015 through which Enel Finance International repurchased bonds in the total amount of €1,429 million and at the same time issued a senior

fixed-rate note of €1,462 million maturing in January 2025;
  - exchange losses on bonds (including current portion) during the year of about €820 million.

Net short-term debt showed a creditor position of €4,992 million at December 31, 2015, a decrease of €3,579 million on the end of 2014, the result of the decrease in other short-term borrowings of €659 million and the decrease in cash and cash equivalents and short-term financial receivables in the amount of €4,068 million, partly offset by an increase in short-term bank borrowings in the amount of €170 million, mainly as a result of the new bank borrowings by a number of Latin American companies.

Other short-term debt, totaling €6,864 million, includes commercial paper issued by Enel Finance International and International Endesa BV amounting to €213 million, as well as bonds maturing within 12 months amounting to €4,570 million.
Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €1,020 million, while cash collateral received from such counterparties amounted to €1,698 million.

Cash and cash equivalents and short-term financial receivables came to €12,880 million, down €4,068 million compared with the end of 2014, mainly due to the decrease in cash with banks and short-term securities in the amount of €2,588 million and in other short-term financial receivables for €19 million, as well as the decrease in cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities of €634 million.

The main transactions carried out in 2015 included:
> the agreement on August 27, 2015 of a 15-year loan of €145 million by the South African company Enel Green Power RSA Proprietary Limited, secured by a guarantee from SACE SpA. At December 31, 2015, the loan had been drawn in the amount of €30 million;
> the following bond repayments:
  - €1,000 million in respect of a fixed-rate bond, issued by Enel SpA in 2007, maturing in January 2015;
  - €1,300 million in respect of a fixed-rate bond, issued by Enel SpA in 2007, maturing in January 2015;
  - €1,195 million in respect of a fixed-rate bond, issued by Enel Finance International in 2011, maturing in June 2015.

The forward starting revolving credit facility of about €9.44 billion obtained in February 2013 by Enel SpA and Enel Finance International, falling due in April 2018, was renegotiated on February 11, 2015, reducing its cost and extending its term until 2020.
The facility was undrawn at December 31, 2015, as were the committed credit lines obtained by Enel SpA and Enel Finance International.
In addition, on July 16, 2015, a €450 million credit facility was agreed between Enel SpA and UniCredit SpA, replacing the €400 million facility agreed on July 18, 2013, which was to terminate in July 2016.

Cash flows

Millions of euro

	2015	2014	Change
Cash and cash equivalents at the beginning of the period (1)	**13,255**	**7,900**	**5,355**
Cash flows from operating activities	9,572	10,058	(486)
Cash flows from investing/disinvesting activities	(6,421)	(6,137)	(284)
Cash flows from financing activities	(5,382)	1,536	(6,918)
Effect of exchange rate changes on cash and cash equivalents	(234)	(102)	(132)
Cash and cash equivalents at the end of the period (2)	**10,790**	**13,255**	**(2,465)**

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

(2) Of which cash and cash equivalents equal to €10,639 million at December 31, 2015 (€13,088 million at December 31, 2014), short-term securities equal to €1 million at December 31, 2015 (€140 million at December 31, 2014) and cash and cash equivalents pertaining to assets held for sale equal to €150 million at December 31, 2015 (€27 million at December 31, 2014).

Cash flows from operating activities in 2015 were a positive €9,572 million, down €486 million on the previous year, mainly due to increased use of cash in connection with the change in net current assets.

Cash flows from investing/disinvesting activities in 2015 absorbed funds in the amount of €6,421 million, while in 2014 they had absorbed liquidity totaling €6,137 million.

More specifically, cash requirements in respect of investments in property, plant and equipment and in intangible assets amounted to €7,762 million in 2015, up €1,061 million on the previous year, mainly due to increased investment abroad and in renewable technologies.

Investments in entities or business units, net of cash and cash equivalents acquired, amounted to €78 million in 2015 and regarded the acquisition of 100% of a number of minor companies operating in the Mexican wind farm development sector, the acquisition of 68% of BLP Energy, a company operating in the renewables sector in India, the acquisition of 78.6% of Erdwärme Oberland, a company specialized in the development of geothermal projects in Germany as well as payments on account for future equity investments.

In 2015, the disposal of entities and business units, net of cash and cash equivalents sold, generated cash flows of €1,350 million, mainly accounted for by the disposals of SE Hydropower and SF Energy, operating in the Italian hydroelectric generation sector, the disposal of the ENEOP Group and other Portuguese companies of the Renewable Energy Division as well as the disposal of a number of minor companies in Latin America and North America.

Cash flows generated by other investing/disinvesting activities in 2015 amounted to €69 million, and are essentially attributable to ordinary disinvestments during the period.

Cash flows from financing activities absorbed liquidity in the amount of €5,382 million, while in 2014 they showed cash generated of €1,536 million. The flow in 2015 is essentially associated with the reduction of net financial debt (the net balance of repayments and new borrowing) in the amount of €3,541 million and the payment of dividends totaling €2,297 million, of which €1,316 million paid to Enel SpA shareholders. This was only partly offset by higher receipts on transactions involving non-controlling interests in the amount of €456 million. More specifically, the latter include:

> the receipt of €450 million (net of transaction costs) from the disposal of 49% of EGPNA Renewable Energy Partners, a generation company operating in the United States;

> the outlay of €9 million for the purchase of the remaining 49% of Energia Eolica, an Italian company active in the wind generation sector, in which the Group had previously held the other 51%;

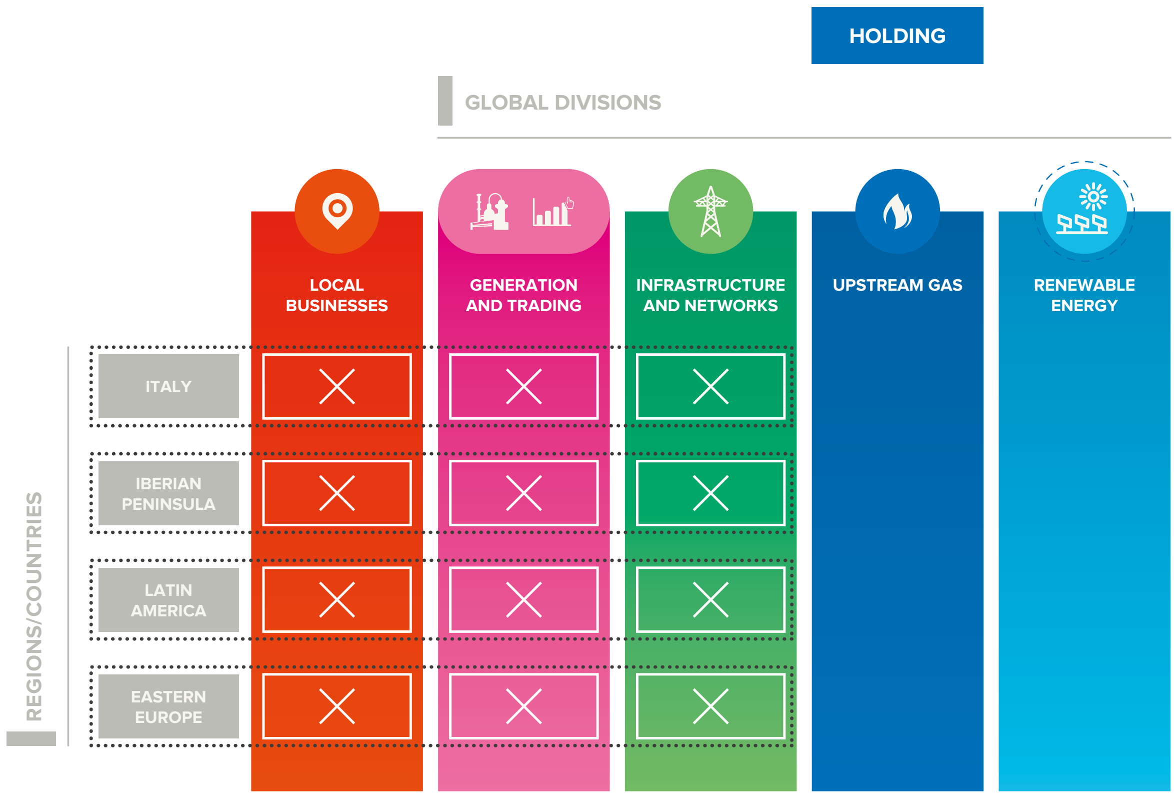
> the net positive impact of other minor transactions (capital increases and decreases in companies in Chile, the United States and South Africa) totaling €15 million.

In 2015, cash flows from operating activities in the amount of €9,572 million only partly covered the cash needs for financing activities in the amount of €6,421 million and for investing activities totaling €5,382 million. The difference is reflected in the decrease in cash and cash equivalents, which at December 31, 2015 amounted to €10,790 million, compared with €13,255 million at the end of 2014. This decrease also reflects the effect of negative developments in the exchange rates of the various local currencies against the euro, equal to €234 million.

Results by business area

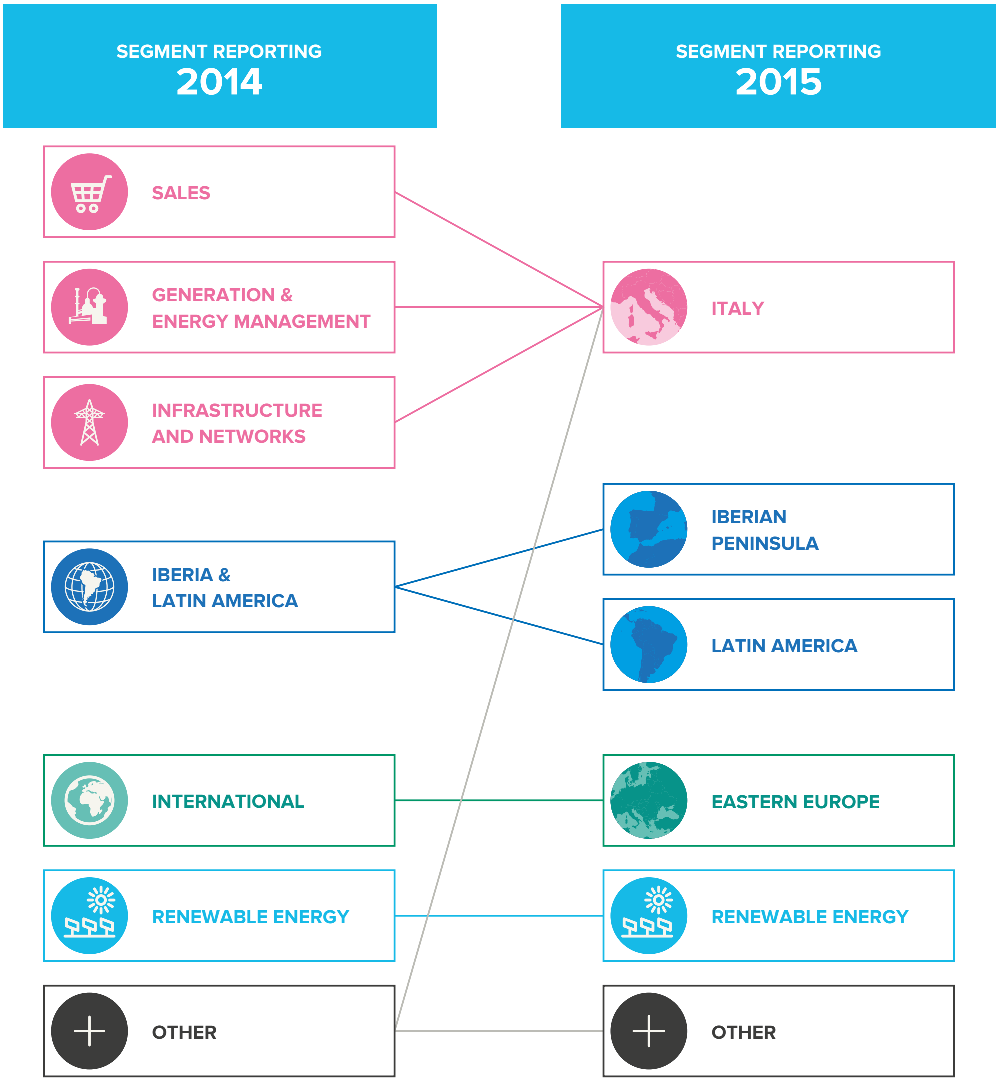
The representation of performance by business area presented here is based on the approach used by management in monitoring Group performance for the two periods under review, taking account of the operational model adopted by the Group as described above.
Taking account of the provisions of IFRS 8 regarding the management approach, the new organization modified the structure of reporting, as well as the representation and analysis of Group performance and financial position, as from the start of 2015. More specifically, performance by business area reported in this Annual Report was determined by designating the Regions and Countries perspective as the primary reporting segment, with the exception of the Renewable Energy Division, which, in view of its centralized management by the Enel Green Power sub-holding company, has greater autonomy than the other Divisions. In addition, account was also taken of the possibilities for the simplification of disclosures associated with the materiality thresholds also established under IFRS 8 and, therefore, the item "Other, eliminations and adjustments" includes not only the effects from the elimination of intersegment transactions, but also the figures for the Parent Company, Enel SpA, and the Upstream Gas Division.

The following chart outlines these organizational arrangements.



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

- the Sales, Generation and Energy Management, and Infrastructure and Networks Divisions, which operated almost entirely in Italy, are now reported under the Country "Italy";
- the Iberia and Latin America Division, which had already undergone reorganization in 2014, is now divided into the Regions "Iberian Peninsula" and "Latin America";
- the service and support operations resident in Italy are now reported under the Country "Italy", rather than in the residual segment.



Segment information for 2015 and 2014

Results for 2015 [1]

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	Total
Revenue from third parties	38,155	19,644	10,599	4,488	2,747	25	75,658
Revenue from transactions with other segments	1,489	461	28	343	264	(2,585)	-
Total revenue	**39,644**	**20,105**	**10,627**	**4,831**	**3,011**	**(2,560)**	**75,658**
Net income/(expense) from commodity contracts measured at fair value	201	8	(4)	(17)	(25)	5	168
Gross operating margin	**6,098**	**3,111**	**3,167**	**1,308**	**1,826**	**(213)**	**15,297**
Depreciation, amortization and impairment losses	2,093	1,714	926	1,807	947	125	7,612
Operating income	**4,005**	**1,397**	**2,241**	**(499)**	**879**	**(338)**	**7,685**
Capital expenditure	**1,562** [2]	**985**	**1,819**	**229** [3]	**2,466**	**52**	**7,113**

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

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

(3) Does not include €648 million regarding units classified as "held for sale".

Results for 2014 restated [1] [2]

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	Total
Revenue from third parties	37,679	20,766	9,645	4,928	2,662	111	75,791
Revenue from transactions with other segments	710	186	3	371	259	(1,529)	-
Total revenue	**38,389**	**20,952**	**9,648**	**5,299**	**2,921**	**(1,418)**	**75,791**
Net income/(expense) from commodity contracts measured at fair value	(185)	(111)	(3)	(1)	76	(1)	(225)
Gross operating margin	**6,343**	**3,203**	**3,092**	**1,210**	**1,938**	**(29)**	**15,757**
Depreciation, amortization and impairment losses	4,425	1,963	1,543	3,886	814	39	12,670
Operating income	**1,918**	**1,240**	**1,549**	**(2,676)**	**1,124**	**(68)**	**3,087**
Capital expenditure	**1,460**	**993**	**1,609**	**936**	**1,658**	**45**	**6,701**

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

(2) The figures have been restated to enable comparison with the results for 2015, which are presented on the basis of the new organization of the Enel Group, which as from this year represents the basis for the planning, reporting and assessment of the performance and financial position of the Group, both internally by management and with respect to the financial community.

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

Gross operating margin

Millions of euro	Local businesses								
	End-user markets			Services			Generation and Trading		
	2015	2014 restated	Change	**2015**	2014 restated	Change	**2015**	2014 restated	Change
Italy	1,336	1,124	212	32	127	(95)	797	1,157	(360)
Iberian Peninsula	479	780	(301)	(46)	(135)	89	1,035	799	236
Latin America	-	-	-	(74)	(32)	(42)	1,843	1,702	141
Eastern Europe	11	11	-	(4)	6	(10)	1,041	935	106
Renewable Energy	-	-	-	-	-	-	-	-	-
Other, eliminations and adjustments	-	-	-	-	-	-	(42)	12	(54)
Total	**1,826**	**1,915**	**(89)**	**(92)**	**(34)**	**(58)**	**4,674**	**4,605**	**69**

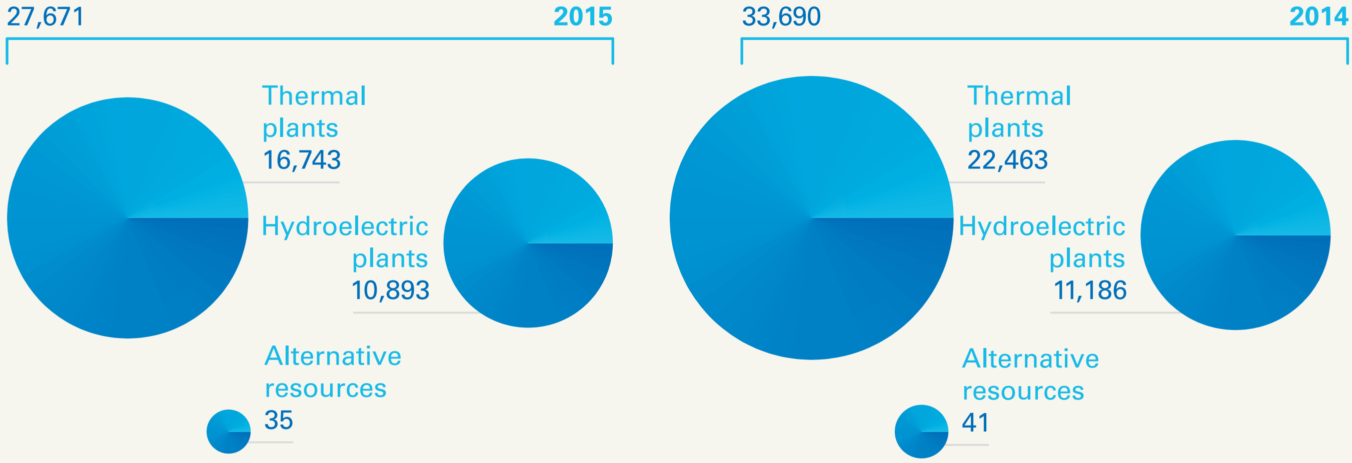
Global Divisions

Infrastructure and Networks			Renewable Energy			Other, eliminations and adjustments			Total		
2015	2014 restated	Change	**2015**	2014 restated	Change	**2015**	2014 restated	Change	**2015**	2014 restated	Change
3,933	3,935	(2)	-	-	-	-	-	-	6,098	6,343	(245)
1,643	1,759	(116)	-	-	-	-	-	-	3,111	3,203	(92)
1,398	1,422	(24)	-	-	-	-	-	-	3,167	3,092	75
260	258	2	-	-	-	-	-	-	1,308	1,210	98
-	-	-	1,826	1,938	(112)	-	-	-	1,826	1,938	(112)
7	-	7	-	-	-	(178)	(41)	(137)	(213)	(29)	(184)
7,241	**7,374**	**(133)**	**1,826**	**1,938**	**(112)**	**(178)**	**(41)**	**(137)**	**15,297**	**15,757**	**(460)**

1	Italy

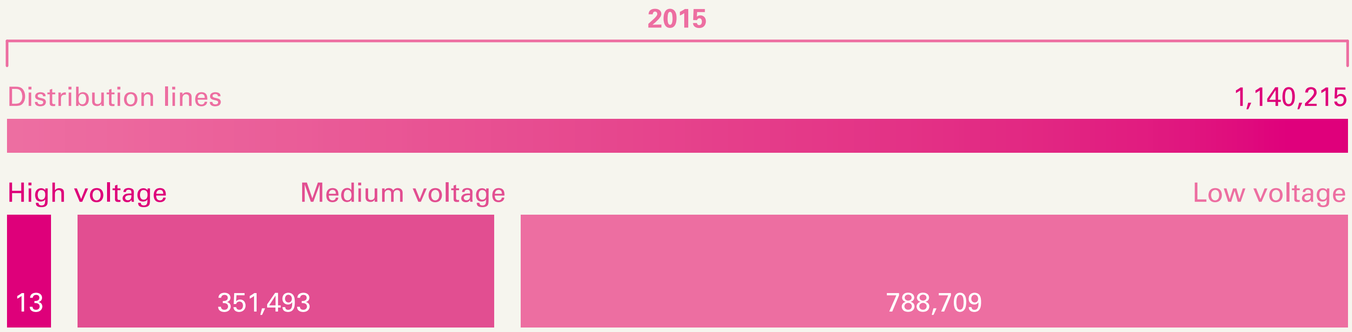
Net efficient generation capacity

MW



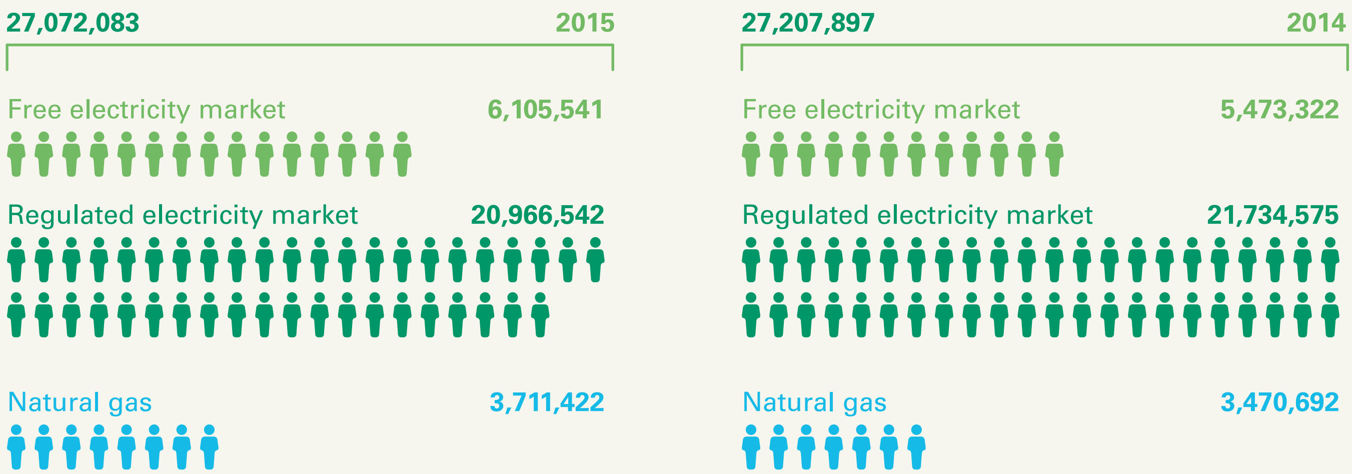
Electricity distribution networks

km



Customers

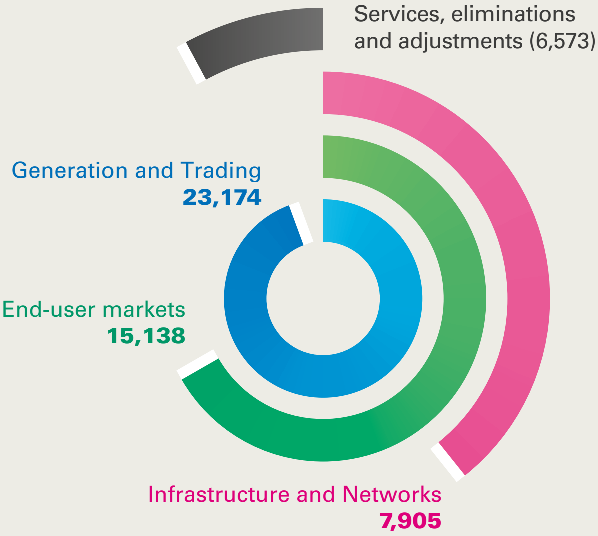
average number of



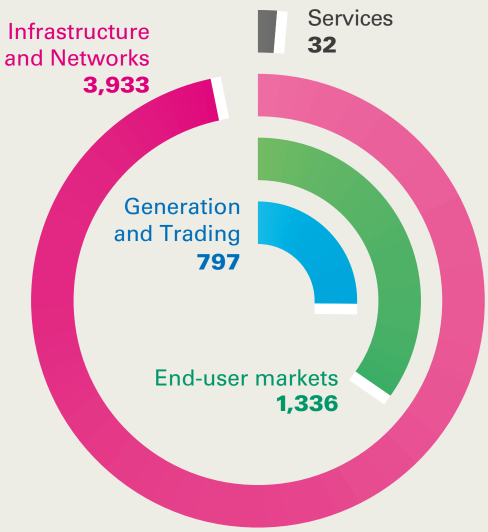
Performance in 2015

millions of euro

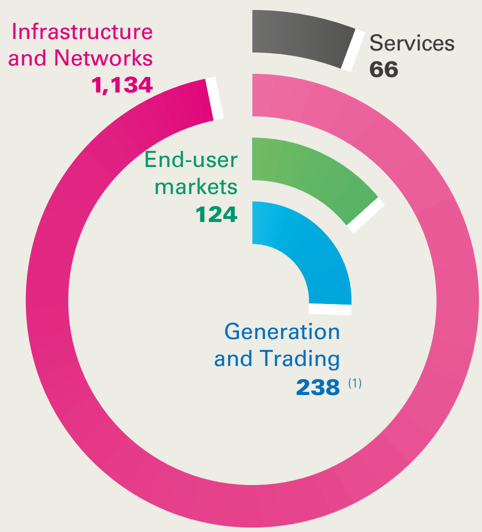
Revenue
39,644



Gross operating margin
6,098



Capital expenditure
1,562 (1)



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

Operations

Net electricity generation

Millions of kWh

	2015	2014	Change	
Thermal	43,495	42,528	967	2.3%
Hydroelectric	11,939	15,861	(3,922)	-24.7%
Other resources	8	8	-	-
Total net generation	**55,442**	**58,397**	**(2,955)**	**-5.1%**
- of which Italy	*55,442*	*57,707*	*(2,265)*	*-3.9%*
- of which Belgium	-	*690*	*(690)*	-

In 2015, net electricity generation amounted to 55,442 million kWh, a decrease of 5.1%, or 2,955 million kWh on 2014. More specifically, the decline in hydro generation (-3,922 million kWh), mainly associated with the deterioration in water conditions compared with the previous year, was only partly offset by an increase in thermal output (+967 million kWh). Excluding the impact of the change in the scope of consolidation associated with the Marcinelle Energie plant from that change, following the early termination of the tolling agreement for the operation of that facility by Enel Trade at the end of 2014, the increase in thermal generation amounted to 1,657 million kWh.

Contribution to gross thermal generation

Millions of kWh

	2015		2014		Change	
Fuel oil	274	0.6%	499	1.1%	(225)	-45.1%
Natural gas	8,126	17.3%	7,761	16.9%	365	4.7%
Coal	38,177	81.3%	37,146	80.9%	1,031	2.8%
Other fuels	391	0.8%	498	1.1%	(107)	-21.5%
Total	**46,968**	**100.0%**	**45,904**	**100.0%**	**1,064**	**2.3%**

Gross thermal generation in 2015 totaled 46,968 million kWh, an increase of 1,064 million kWh (+2.3%) compared with 2014. The increase was mainly due to the rise in the use of coal as a result of the increased competitiveness of this raw material.

Net efficient generation capacity

MW

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Thermal plants [1]	16,743	22,463	(5,720)	-25.5%
Hydroelectric plants	10,893	11,186	(293)	-2.6%
Alternative resources	35	41	(6)	-14.6%
Total net efficient capacity	**27,671**	**33,690**	**(6,019)**	**-17.9%**

(1) Of which 2,564 MW unavailable due to long-term technical issues (5,460 MW at December 31, 2014).

Net efficient capacity in 2015 totaled 27,671 MW, a reduction of 6,019 MW on the previous year.
The unavailability due to long-term technical issues is mainly connected with additional requests from the Ministries for the Environment and for Economic Development to shut down generation assets pursuant to the provisions of Law 290 of October 27, 2003.

Electricity distribution and transport networks

	2015	2014	Change	
High-voltage lines at year-end (km)	13	20	(7)	-33.9%
Medium-voltage lines at year-end (km)	351,493	350,358	1,135	0.3%
Low-voltage lines at year-end (km)	788,709	786,289	2,420	0.3%
Total electricity distribution network (km)	**1,140,215**	**1,136,667**	**3,548**	**0.3%**
Electricity transported on Enel's distribution network (millions of kWh) [1]	**226,569**	**222,975**	**3,594**	**1.6%**

(1) The figure for 2014 reflects a more accurate determination of amounts transported.

Electricity transported on Enel's distribution network in Italy in 2015 increased by 3,594 million kWh (+1.6%), going from 222,975 million kWh in 2014 to 226,569 million kWh in 2015.
The change is essentially in line with the increase in electricity demand in Italy.

Electricity sales

Millions of kWh

	2015	2014	Change	
Free market:				
- mass-market customers	25,933	25,148	785	3.1%
- business customers [1]	10,904	10,742	162	1.5%
- safeguard market customers	1,819	1,479	340	23.0%
Total free market	**38,656**	**37,369**	**1,287**	**3.4%**
Regulated market:				
- enhanced protection market customers	49,369	49,734	(365)	-0.7%
TOTAL	**88,025**	**87,103**	**922**	**1.1%**

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

Electricity sold in 2015 totaled 88,025 million kWh, up 922 million kWh compared with the previous year. These developments are consistent with those in recent years, with the gradual shift of customers from regulated markets to the free market.

Average number of customers

	2015	2014	Change	
Free market:				
- mass-market customers	6,012,183	5,387,579	624,604	11.6%
- business customers [1]	52,625	51,215	1,410	2.8%
- safeguard market customers	40,733	34,528	6,205	18.0%
Total free market	**6,105,541**	**5,473,322**	**632,219**	**11.6%**
Regulated market				
- enhanced protection market customers	20,966,542	21,734,575	(768,033)	-3.5%
TOTAL	**27,072,083**	**27,207,897**	**(135,814)**	**-0.5%**

(1) Large customers and energy-intensive users (annual consumption greater than 1 GWh).

Natural gas sales

	2015	2014	Change	
Gas sales (millions of m³):				
- mass-market customers [1]	3,394	2,937	457	15.6%
- business customers	677	559	118	21.1%
Total sales	**4,071**	**3,496**	**575**	**16.4%**
Average number of customers	**3,711,422**	**3,470,692**	**240,730**	**6.9%**

(1) Includes residential customers and microbusinesses.

Gas sales in 2015 totaled 4,071 million cubic meters, an increase of 575 million cubic meters compared with the previous year, essentially attributable to sales to residential customers and microbusinesses.

Performance

Millions of euro

	2015	2014 restated	Change	
Revenue	39,644	38,389	1,255	3.3%
Gross operating margin	6,098	6,343	(245)	-3.9%
Operating income	4,005	1,918	2,087	-
Capital expenditure	1,562 [1]	1,460	102	7.0%

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

The following tables break down performance by type of business in 2015.

Revenue

Millions of euro

	2015	2014 restated	Change	
Generation and Trading	23,174	22,586	588	2.6%
Infrastructure and Networks	7,905	7,183	722	10.1%
End-user markets	15,138	15,374	(236)	-1.5%
Services	1,191	1,087	104	9.6%
Eliminations and adjustments	(7,764)	(7,841)	77	1.0%
Total	**39,644**	**38,389**	**1,255**	**3.3%**

Revenue in 2015 amounted to €39,644 million, an increase of €1,255 million compared with 2014 (+3.3%), the result of the following main factors:

> an increase of €558 million (+2.6%) in revenue from **Generation and Trading** operations compared with 2014. The increase is primarily attributable to:
  - an increase of €2,330 million in revenue from fuel sales on domestic and international wholesale markets, mainly due to a rise in the volumes handled as a result of an increase in intermediation business;
  - an increase of €106 million in revenue from non-recurring transactions. In particular, in 2015 this included the sale of SF Energy and SE Hydropower totaling €156 million. In 2014, the item included the remeasurement at fair value of the net assets of SE Hydropower (€50 million) following the loss of control of that company in accordance with the provisions of the shareholder agreements;
  - a decrease of €902 million in revenue from electricity sales. The change is essentially attributable to the reduction in revenue from sales on the Power Exchange (€582 million), associated with falling average sales prices, which was accompanied by a reduction in sales of electricity to the other Group companies, especially the Italian companies operating in end-user markets (€121 million), as well as in sales to other domestic resellers (€187 million);
  - a decrease of €560 million in revenue from the sale of CO_2 emissions allowances, owing to lower volumes handled;
  - a decrease of €410 million in revenue from trading on international electricity markets due to a decline in average sales prices, which more than offset the effect of an increase in quantities handled (+8.2 TWh);

> an increase of €722 million (+10.1%) in revenue from **Infrastructure and Networks** operations, largely reflecting:
  - an increase of €560 million in rate revenue, largely attributable to the regulatory changes introduced with Resolution 654/2015 of the Authority for Electricity, Gas and the Water System (the "Authority"), which eliminated the "regulatory lag", and to the increase in transmission rates with Resolution 655/2014, only partly offset by the reduction in distribution rates (as established under Authority Resolution 146/2015);
  - an increase of €172 million associated with the recognition of adjustments and revisions of estimates made in previous years, essentially associated with equalization mechanisms for grid losses;
  - an increase in revenue from the sale of electronic meters to distribution companies in the Iberian Peninsula (€60 million);
  - a decrease of €62 million in revenue following the reduction in transfers from the Electricity Equalization Fund for white certificates owing to the decline in volumes and the decrease in the unit grant for the period;
  - a decrease of €24 million in connection fees;

> a decline of €236 million (-1.5%) in revenue from **end-user markets** for electricity, essentially reflecting:
  - a decline of €683 million in revenue on the regulated electricity market as a result of the reduction in the average number of customers and the decline in the annual average price set by the Authority;
  - an increase of €272 million in revenue from sales to end users on the natural gas market, primarily reflecting an increase in quantities sold to mass-market customers;
  - an increase of €175 million in revenue on the free electricity market as a result of an increase in quantities sold (+1.3 TWh).

Gross operating margin

Millions of euro

	2015	2014 restated	Change	
Generation and Trading	797	1,157	(360)	-31.1%
Infrastructure and Networks	3,933	3,935	(2)	-0.1%
End-user markets	1,336	1,124	212	18.9%
Services	32	127	(95)	-74.8%
Total	**6,098**	**6,343**	**(245)**	**-3.9%**

The **gross operating margin** in 2015 amounted to €6,098 million, a decrease of €245 million (-3.9%) compared with 2014. The decrease is essentially attributable to:

> a decrease of €360 million in the margin from **Generation and Trading** operations, mainly reflecting:
  - a reduction in the margin on generation, reflecting a more unfavorable generation mix as a result of poor water conditions in an environment of falling wholesale prices;
  - the change in the contribution of disposals, discussed earlier under revenue, in the amount of €106 million;
  - the net impact (€112 million) of the new agreement with the trade unions for early retirement incentives for personnel under Article 4 of Law 92/2012 and the payment of a lump-sum benefit to retired employees who had been receiving the energy discount following revocation of that benefit, with a corresponding reversal of the associated provision;

> a decrease of €2 million in the margin from **Infrastructure and Networks** operations (-0.1%), largely due to:
  - an increase of €560 million in the margin on electricity transport, primarily reflecting the net impact of the regulatory change introduced with Authority Resolution 654/2015, as well as the positive impact of €139 million from prior-year items; these factors were only partly offset by the reduction in distribution rates;
  - a decrease of €269 million in the margin on EECs due mainly to the change in cost reimbursement mechanism for the purchase of such certificates;
  - the net impact (€179 million) of the new agreement with the trade unions for early retirement incentives for personnel under Article 4 of Law 92/2012 and the payment of a lump-sum benefit to retired employees who had been receiving the energy discount following revocation of that benefit, with a corresponding reversal of the associated provision;
  - a positive adjustment of €63 million of the provision for risks and litigation, recognized in the 1st Quarter of 2014 following the settlement between Enel Distribuzione, A2A and A2A Reti Elettriche concerning pending litigation before the Court of Appeal of Milan;
  - a reduction of €24 million in the margin from connection fees;
  - a reduction in operating expenses;

> an increase of €212 million in the margin from **end-user markets** (+18.9%), mainly attributable to:
  - an increase of €306 million in the margin on the free markets for electricity and gas (€254 million of which attributable to the margin on electricity) due to the increase in quantities sold for both commodities;
  - a reduction in the margin on the regulated electricity market as a result of the contraction in revenue due to the decline in the number of customers served;
  - the net impact (€89 million) of the new agreement with the trade unions for early retirement incentives for personnel under Article 4 of Law 92/2012 and the payment of a lump-sum benefit to retired employees who had been receiving the energy discount following revocation of that benefit, with a corresponding reversal of the associated provision.

Operating income

Millions of euro

	2015	2014 restated	Change	
Generation and Trading	419	(1,546)	1,965	-
Infrastructure and Networks	2,914	2,926	(12)	-0.4%
End-user markets	690	472	218	46.2%
Services	(18)	66	(84)	-
Total	**4,005**	**1,918**	**2,087**	**-**

Operating income amounted to €4,005 million. With a reduction of €2,332 million in depreciation, amortization and impairment losses, this represented an increase of €2,087 million on the €1,918 million posted in 2014. The decrease in depreciation, amortization and impairment losses is largely due to the impact of the impairment losses recognized at the end of 2014 on conventional generation plants in Italy, which also gave rise to an impairment of €2,108 in the previous year.

Capital expenditure

Millions of euro

	2015	2014 restated	Change	
Generation and Trading	238 (1)	285	(47)	-16.5%
Infrastructure and Networks	1,134	967	167	17.3%
End-user markets	124	141	(17)	-12.1%
Services	66	67	(1)	-1.5%
Total	**1,562**	**1,460**	**102**	**7.0%**

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

Capital expenditure in 2015 amounted to €1,562 million, up €102 million on the previous year. More specifically, the change is attributable to:

> an increase of €167 million in investment in **Infrastructure and Networks**, primarily in work to improve and maintain service quality standards;

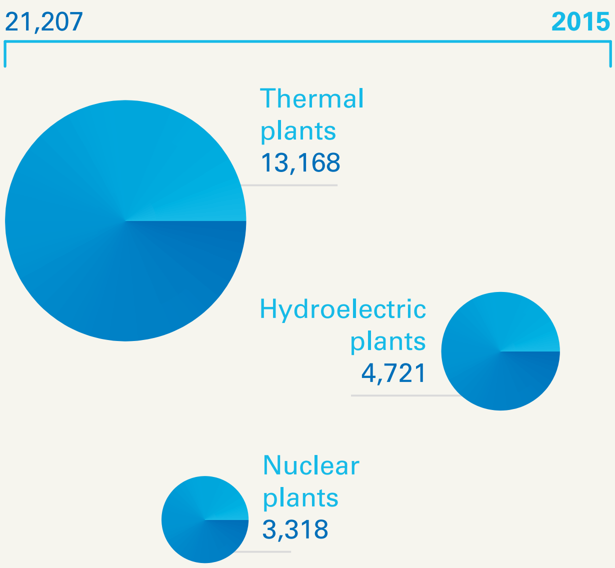
> a decrease of €47 million in investment in **Generation and Trading**;

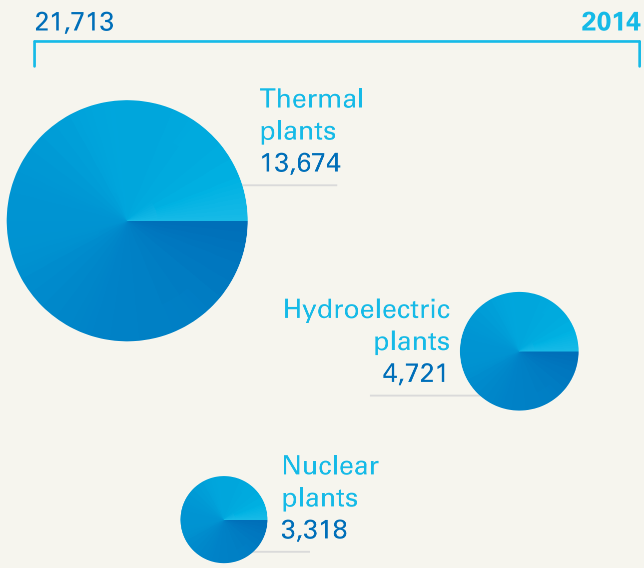
> a decrease of €17 million in **end-user markets**.

2 Iberian Peninsula

Net efficient generation capacity

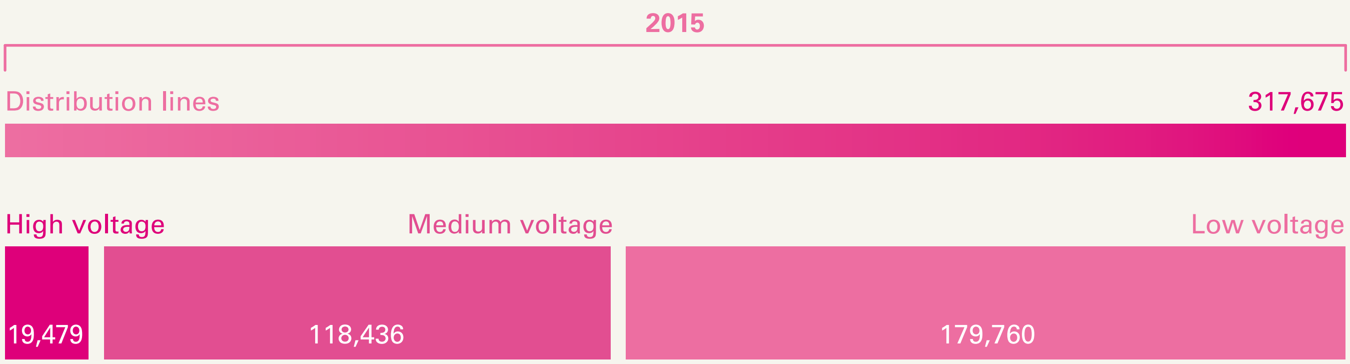
MW





Electricity distribution networks

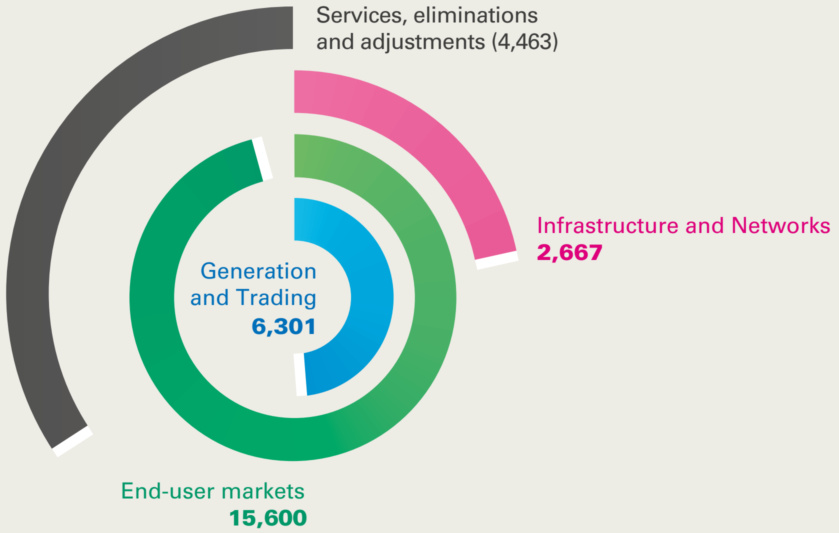
km



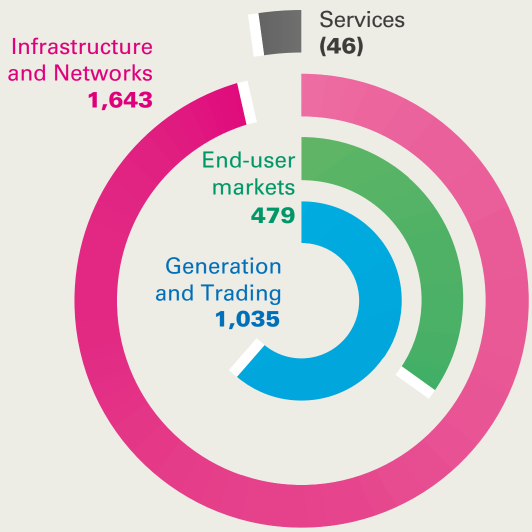
Performance in 2015

millions of euro

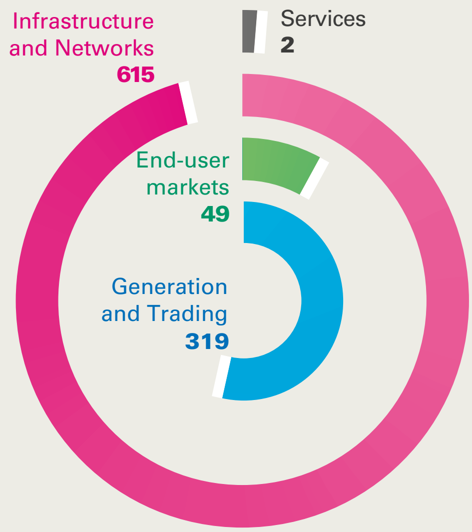
Revenue
20,105



Gross operating margin
3,111



Capital expenditure
985



Operations

Net electricity generation

Millions of kWh

	2015	2014	Change	
Thermal	40,129	36,141	3,988	11.0%
Nuclear	25,756	24,762	994	4.0%
Hydroelectric	7,176	8,778	(1,602)	-18.3%
Total net generation	**73,061**	**69,681**	**3,380**	**4.9%**

Net electricity generation in the Iberian Peninsula in 2015 totaled 73,061 million kWh, an increase of 3,380 million kWh compared with 2014. The increase in demand and the decline in water resources was largely met by an increase in thermal generation.

Contribution to gross thermal generation

Millions of kWh

	2015		2014		Change	
High-sulfur fuel oil (S>0.25%)	5,632	8.1%	5,460	8.6%	172	3.2%
Natural gas	5,167	7.5%	3,037	4.7%	2,130	70.1%
Coal	27,441	39.7%	25,567	40.0%	1,874	7.3%
Nuclear fuel	26,806	38.8%	25,776	40.3%	1,030	4.0%
Other fuels	4,116	5.9%	4,124	6.4%	(8)	-0.2%
Total	**69,162**	**100.0%**	**63,964**	**100.0%**	**5,198**	**8.1%**

Gross thermal generation in 2015 totaled 69,162 million kWh, an increase of 5,198 million kWh compared with the previous year. The increase, which regarded all types of fuels, was particularly significant for natural gas, while coal and nuclear fuel remained the most used fuels.

Net efficient generation capacity

MW

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Thermal plants	13,168	13,674	(506)	-3.7%
Nuclear plants	3,318	3,318	-	-
Hydroelectric plants	4,721	4,721	-	-
Total net efficient capacity	**21,207**	**21,713**	**(506)**	**-2.3%**

Net efficient capacity in 2015 totaled 21,207 MW, a decrease of 506 MW on the previous year connected with the closure in 2015 of the Foix thermal plant.

Electricity distribution and transport networks

	2015	2014	Change	
High-voltage lines at year-end (km)	19,479	19,597	(118)	-0.6%
Medium-voltage lines at year-end (km)	118,436	117,877	559	0.5%
Low-voltage lines at year-end (km)	179,760	177,054	2,706	1.5%
Total electricity distribution network (km)	**317,675**	**314,528**	**3,147**	**1.0%**
Electricity transported on Enel's distribution network (millions of kWh)	**98,225**	**96,404**	**1,821**	**1.9%**

Electricity transported in 2015 totaled 98,225 million kWh, an increase of 1,821 million kWh.

Electricity sales

Millions of kWh

	2015	2014	Change	
Electricity sold by Enel	92,899	93,928	(1,029)	-1.1%

Electricity sales to end users in 2015 amounted to 92,899 million kWh, a decrease of 1,029 million kWh compared with 2014, as a result of the increasing liberalization of the market and the consequent switch of Endesa Energia XXI (operating in the regulated market) customers to the free market, which was not fully offset by new customers acquired by Endesa Energia (on the free market).

Performance

Millions of euro

	2015	2014 restated	Change	
Revenue	20,105	20,952	(847)	-4.0%
Gross operating margin	3,111	3,203	(92)	-2.9%
Operating income	1,397	1,240	157	12.7%
Capital expenditure	985	993	(8)	-0.8%

The following tables break down performance by type of business in 2015.

Revenue

Millions of euro

	2015	2014 restated	Change	
Generation and Trading	6,301	6,225	76	1.2%
Infrastructure and Networks	2,667	2,599	68	2.6%
End-user markets	15,600	15,827	(227)	-1.4%
Services	251	322	(71)	-22.0%
Eliminations and adjustments	(4,714)	(4,021)	(693)	-17.2%
Total	**20,105**	**20,952**	**(847)**	**-4.0%**

Revenue declined by €847 million, reflecting:

> a decrease of €227 million in revenue from **end-user markets**, essentially due to the decline in amounts of electricity and gas sold, as well as the reduction in the average sales price of the latter commodity. These factors were only partly offset by developments in electricity prices, which increased over the year as a whole;

> an increase of €76 million in revenue from **Generation and Trading** operations, primarily associated with:
  - an increase of €183 million in revenue from the sale and measurement at fair value of environmental certificates;
  - a decrease of €105 million in revenue from the sale of electricity by the generation companies. This revenue was largely in relation to the Division companies that sell electricity and so is also reflected in an analogous increase in eliminations;

> an increase of €68 million in revenue from **Infrastructure and Networks** operations, primarily reflecting the increase in quantities transported and the rise in revenue from connection fees.

Gross operating margin

Millions of euro

	2015	2014 restated	Change	
Generation and Trading	1,035	799	236	29.5%
Infrastructure and Networks	1,643	1,759	(116)	-6.6%
End-user markets	479	780	(301)	-38.6%
Services	(46)	(135)	89	65.9%
Total	**3,111**	**3,203**	**(92)**	**-2.9%**

The **gross operating margin** amounted to €3,111 million, a decrease of €92 million compared with 2014, reflecting:

> a decrease in the gross operating margin on **end-user markets**, largely due to the decline in the margin on electricity sales, which reflects higher electricity procurement costs, as well as a decline in the margin on natural gas sales;

> a decrease of €116 million in the margin on **Infrastructure and Networks** operations, reflecting higher costs in 2015 as a result of the introduction of a voluntary early retirement scheme for employees;

> an increase of €236 million in the gross operating margin on **Generation and Trading** operations, primarily associated with:
  - an improvement in the margin on generation, largely attributable to the higher average sales prices;
  - the positive impact of a number of regulatory changes, including those concerning water use fees in the amount of €46 million and the impact of lower fees on generation in the extra-peninsular area for 2014 due to adjustments related, in part, to previous periods (2012 and 2013);
  - an increase of €186 million in the margin on environmental certificates.

Operating income

Millions of euro

	2015	2014 restated	Change	
Generation and Trading	267	(133)	400	-
Infrastructure and Networks	868	919	(51)	-5.5%
End-user markets	322	631	(309)	-49.0%
Services	(60)	(177)	117	66.1%
Total	**1,397**	**1,240**	**157**	**12.7%**

Operating income in 2015, after depreciation, amortization and impairment losses of €1,714 million (€1,963 million in 2014), totaled €1,397 million, an increase of €157 million on 2014. The reduction in depreciation, amortization and impairment losses largely reflects the extension of the useful life of a number of generating plants at the end of 2014 and a decline in impairment of certain property, plant and equipment and intangible assets in 2015 compared with 2014.

Capital expenditure

Millions of euro

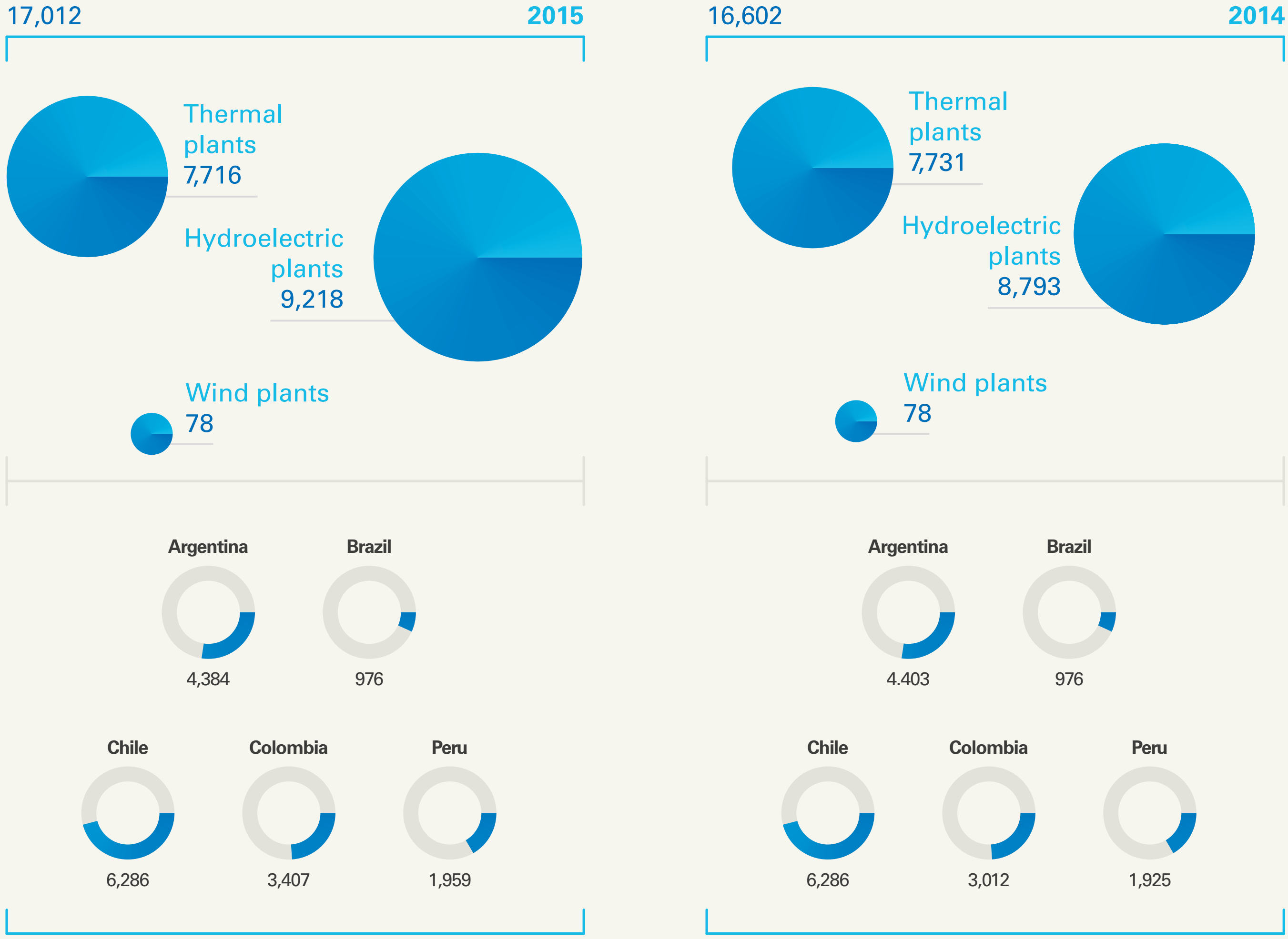
	2015	2014 restated	Change	
Generation and Trading	319	322	(3)	-0.9%
Infrastructure and Networks	615	640	(25)	-3.9%
End-user markets	49	31	18	58.1%
Services	2	-	2	-
Total	**985**	**993**	**(8)**	**-0.8%**

Capital expenditure amounted to €985 million, a decrease of €8 million compared with the previous year. In particular, capital expenditure in 2015 primarily concerned generation plants (€299 million) as well as work on the distribution network (€586 million), notably projects related to improving service quality.

3  Latin America

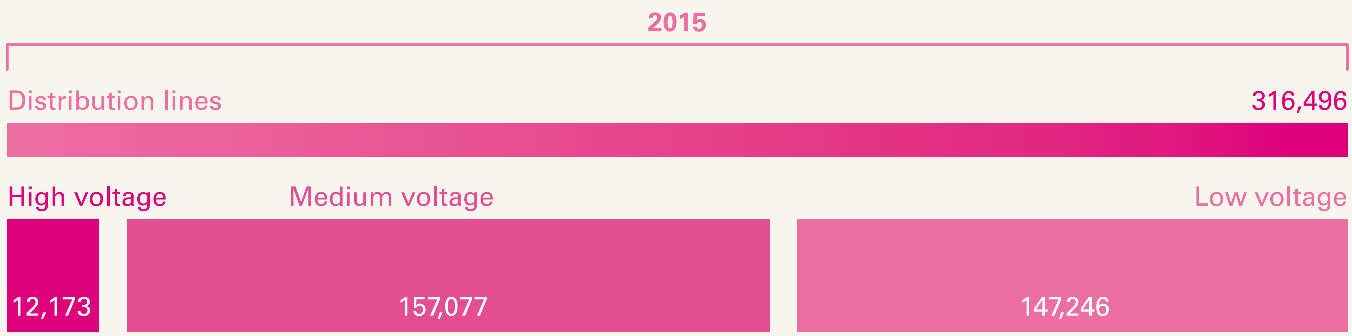
Net efficient generation capacity

MW



Electricity distribution networks

km

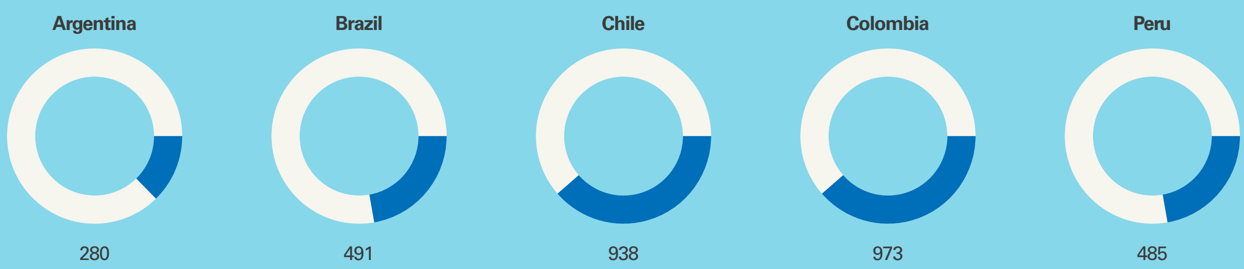


Performance in 2015

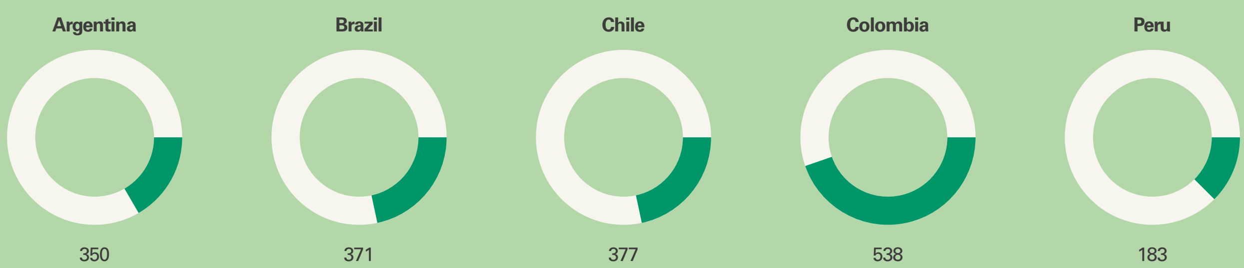
millions of euro

Revenue 10,627

Gross operating margin 3,167



Capital expenditure 1,819



Operations

Net electricity generation

Millions of kWh

	2015	2014	Change	
Thermal	26,252	26,142	110	0.4%
Hydroelectric	34,012	33,999	13	-
Other sources	138	158	(20)	-12.7%
Total net generation	**60,402**	**60,299**	**103**	**0.2%**
- of which Argentina	*15,204*	*14,390*	*814*	*5.7%*
- of which Brazil	*4,398*	*5,225*	*(827)*	*-15.8%*
- of which Chile	*18,294*	*18,063*	*231*	*1.3%*
- of which Colombia	*13,705*	*13,559*	*146*	*1.1%*
- of which Peru	*8,801*	*9,062*	*(261)*	*-2.9%*

Net electricity generation in 2015 totaled 60,402 million kWh, an increase of 103 million kWh compared with 2014, mainly due to an increase in generation by the thermal plants in Colombia and Argentina as a result of rising demand, while hydroelectric generation was virtually unchanged.

Contribution to gross thermal generation

Millions of kWh

	2015		2014		Change	
High-sulfur fuel oil (S>0.25%)	1,643	6.0%	1,590	5.8%	53	3.3%
Natural gas	20,367	74.1%	21,504	79.1%	(1,137)	-5.3%
Coal	3,156	11.5%	2,391	8.8%	765	32.0%
Other fuels	2,308	8.4%	1,707	6.3%	601	35.2%
Total	**27,474**	**100.0%**	**27,192**	**100.0%**	**282**	**1.0%**

Gross thermal generation in 2015 amounted to 27,474 million kWh, an increase of 282 million kWh on the previous year, essentially due to a reduction in the use of natural gas in Peru.

Net efficient generation capacity

MW

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Thermal plants	7,716	7,731	(15)	-0.2%
Hydroelectric plants	9,218	8,793	425	4.8%
Wind plants	78	78	-	-
Total net efficient capacity	**17,012**	**16,602**	**410**	**2.5%**
- of which Argentina	*4,384*	*4,403*	*(19)*	*-0.4%*
- of which Brazil	*976*	*976*	*-*	*-*
- of which Chile	*6,286*	*6,286*	*-*	*-*
- of which Colombia	*3,407*	*3,012*	*395*	*13.1%*
- of which Peru	*1,959*	*1,925*	*34*	*1.8%*

Net efficient capacity amounted to 17,012 MW at the end of 2015, an increase of 410 MW on the previous year, essentially due to the expansion of installed capacity in Colombia.

Electricity distribution and transport networks

	2015	2014	Change	
High-voltage lines at year-end (km)	12,173	12,089	84	0.7%
Medium-voltage lines at year-end (km)	157,077	154,767	2,310	1.5%
Low-voltage lines at year-end (km)	147,246	144,896	2,350	1.6%
Total electricity distribution network (km)	**316,496**	**311,752**	**4,744**	**1.5%**
Electricity transported on Enel's distribution network (millions of kWh) (1)	**78,030**	**77,631**	**399**	**0.5%**
- of which Argentina	*18,492*	*18,025*	*467*	*2.6%*
- of which Brazil	*22,311*	*22,878*	*(567)*	*-2.5%*
- of which Chile	*15,657*	*15,702*	*(45)*	*-0.3%*
- of which Colombia	*13,946*	*13,667*	*279*	*2.0%*
- of which Peru	*7,624*	*7,359*	*265*	*3.6%*

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

Electricity transported in 2015 totaled 78,030 million kWh, an increase of 399 million kWh.

Electricity sales

Millions of kWh

	2015	2014	Change	
Free market	**6,062**	**5,891**	**171**	**2.9%**
Regulated market	**57,370**	**57,217**	**153**	**0.3%**
Total	**63,432**	**63,108**	**324**	**0.5%**
- of which Argentina	*15,450*	*14,980*	*470*	*3.1%*
- of which Brazil	*19,506*	*19,982*	*(476)*	*-2.4%*
- of which Chile	*13,203*	*13,257*	*(54)*	*-0.4%*
- of which Colombia	*8,463*	*8,225*	*238*	*2.9%*
- of which Peru	*6,810*	*6,664*	*146*	*2.2%*

Electricity sales in 2015 amounted to 63,432 million kWh, an increase of 324 million kWh, in line with developments in demand.

Performance

Millions of euro

	2015	2014 restated	Change	
Revenue	10,627	9,648	979	10.1%
Gross operating margin	3,167	3,092	75	2.4%
Operating income	2,241	1,549	692	44.7%
Capital expenditure	1,819	1,609	210	13.1%

The following tables show performance by country in 2015.

Revenue

Millions of euro

	2015	2014 restated	Change	
Argentina	1,127	712	415	58.3%
Brazil	2,771	2,994	(223)	-7.4%
Chile	3,327	2,774	553	19.9%
Colombia	2,159	2,116	43	2.0%
Peru	1,243	1,052	191	18.2%
Total	**10,627**	**9,648**	**979**	**10.1%**

Revenue in 2015 posted an increase of €979 million. The rise was primarily attributable to:

> an increase of €415 million in revenue in Argentina, of which €247 million associated with the impact of *Resolución* 32/2015, with which regulators established a theoretical rate framework for distribution companies that enables them to recover the extra operating costs for the remuneration of personnel incurred to keep the service in operation, as well as other grants under the PUREE program and the *Mecanismo de Monitoreo de Costos* (MMC). These factors were accompanied by the effects of the increase in the quantity of electricity sold by both the generation companies and distribution companies;

> a decrease of €223 million in revenue in Brazil, largely attributable to the depreciation of the local currency against the euro (totaling €507 million) and the broad decline in demand, only partly offset by rate revisions and a rise in average sales prices;

> an increase of €553 million in revenue in Chile, largely due to:
- favorable developments in exchange rates between the local currency and the euro (€129 million);
- an increase in rates in the regulated market;
- the full consolidation of Inversiones Gas Atacama following the acquisition (on April 22, 2014) of an additional 50%, giving control over the company, as well as a number of minor non-recurring operations (Túnel El Melón, Maitenes, Agua Santiago Poniente);

> an increase of €43 million in revenue in Colombia, largely attributable to an increase in amounts generated and sold and in average sales prices for both generation companies and distribution companies, only partly offset by the impact of exchange rate developments;

> an increase of €191 million in revenue in Peru, primarily due to an increase in quantities sold and exchange rate effects.

Gross operating margin

Millions of euro

	2015	2014 restated	Change	
Argentina	280	29	251	-
Brazil	491	791	(300)	-37.9%
Chile	938	743	195	26.2%
Colombia	973	1,097	(124)	-11.3%
Peru	485	432	53	12.3%
Total	**3,167**	**3,092**	**75**	**2.4%**

The **gross operating margin** amounted to €3,167 million, an increase of €75 million (+2.4%) compared with 2014, reflecting:

> an increase of €251 million in the gross operating margin in Argentina, reflecting the introduction of *Resolución* 32/2015 noted earlier, the impact of which was only partly offset by the increase in operating costs, especially personnel costs following a contractual pay adjustment, and an increase in the average workforce;

> an increase of €195 million in the gross operating margin in Chile, due to an increase in the margin on generation and distribution, as well as the appreciation of the local

currency with respect to the euro (€38 million);
> an increase of €53 million in the gross operating margin in Peru, primarily owing to exchange rate developments and to greater volumes sold;
> a reduction of €124 million in the gross operating margin in Colombia, where the positive impact of the increase in output and amount distributed was almost entirely offset by exchange rate losses (€145 million);
> a reduction of €300 million in the gross operating margin in Brazil, reflecting the decline in demand in the country and the impact of the drought, which has led to an increase in electricity prices, hurting companies that distribute and sell electricity, as well as exchange rate losses (€91 million).

Operating income

Millions of euro

	2015	2014 restated	Change	
Argentina	210	(19)	229	-
Brazil	145	376	(231)	-61.4%
Chile	722	(41)	763	-
Colombia	816	920	(104)	-11.3%
Peru	348	313	35	11.2%
Total	**2,241**	**1,549**	**692**	**44.7%**

Operating income in 2015 totaled €2,241 million, including €926 million in depreciation, amortization and impairment losses (€1,543 million in 2014), an increase of €692 million over 2014. In addition to the change in the gross operating margin, the performance reflects the effects of the recognition in 2014 of impairment losses (€589 million) on water use rights in the region of Aysén recognized in response to the uncertainty about the continuation of the project owing to a number of legal and procedural constraints. Depreciation and amortization were in line with 2014, given that the effects of the entry into service of a number of plants were essentially offset by exchange rate effects.

Capital expenditure

Millions of euro

	2015	2014 restated	Change	
Argentina	350	276	74	26.8%
Brazil	371	306	65	21.2%
Chile	377	432	(55)	-12.7%
Colombia	538	434	104	24.0%
Peru	183	161	22	13.7%
Total	**1,819**	**1,609**	**210**	**13.1%**

Capital expenditure amounted to €1,819 million, an increase of €210 million on the previous year. More specifically, investment in 2015 regarded:
> works to improve the distribution grid and modernize thermal plants in Argentina;
> work on the distribution grid in Brazil;
> work on the Bocamina and Tarapacá thermal plants and the Los Condores hydroelectric facility in Chile;
> work on the El Quimbo hydroelectric plant (which entered service at the end of 2015), and on the distribution grid in Colombia;
> the extension and upgrading of the distribution grid in Peru.

4 Eastern Europe

Net efficient generation capacity

MW

	2015	2014
Total	13,382	14,481
Thermal plants	9,950	10,310
Nuclear plants	1,814	1,814
Hydroelectric plants	1,590	2,329
Other resources	28	28

	2015	2014
Russia	8,944	9,107
Slovakia	4,032	4,968
Belgium	406	406

Electricity distribution networks

km

2015

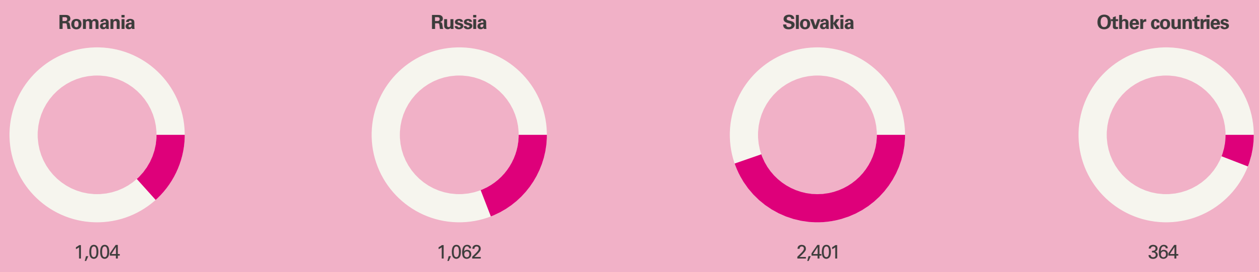
Distribution lines 91,285

High voltage	Medium voltage	Low voltage
6,584	35,043	49,658

Performance in 2015

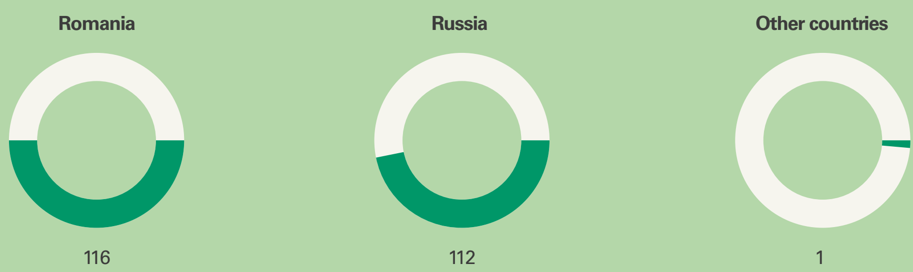
millions of euro

Revenue 4,831



Gross operating margin 1,308

Capital expenditure 229 [1]



(1) Does not include €648 million regarding units classified as "held for sale".

Operations

Net electricity generation

Millions of kWh

	2015	2014	Change	
Thermal	45,024	44,229	795	1.8%
Nuclear	14,081	14,420	(339)	-2.4%
Hydroelectric	2,385	4,225	(1,840)	-43.6%
Other resources	42	52	(10)	-19.2%
Total net generation	**61,532**	**62,926**	**(1,394)**	**-2.2%**
- of which Russia	*42,090*	*42,376*	*(286)*	*-0.7%*
- of which Slovakia	*18,292*	*20,550*	*(2,258)*	*-11.0%*
- of which Belgium	*1,150*	*-*	*1,150*	*-*

Net electricity generation in 2015 amounted to 61,532 million kWh, a decrease of 1,394 million kWh compared with 2014. The change was mainly due to the decline in generation in Slovakia from nuclear (-339 million kWh) and hydroelectric (-1,840 million kWh) resources, the latter also resulting from the early termination of the contract for the operation of the Gabčíkovo plant. The decrease was partly offset by the generation in Belgium at the Marcinelle Energie thermal plant, which was operated until the end of 2014 through a tolling agreement by the "Italy" Country and is now included in the "Eastern Europe" Region.

Contribution to gross thermal generation

Millions of kWh

	2015		2014		Change	
High-sulfur fuel oil (S>0.25%)	-	-	186	0.3%	(186)	-
Natural gas	25,552	40.7%	25,325	40.7%	227	0.9%
Coal	22,098	35.2%	21,255	34.1%	843	4.0%
Nuclear fuel	15,146	24.1%	15,499	24.9%	(353)	-2.3%
Total	**62,796**	**100.0%**	**62,265**	**100.0%**	**531**	**0.9%**

Gross thermal generation in 2015 increased by 531 million kWh, totaling 62,796 million kWh. The increase in generation from natural gas in Belgium and from coal in Russia was only partly offset by a reduction in the use of nuclear fuel.

Net efficient generation capacity

MW

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Thermal plants	9,950	10,310	(360)	-3.5%
Nuclear plants	1,814	1,814	-	-
Hydroelectric plants	1,590	2,329	(739)	-31.7%
Other resources	28	28	-	-
Total net efficient capacity	**13,382**	**14,481**	**(1,099)**	**-7.6%**
- of which Russia	*8,944*	*9,107*	*(163)*	*-1.8%*
- of which Slovakia	*4,032*	*4,968*	*(936)*	*-18.8%*
- of which Belgium	*406*	*406*	*-*	*-*

Net efficient generation capacity decreased by 1,099 MW in 2015, mainly reflecting the early termination of the contract to operate the Gabčíkovo plant and the decommissioning of one of the units of the Vojany coal-fired plant in Slovakia.

Electricity distribution and transport networks

	2015	2014	Change	
High-voltage lines at year-end (km)	6,584	6,572	12	0.2%
Medium-voltage lines at year-end (km)	35,043	34,998	45	0.1%
Low-voltage lines at year-end (km)	49,658	49,562	96	0.2%
Total electricity distribution network (km)	**91,285**	**91,132**	**153**	**0.2%**
Electricity transported on Enel's distribution network (millions of kWh)	**14,582**	**14,063**	**519**	**3.7%**

Electricity transported – entirely in Romania – increased by 519 million kWh (+3.7%), rising from 14,063 million kWh to 14,582 million kWh in 2015. The increase was mainly associated with newly-installed connections, which reflect the growth in the electricity network in that country.

Electricity sales

Millions of kWh

	2015	2014	Change	
Free market	10,407	10,410	(3)	-
Regulated market	5,353	5,926	(573)	-9.7%
Total	**15,760**	**16,336**	**(576)**	**-3.5%**
- of which Romania	*7,691*	*8,156*	*(465)*	*-5.7%*
- of which France	*3,966*	*3,442*	*524*	*15.2%*
- of which Slovakia	*4,103*	*4,738*	*(635)*	*-13.4%*

Electricity sold in 2015 decreased by 576 million kWh, from 16,336 million kWh to 15,760 million kWh. The decline is ascribable to:

> a decrease of 465 million kWh in quantities sold in Romania, mainly due to the gradual liberalization of the market;
> an increase of 524 million kWh in quantities sold in France;
> a decrease of 635 million kWh in sales in Slovakia, following the trend in generation.

Performance

Millions of euro

	2015	2014 restated	Change	
Revenue	4,831	5,299	(468)	-8.8%
Gross operating margin	1,308	1,210	98	8.1%
Operating income	(499)	(2,676)	2,177	-81.4%
Capital expenditure	229 [1]	936	(707)	-75.5%

(1) Does not include €648 million regarding units classified as "held for sale".

The following tables show performance by country in 2015.

Revenue

Millions of euro

	2015	2014 restated	Change	
Romania	1,004	1,021	(17)	-1.7%
Russia	1,062	1,494	(432)	-28.9%
Slovakia	2,401	2,494	(93)	-3.7%
Other countries	364	290	74	25.5%
Total	**4,831**	**5,299**	**(468)**	**-8.8%**

Revenue in 2015 amounted to €4,831 million, down €468 million (-8.8%) compared with the previous year. This reflected:

> a decrease of €432 million in revenue in Russia, primarily due to the depreciation of the ruble against the euro (€357 million) and the decline in average electricity prices;

> a decrease of €93 million in revenue in Slovakia, attributable to the contraction in volumes generated and sold, partly reflecting the termination of the contract for the operation of the Gabčíkovo plant, in an environment of falling average prices;

> a decrease of €17 million in revenue in Romania, essentially reflecting the contraction in volumes sold due to the liberalization of the market, the effect of which was only partly offset by the increase in amounts transported and a rise in new connections;

> an increase of €74 million in revenue in Belgium as a result of an increase in volumes produced.

Gross operating margin

Millions of euro

	2015	2014 restated	Change	
Romania	281	305	(24)	-7.9%
Russia	164	358	(194)	-54.2%
Slovakia	871	537	334	62.2%
Other countries	(8)	10	(18)	-
Total	**1,308**	**1,210**	**98**	**8.1%**

The **gross operating margin** amounted to €1,308 million, an increase of €98 million compared with 2014. This mainly reflected:

> an increase of €334 million in the gross operating margin in Slovakia, mainly due to the partial reversal of the provision for nuclear waste disposal charges (€550 million) following an analysis by independent experts, who took account of the regulatory changes introduced in July 2015

by the Slovakian government, which approved a new strategy for handling the "back end" of spent nuclear fuel, the measures of which include the postponement of the start of permanent storage of waste from 2037 to 2065. This was only partly offset by a decline in electricity sales prices;
> a decrease of €194 million in the gross operating margin in Russia, mainly due to the contraction of the generation margin, caused by a decline in the sales prices of electricity in conjunction with rising costs for the purchase of fuel, as well as exchange losses, which brought about a decrease of €55 million in the gross operating margin;
> a decrease of €24 million in the gross operating margin in Romania, almost entirely due to electricity sales activities, which reflected developments in electricity sales, and to a number of prior-year items recognized in 2014.

Operating income

Millions of euro

	2015	2014 restated	Change	
Romania	168	201	(33)	-16.4%
Russia	(839)	(201)	(638)	-
Slovakia	184	(2,605)	2,789	-
Other countries	(12)	(71)	59	83.1%
Total	**(499)**	**(2,676)**	**2,177**	**81.4%**

Operating income in 2015 showed a loss of €499 million, an improvement of €2,177 million compared with 2014, mainly attributable to:
> a reduction in impairment losses recognized following adjustment of assets to their estimated realizable value (determined on the basis of offers received and developments in the sales process) for Slovenské elektrárne (€574 million in 2015; €2,878 million in 2014) and on the basis of the outcome of impairment testing and the continuation of adverse market conditions for the Enel Russia CGU (€899 million in 2015; €365 million in 2014);
> a decrease in depreciation of property, plant and equipment for Enel Russia of €79 million (€143 million in 2014) and for Slovenské elektrárne of €93 million (€126 million in 2014);
> exchange gains from translation of €282 million as a result of the depreciation of the ruble.

Capital expenditure

Millions of euro

	2015	2014 restated	Change	
Romania	116	83	33	39.8%
Russia	112	188	(76)	-40.4%
Slovakia	- (1)	665	(665)	-
Other countries	1	-	1	-
Total	**229**	**936**	**(707)**	**-75.5%**

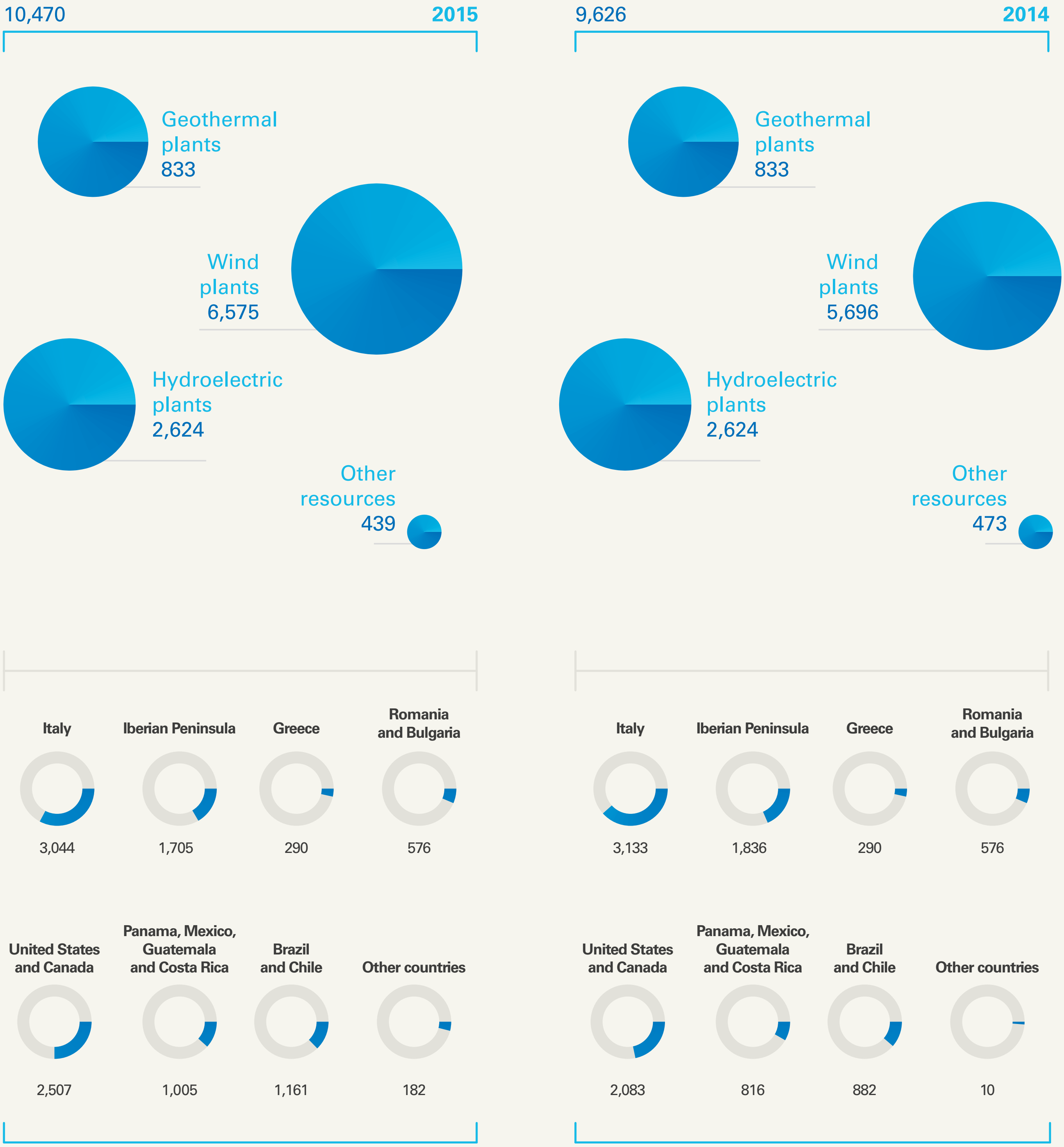
(1) Does not include €648 million regarding units classified as "held for sale".

Capital expenditure amounted to €229 million, a decrease of €707 million compared with the previous year. The change is attributable to higher costs incurred in Russia in 2014 to restore operations at the Sredneuralskay combined-cycle plant following the stoppage at the end of 2013 and to the classification under assets held for sale of Slovenské elektrárne. Excluding that reclassification, capital expenditure would have decreased by €59 million, of which €17 million regarding Slovakian plants, especially the Mochovce nuclear plant.

5 Renewable Energy

Net efficient generation capacity

MW



Performance in 2015

millions of euro

Revenue 3,011

Europe and North Africa

1,814

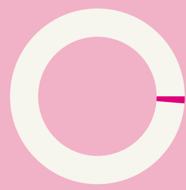
Latin America

650

North America

533

Sub-Saharan Africa and Asia



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Gross operating margin 1,826

Europe and North Africa

1,105

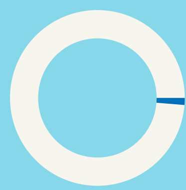
Latin America

364

North America

352

Sub-Saharan Africa and Asia



5

Capital expenditure 2,466

Europe and North Africa

317

Latin America

1,548

North America

289

Sub-Saharan Africa and Asia

312

Operations

Net electricity generation

Millions of kWh

	2015	2014	Change	
Hydroelectric	10,426	11,452	(1,026)	-9.0%
Geothermal	6,205	5,954	251	4.2%
Wind	16,066	13,896	2,170	15.6%
Other resources	876	496	380	76.6%
Total net generation	**33,573**	**31,798**	**1,775**	**5.6%**
- of which Italy	*13,076*	*14,117*	*(1,041)*	*-7.4%*
- of which Iberian Peninsula	*4,383*	*4,359*	*24*	*0.6%*
- of which France	-	*347*	*(347)*	-
- of which Greece	*549*	*488*	*61*	*12.5%*
- of which Romania and Bulgaria	*1,420*	*1,351*	*69*	*5.1%*
- of which United States and Canada	*7,368*	*6,674*	*694*	*10.4%*
- of which Panama, Mexico, Guatemala and Costa Rica	*3,841*	*2,904*	*937*	*32.3%*
- of which Brazil and Chile	*2,869*	*1,550*	*1,319*	*85.1%*
- of which other countries	*67*	*8*	*59*	-

Net electricity generation by the Division totaled 33,573 million kWh in 2015, an increase of 1,775 million kWh on 2014. The increase is attributable to an increase of 2,816 million kWh in generation abroad, mainly from the increase in wind generation in Latin America (+1,691 million kWh) and North America (+769 million kWh), as a result of the expansion of installed capacity, hydroelectric generation in Panama (+527 million kWh) thanks to better water conditions and solar generation in Chile (+233 million kWh). These factors were only partly offset by the decline in wind generation following the disposal of operations in France at the end of 2014 (-347 million kWh).

Net electricity generation in Italy in 2015 decreased by 1,041 million kWh on 2014, primarily reflecting the contraction in hydroelectric output (-841 million kWh) owing to poorer water conditions. That decrease was partly offset by the increase in geothermal generation (+261 million kWh) due to the expansion in installed capacity since the Bagnore plant was put into service.

Net efficient generation capacity

MW

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Hydroelectric plants	2,624	2,624	-	-
Geothermal plants	833	833	-	-
Wind plants	6,575	5,696	879	15.4%
Other resources	439	473	(34)	-7.3%
Total net efficient capacity	**10,470**	**9,626**	**844**	**8.8%**
- of which Italy	*3,044*	*3,133*	*(89)*	*-2.8%*
- of which Iberian Peninsula	*1,705*	*1,836*	*(131)*	*-7.1%*
- of which Greece	*290*	*290*	-	-
- of which Romania and Bulgaria	*576*	*576*	-	-
- of which United States and Canada	*2,507*	*2,083*	*424*	*20.4%*
- of which Panama, Mexico, Guatemala and Costa Rica	*1,005*	*816*	*189*	*23.2%*
- of which Brazil and Chile	*1,161*	*882*	*279*	*31.6%*
- of which other countries	*182*	*10*	*172*	-

Net efficient generation capacity increased by 844 MW, of which 933 MW abroad. More specifically, the increase in net installed wind capacity was mainly attributable to new plants in the United States (424 MW), Mexico (202 MW), Brazil (118 MW), Chile (61 MW) and Uruguay (50 MW). These effects were only partly offset by the decrease in installed capacity due to the disposal of wind plants in Portugal and solar plants in Italy.

Performance

Millions of euro

	2015	2014 restated	Change	
Revenue	3,011	2,921	90	3.1%
Gross operating margin	1,826	1,938	(112)	-5.8%
Operating income	879	1,124	(245)	-21.8%
Capital expenditure	2,466	1,658	808	48.7%

The following tables show performance by geographical area in 2015.

Revenue

Millions of euro

	2015	2014 restated	Change	
Europe and North Africa	1,814	1,985	(171)	-8.6%
Latin America	650	537	113	21.0%
North America	533	396	137	34.6%
Sub-Saharan Africa and Asia	14	3	11	-
Total	**3,011**	**2,921**	**90**	**3.1%**

Revenue in 2015 amounted to €3,011 million, an increase of €90 million (+3.1%) compared with the previous year. This is the result of:

> an increase of €137 million in revenue in North America, primarily due to the positive impact of the appreciation of the US dollar against the euro (€88 million), the increase in volumes generated, a rise in income from tax partnerships and the increase in other revenue as a result of the disposal of certain assets;

> an increase of €113 million in revenue in Latin America, largely due to an increase in generation in Chile, Mexico and Costa Rica (totaling €102 million);

> a decrease of €171 million in revenue in Europe and North Africa, mainly due to a reduction in revenue from the electricity sales in Italy in reflection of the decline in hydroelectric generation and the change in the scope of consolidation as a result of the disposal of Enel Green Power France in December 2014. This was partly offset by the positive effects of the acquisition of control of 3Sun (€117 million in respect of negative goodwill and the remeasurement at fair value of the Group's previous interest in the company), the consolidation of a number of projects held by the Portugal-based ENEOP consortium (gains and remeasurement at fair value for a total €29 million) and the recognition of the indemnity provided for in the agreement with STM (€12 million).

Gross operating margin

Millions of euro

	2015	2014 restated	Change	
Europe and North Africa	1,105	1,461	(356)	-24.4%
Latin America	364	202	162	80.2%
North America	352	276	76	27.5%
Sub-Saharan Africa and Asia	5	(1)	6	-
Total	**1,826**	**1,938**	**(112)**	**-5.8%**

The **gross operating margin** in 2015 amounted to €1,826 million, a decrease of €112 million (-5.8%) compared with 2014. The decrease is attributable to:

> a decrease of €355 million in the gross operating margin in Europe, mainly due to the decrease in revenue as a result of lower average sales prices and the increase in costs due to the formalization of a number of agreements for the early retirement of personnel in Italy;

> an increase of €162 million in the gross operating margin in Latin America – taking account of favorable exchange rate developments for €36 million – reflecting the increase in revenue and the reduction in costs of purchasing electricity in Brazil and Panama; in Panama, better water conditions helped reduce the costs of purchasing electricity in order to honor sales contracts. The increase was partly offset by higher operating costs due to the expansion in installed capacity in Brazil, Chile and Mexico;

> an increase of €76 million in the gross operating margin in North America – taking account of favorable exchange rate developments for €58 million – reflecting the increase in revenue, only partly offset by the increase in personnel costs and operating costs associated with the expansion of installed capacity.

Operating income

Millions of euro

	2015	2014 restated	Change	
Europe and North Africa	459	834	(375)	-45.0%
Latin America	249	142	107	75.4%
North America	168	149	19	12.8%
Sub-Saharan Africa and Asia	3	(1)	4	-
Total	**879**	**1,124**	**(245)**	**-21.8%**

Operating income in 2015 amounted to €879 million, a decrease of €245 million, taking account of a rise of €133 million in depreciation, amortization and impairment losses, mainly due to the impairment loss on the residual goodwill and property, plant and equipment of Enel Green Power Romania (€155 million) as a result of the unfavorable market and regulatory scenario in the renewables sector in that country. Other factors included the writedown of a number of specific assets of 3Sun, the expansion of installed capacity on the American continent, value adjustments of specific projects in North America and the writedown of receivables in the Europe region.

Capital expenditure

Millions of euro

	2015	2014 restated	Change	
Europe and North Africa	317	373	(56)	-15.0%
Latin America	1,548	927	621	67.0%
North America	289	332	(43)	-13.0%
Sub-Saharan Africa and Asia	312	26	286	-
Total	**2,466**	**1,658**	**808**	**48.7%**

Capital expenditure in 2015 amounted to €2,466 million, an increase of €808 million on the previous year. Capital expenditure mainly regarded wind plants in Latin America (€822 million), North America (€257 million) and Europe (€151 million), photovoltaic plants in Chile (€344 million) and South Africa (€194 million) and hydroelectric plants in Brazil and Costa Rica (€221 million).

Other, eliminations and adjustments

Operations

Hydrocarbon reserves and annual output

	2015	2014	Change
Hydrocarbon reserves:			
Proven reserves (P1) of hydrocarbons at the end of the year (millions of barrels of oil equivalent)	16	18	(2)
Proven and probable reserves (2P) of hydrocarbons at the end of the year (millions of barrels of oil equivalent)	42	46	(4)
Contingent resources (2C) of gas (millions of barrels of oil equivalent)	4	-	4

Projects under developments at the end of 2015 were located as follows:

- in Algeria, where the Group, through Enel Trade, holds a stake of 18.4% of the "Isarene" permit in partnership with Petroceltic International and Sonatrach (an Algerian state-owned company);
- in Italy, where the Group, through Enel Longanesi Development, holds 33.5% of the hydrocarbon extraction permit at Bagnacavallo.

The Upstream Gas Division continued the process of certifying the reserves of the assets it had under development. More specifically, following the acquisition and analysis of the seismic data for the Enel Longanesi Development project, a new assessment was performed in 2015 by an external certifier.

On the basis of the most recent assessments available (2012 for Isarene and 2015 for Enel Longanesi Development), Enel's interest in 2015 amounted to:

- 16.3 million barrels of oil equivalent of proven reserves (P1), of which:
  - 15.9 million barrels of oil equivalent for the Isarene field;
  - 0.4 million barrels of oil equivalent for the Enel Longanesi Development field;
- 42.1 million barrels of oil equivalent of proven and probable reserves (2P) of which:
  - 41.6 million barrels of oil equivalent for the Isarene field;
  - 0.5 million barrels of oil equivalent for the Enel Longanesi Development field.

The new certification of part of the 2P reserves certified part of the reserves as contingent resources (3.7 million barrels of oil equivalent).

Performance

Millions of euro

	2015	2014 restated	Change	
Revenue (net of eliminations)	852	1,025	(173)	-16.9%
Gross operating margin	(213)	(29)	(184)	-
Operating income	(338)	(68)	(270)	-
Capital expenditure	52	45	7	15.6%

Revenue net of eliminations in 2015 totaled €852 million, a decrease of €173 million on the previous year (-16.9%). Excluding the income (equal to €82 million) from the adjustment of the price in the 1st Quarter of 2014 on the sale of Artic Russia in 2013 with respect to the earn-out clause contained in contracts with the buyer of that company, revenue decreased by €91 million compared with 2014. The latter decrease is largely attributable to a decrease of €116 million in revenue from engineering activities as a result of a decline in operations in 2015 compared with 2014 (including the Porto Empedocle liquefied natural gas regasification terminal and the Mochovce nuclear plant). This was only partly offset by increased revenue (€24 million) for information and communication technology services.

The **gross operating margin** in 2015, a loss of €213 million, deteriorated by €184 million compared with 2014. Excluding the effect of the price adjustment noted above, the gross operating margin deteriorated by €106 million. This reflected the increase in costs following the new agreement with the trade unions for early retirement incentives for personnel under Article 4 of the Fornero Act and the payment of a lump-sum benefit to retired employees who had been receiving the energy discount following revocation of that benefit, partly offset by a corresponding reversal of the associated provision. This effect was accompanied by a contraction in unit margins on certain services provided to other Group Divisions.

Operating income in 2015 showed a loss of €338 million, a deterioration of €270 million on the previous year, taking account of an increase of €86 million in depreciation, amortization and impairment losses, essentially reflecting the impairment of €159 million recognized on upstream gas exploration assets as a result of difficulty encountered in continuing projects and developments in the price scenario in the global fuel market.

Capital expenditure

Capital expenditure in 2015 amounted to €52 million, an increase of €7 million on 2014.

Performance and financial position of Enel SpA

Performance

The following table summarizes the performance of Enel SpA in 2015 and 2014.

Millions of euro

	2015	2014	Change
Revenue			
Revenue from services	237	245	(8)
Other revenue and income	8	1	7
Total	**245**	**246**	**(1)**
Costs			
Consumables	1	2	(1)
Services, leases and rentals	199	185	14
Personnel	176	120	56
Other operating expenses	24	19	5
Total	**400**	**326**	**74**
Gross operating margin	**(155)**	**(80)**	**(75)**
Depreciation, amortization and impairment losses	327	543	(216)
Operating income	**(482)**	**(623)**	**141**
Net financial income/(expense) and income from equity investments			
Income from equity investments	2,024	1,818	206
Financial income	3,535	2,412	1,123
Financial expense	4,267	3,331	936
Total	**1,292**	**899**	**393**
Income before taxes	**810**	**276**	**534**
Income taxes	(201)	(282)	81
NET INCOME FOR THE YEAR	**1,011**	**558**	**453**

Revenue from services totaled €237 million (€245 million in 2014) and essentially regards services provided to subsidiaries as part of Enel SpA's direction and coordination functions and the rebilling of costs incurred by Enel SpA but pertaining to the subsidiaries.
The decrease of €8 million is mainly attributable to a decline in pass-through rebilling of a number of Group companies for management fees and technical fees, partly offset by an increase in revenue from communication activities.

Other revenue and income came to €8 million, up €7 million on the previous year. The item is essentially composed of the rebilling of costs for the personnel of Enel SpA seconded to other Group companies.

Costs for **consumables** amounted to €1 million in 2015, down €1 million on 2014. They are accounted for by purchases of consumables from third-party suppliers.

Costs for **services, leases and rentals** amounted to €199 million in 2015, of which charges from third parties in the amount of €126 million and from Group companies in the amount of €73 million. The costs attributable to third parties mainly regarded communication expenses, technical and professional services as well as strategic, management and corporate organization consulting. Those in respect of services provided by Group companies regard IT and administrative services and purchasing, as well as rentals and personnel training received from Enel Italia Srl, and costs for the personnel of a number of Group companies seconded to Enel SpA. The total change compared with 2014 amounted to €14 million and is essentially attributable to higher costs in respect of IT assistance services and personal services rendered by Enel Italia Srl and higher costs registered in respect of Enel Iberoamérica SL for personnel seconded to global service activities.

Personnel costs totaled €176 million in 2015, an increase of €56 million on the previous year. The rise is essentially attributable to the increase in "wages and salaries" and the associated social security contributions (a total of €32 million) as a result of the increase in the average workforce and to the costs of the new agreements for the early retirement of personnel under Article 4 of the Fornero Act (€31 million), partly offset by the decrease in other costs as a result of the unilateral revocation of the electricity discounts formerly granted to retired personnel, with the reversal of the associated provision at December 31, 2015 (€10 million).

Other operating expenses amounted to €24 million in 2015, up €5 million compared with 2014, mainly due to the allocation of €3 million to the provision for "compensation and elimination of retired employee electricity discount" established at December 31, 2015.

The **gross operating margin** was a negative €155 million, a deterioration of €75 million on the previous year, mainly attributable to the increase in personnel costs and rental and lease costs.

Depreciation, amortization and impairment losses amounted to €327 million in 2015, a decrease of €216 million compared with 2014. The change is attributable to the decline in impairment losses on equity investments in 2015 from the previous year, which regarded the value adjustment of the interests in Enel Trade SpA (€250 million) and Enel Ingegneria e Ricerca SpA (€65 million).

The **operating result** showed a loss of €482 million, an improvement of €141 million compared with 2014.

Income from equity investments amounted to €2,024 million. The item regards dividends approved in 2015 by subsidiaries, associates and other companies (€1,818 million in 2014) and shows an increase of €206 million on the previous year, essentially due to the special dividend paid by Enel Iberoamérica SL (€479 million).

Net financial expense amounted to €732 million and essentially reflects interest expense on financial debt (€956 million), offset by net income on interest rate derivatives (€57 million) and interest and other income on financial assets (totaling €160 million).
The decrease in net financial expense on the previous year, equal to €187 million, was essentially the result of a decline in interest on financial debt (€82 million) following the repayment of a number of bonds during the year and the net positive changes in derivatives transactions relating to Enel SpA (€98 million).

Income taxes showed a tax receivable of €201 million, mainly due to the reduction in taxable income for IRES purposes compared with statutory taxable income as a result of the exclusion of 95% of dividends received from subsidiaries and the deductibility of Enel SpA interest expense for the Group's consolidated taxation mechanism in accordance with corporate income tax law (Article 96 of the Uniform Income Tax Code). This essentially reflected both the difference between the two years in the amount of dividends received from subsidiaries and the non-deductibility of impairment losses on equity investments in 2015 meeting the requirements of Article 87 of the Uniform Income Tax Code.

Net income for the year totaled €1,011 million, compared with €558 million the previous year.

Analysis of the financial position

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Net non-current assets:			
- property, plant and equipment and intangible assets	21	19	2
- equity investments	38,984	38,754	230
- net other non-current assets/(liabilities)	71	(299)	370
Total	**39,076**	**38,474**	**602**
Net current assets:			
- trade receivables	283	132	151
- net other current assets/(liabilities)	(627)	(533)	(94)
- trade payables	(164)	(139)	(25)
Total	**(508)**	**(540)**	**32**
Gross capital employed	**38,568**	**37,934**	**634**
Provisions:			
- employee benefits	(291)	(302)	11
- provisions for risks and charges and net deferred taxes	28	115	(87)
Total	**(263)**	**(187)**	**(76)**
Net capital employed	**38,305**	**37,747**	**558**
Shareholders' equity	**24,880**	**25,136**	**(256)**
NET FINANCIAL DEBT	**13,425**	**12,611**	**814**

Net non-current assets amounted to €39,076 million, an increase of €602 million. The change is essentially attributable to the following factors:

> an increase of €230 million in investments in subsidiaries, reflecting the following transactions: the recapitalization of Enel Trade SpA (€500 million) and Enel Ingegneria e Ricerca SpA (€40 million), with the former subsequently written down by €250 million and the latter by €65 million; the establishment of Enel Open Fiber SpA, with payment of share capital of €5 million, entirely owned by Enel SpA;

> an increase of €370 million in "net other non-current assets", essentially due to the increase in the value of non-current derivatives.

Net current assets came to a negative €508 million, a decrease of €32 million on December 31, 2014. The change reflects:

> an increase of €151 million in trade receivables, mainly from Group companies, for management and coordination services from Enel SpA. The change reflected developments in revenue from such services and the modification of the timing of receipts compared with the previous year;

> an increase of €94 million in "net other current liabilities", mainly in respect of the decrease in the income tax receivables of Enel SpA (€306 million), partly offset by an increase in intercompany IRES receivables connected with the consolidated taxation mechanism (€196 million);

> an increase of €25 million in trade payables.

Net capital employed at December 31, 2015, came to €38,305 million, funded by shareholders' equity of €24,880 million and net financial debt of €13,425 million.

Shareholders' equity came to €24,880 million at December 31, 2015, a decrease of €256 million on the previous year. The change is attributable to the distribution of the dividend for 2014 of €1,316 million (€0.14 per share) and the recognition of net income for the year of €1,060 million (including an income recognized directly in equity of €49 million, largely attributable to the change, net of tax effects, of the reserve for cash flow hedge derivatives).

Net financial debt amounted to €13,425 million, with a debt/equity ratio of 53.9% (50.2% at the end of 2014).

Analysis of the financial structure

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

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Long-term debt:			
- bonds	14,503	17,288	(2,785)
Long-term debt	*14,503*	*17,288*	*(2,785)*
- financial receivables from others	(5)	(4)	(1)
- debt assumed and loans to subsidiaries	(72)	(117)	45
Net long-term debt	**14,426**	**17,167**	**(2,741)**
Short-term debt/(liquidity):			
- short-term portion of long-term borrowings	3,062	2,363	699
- short-term bank borrowings	2	3	(1)
- short-term debt due to Group companies	-	500	(500)
- cash collateral received	1,669	423	1,246
Short-term debt	*4,733*	*3,289*	*1,444*
- short-term portion of loans assumed/granted	(46)	-	(46)
- other short-term financial receivables	(8)	(3)	(5)
- cash collateral paid	(86)	(672)	586
- net short-term financial position with Group companies	331	(198)	529
- cash and cash equivalents and short-term securities	(5,925)	(6,972)	1,047
Net short-term debt/(liquidity)	**(1,001)**	**(4,556)**	**3,555**
NET FINANCIAL DEBT	**13,425**	**12,611**	**814**

Net financial debt at December 31, 2015 amounted to €13,425 million, an increase of €814 million, the result of a decrease in the net short-term creditor position (€3,555 million) and a decrease in net long-term financial debt (€2,741 million).
The main transactions in 2015 impacting debt can be summarized as follows:

- the repayment of €2,300 million on two retail bonds;
- the repayment of €500 million on the Intercompany Short Term Deposit Agreement (a short-term credit facility with Enel Finance International NV);
- the repayment of two tranches of the Ina and Ania bonds and the repurchase of own bonds in the total amount of €94 million.

Cash and cash equivalents amounted to €5,925 million, a decrease on December 31, 2014 of €1,047 million, mainly attributable to the above bond repayments and normal central treasury functions performed by Enel SpA.

Cash flows

Millions of euro

	2015	2014	Change
Cash and cash equivalents at the start of the year	**6,972**	**3,123**	**3,849**
Cash flows from operating activities	1,062	926	136
Cash flows from investing/disinvesting activities	(560)	(11)	(549)
Cash flows from financing activities	(1,549)	2,934	(4,483)
Cash and cash equivalents at the end of the year	**5,925**	**6,972**	**(1,047)**

Cash flows from operating activities came to a positive €1,062 million (€926 million in 2014), essentially attributable to dividends from subsidiaries, the net negative balance of interest paid and collected and payments on account of IRES on behalf of all Group companies participating in the consolidated taxation mechanism.

Cash flows from investing activities were a negative €560 million (a negative €11 million in 2014). They include €542 million in respect of the recapitalization of the subsidiaries Enel Trade SpA, Enel Ingegneria e Ricerca SpA and Enel Oil & Gas SpA, €5 million for the establishment of Enel Open Fiber SpA and €15 million for investments in property, plant and equipment and intangible assets. Disinvesting activities regarded the transfer to Enel Trade SpA of the interest in Enel Oil & Gas SpA, which generated cash flows of €2 million.

Cash flows in respect of financing activities were a negative €1,549 million (a positive €2,934 million in 2014). They were essentially generated by the repayment of bonds and the repurchase of own bonds in the amount of €2,394 million, the payment of dividends for 2014 totaling €1,316 million and the net increase of €2,508 million in net short-term financial debt.

In 2015, the cash requirements generated by financing activities (€1,549 million) and investing activities (€560 million) were funded by €1,062 million from liquidity generated by operating activities and €1,047 million from the use of cash and cash equivalents accumulated the previous year. Consequently, cash and cash equivalents at December 31, 2015 amounted to €5,925 million, compared with €6,972 million at the start of the year.

Significant events in 2015

12 January

Enel Green Power extends framework agreement with Vestas to develop additional wind capacity in the United States

On January 12, 2015, Enel Green Power, acting through its subsidiary Enel Green Power North America Inc. ("EGPNA"), extended the framework agreement signed at the end of 2013 with Vestas for the development of wind farms in the United States. The 2013 agreement, which provided for Vestas to supply wind turbines, has supported and will continue to support EGPNA's successful growth in the United States.
The capacity yet to be developed under the 2013 agreement, together with the current extension, will enable EGPNA to qualify up to approximately 1 GW of future wind capacity in the United States for Federal Production Tax Credits (PTCs).

26 January

New bond issue of up to €1 billion to back exchange offers for existing bonds is authorized

On January 26, 2015, the Board of Directors authorized one or more new bond issues, to be carried out by December 31, 2015, with a total maximum principal amount of up to €1 billion.
The authorization is intended to allow Enel to make new bond issues to serve any exchange offers for bonds previously issued by the Company under the Global Medium-Term Notes Program, in order to optimize the Enel Group's capital and financial structure and to permit it to seize any opportunities that may arise in international financial markets.

27 January

Exchange of bonds and issue of new bonds

On January 27, 2015, Enel Finance International NV ("EFI"), a wholly-owned subsidiary of Enel SpA, following a non-binding public exchange offer that ran from January 14 to January 21, purchased bonds issued by EFI and guaranteed by Enel in the total amount of €1,429 million. The consideration for the purchase was represented by (i) senior fixed-rate notes with a minimum lot size of €100,000 (and multiples of €1,000) issued by EFI (under the Global Medium-Term Notes Program of EFI and Enel) and guaranteed by Enel, in the principal amount of €1,463 million and (ii) cash in the amount of €194 million.

The transaction was carried out as part of the optimization of EFI's financial management. It is intended to pursue active management of the Group's maturity structure and the cost of funds. The new notes, which EFI issued as part of the exchange offer under the Global Medium-Term Notes Program with an Enel guarantee, bear an interest rate of 1.966% and mature on January 27, 2025.

29 January

Disposal of SF Energy

On January 29, 2015, the agreement signed on November 7, 2014 by Enel Produzione, a subsidiary of Enel, for the sale of its stake in SF Energy was finalized at a price of €55 million. Of the entire stake, 50% was sold to SEL - Società Elettrica Altoatesina (the counterparty in the agreement), while the remaining 50% was sold to Dolomiti Energia following exercise of its pre-emption rights. The disposal is part of the agreements signed on that date between Enel Produzione and SEL.

12 February

Renegotiation of revolving credit facility of about €9.4 billion

On February 12, 2015, Enel SpA and its Dutch subsidiary Enel Finance International renegotiated the revolving credit facility of about €9.4 billion agreed on February 8, 2013, reducing its cost and extending the facility's maturity to 2020 from the original expiry date of April 2018.

The credit facility, which can be used by Enel and/or by Enel Finance International with a Parent Company guarantee, is not connected with the Group's debt refinancing program. It is intended to provide the Group's treasury with an extremely flexible and practical instrument for managing working capital.

The cost of the credit facility varies in relation to Enel's credit rating and bears a spread on Euribor that, based upon Enel's current rating, falls to 80 basis points from the previous 190 basis points, while the commitment fee has been reduced to 35% of the spread from the previous 40%, i.e. from 76 basis points to 28 basis points.

A number of Italian and foreign banks were involved in the transaction, with Mediobanca serving as the documentation agent.

25 February

Updates of disposal plan

On February 25, 2015, the Enel Board of Directors examined the updates of the plan for disposals of the Group's equity investments in Eastern Europe, announced to the market on July 10, 2014. Under the strategic guidelines set out in the new business plan to be presented to the financial community, it decided to suspend the process of disposing of the distribution and sales assets in Romania and to continue with the disposal of the generation assets held in Slovakia.

18 March

Memorandum of understanding with ENEA

On March 18, 2015, Enel and ENEA signed a memorandum of understanding to innovate together in the generation technology sector, with a focus on renewables. The agreement provides for the parties to collaborate on technologies for the use of alternative fuels in traditional plants, such as biomass and plant waste, as well as on the development of technologies for the environment, the climate and to enhance the flexibility of using traditional power plants. A separate line of research will seek to optimize solutions to generate electricity from wave motion in the sea, while other work will focus on new generation photovoltaic technology. Two Enel-ENEA working groups have been formed to address these research areas, with the aim of developing a joint detailed work plan on issues of common interest within six months. Following this initial exploratory phase, efforts will shift to implementing the activities of common interest.

30 March

Loan for operations in South Africa

On March 30, 2015, Enel Green Power, acting through its subsidiary Enel Green Power RSA, signed a loan agreement for a total of 2,100 million South African rand (equivalent to about €160 million) with KfW IPEX-Bank, the latter as lender, sole lead arranger and agent, with partial credit insurance coverage provided by the German export credit agency, Euler Hermes. The loan, secured by a parent company guarantee from Enel Green Power, will provide Enel Green Power RSA with two separate lines of financing, with maturities of 7 and 17 years respectively, bearing an interest rate in line with the market benchmark. The loan will be used to finance the investment in the Gibson Bay wind farm, located in Eastern Cape Province of South Africa. The plant will have 37 turbines with a capacity of 3 MW each, for a total installed capacity of 111 MW and capable of generating about 420 GWh of power a year.

31 March

Disposal of certain assets in North America

On March 31, 2015, Enel Green Power North America ("EGPNA") entered into an agreement with General Electric (GE) Energy Financial Services for the sale of a 49% stake in a newly created company, EGPNA Renewable Energy Partners ("EGPNA REP"), for a total of approximately $440 million. EGPNA REP owns generation assets totaling 560 MW of capacity, with a mix of already operational generation technologies including wind, geothermal, hydro and solar. It also owns a 200 MW wind plant now under construction. All of the assets are located in North America. Within the new company, in addition to a minority stake, GE Energy Financial Services will also receive, for an initial period of three years, a right of first refusal to invest in operating assets developed out of EGPNA's project pipeline and other operating assets offered for sale by EGPNA. The $440 million is subject to certain price adjustments, customary for transactions of this nature. The amount associated with plants in operation was paid immediately, while the closing for the plant under construction will take place once it enters service, which is scheduled for the end of the year. Enel Green Power provided parent company guarantees customary for transactions of this nature for its North American subsidiary's obligations under this agreement.

1 April

Enel Green Power - Marubeni agreement on Asia-Pacific renewables cooperation

On April 1, 2015, Enel Green Power and Japan-based Marubeni Corporation signed a two year memorandum of understanding (MoU) to jointly evaluate potential business opportunities in renewable projects mainly in the Asia-Pacific region. Cooperation under the MoU will focus on geothermal, wind, solar and hydro projects mainly located in the Philippines, Thailand, India, Indonesia, Vietnam, Malaysia and Australia as well as other areas that may be identified at a later stage. Only projects in the development phase will be considered, therefore excluding projects under construction and operating assets from the scope of the cooperation.

13 April

Award of South African public tender for renewables

On April 13, 2015, Enel Green Power was awarded the right to enter into power supply contracts with the South African utility Eskom for 425 MW of wind power projects in the fourth phase of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) tender, sponsored by the South African government. In line with REIPPPP rules, Enel Green Power took part in the tender through vehicle companies in which it holds the majority of the shares, in partnership with major local players.
The three wind projects (Oyster Bay - 142 MW, Nxuba - 141 MW and Karusa - 142 MW) will be constructed in the Eastern Cape and Northern Cape Provinces, in areas with abundant wind resources. The Oyster Bay and Nxuba projects will be completed and enter service in 2017, while Karusa will enter service in 2018. Once fully operational, the three projects, which will require a total investment of about €500 million, will be able to generate around 1,560 GWh per year, thereby significantly contributing to meeting the rising demand for energy in South Africa in a way that is sustainable for the environment.

Subsequently, on June 10, 2015, Enel Green Power was awarded the right to sign two 20-year electricity supply contracts with South African utility Eskom for an additional 280 MW of wind power projects under the same conditions as the REIPPPP tender. More specifically, the Soetwater (142 MW) and Garob (138 MW) wind farms, which will be built in areas of the Northern Cape Province, will be completed and enter operation by 2018 for a total investment of approximately €340 million. Once completed, the two facilities will be able to generate around 1,000 GWh per year.

15 April

Disposal of stake in SE Hydropower

On April 15, 2015, the sale by Enel Produzione of a 40% stake in SE Hydropower for a price of €345 million, pursuant to the agreement signed on November 7, 2014, was completed. The stake was sold to SEL - Società Elettrica Altoatesina SpA upon meeting the final condition precedent set forth in the agreement.

The sale falls within the scope of the agreements signed on the same date by Enel Produzione and SEL and already announced by Enel to the market.

22 April

Rationalization of Latin American companies

On April 22, 2015, the Board of Directors of Enel examined and agreed upon the possibility that the boards of directors of Enersis and its subsidiaries Empresa Nacional de Electricidad ("Endesa Chile") and Chilectra could begin assessing a corporate reorganization to separate power generation and distribution activities in Chile from those in the other Latin American countries. This initiative is part of the previously announced Group rationalization and simplification program. The reorganization would eliminate a number of duplications and overlaps among the companies that report to Enersis, which are impeding the full valuation of the associated assets for all shareholders, reducing the visibility of the various businesses and making the decision-making process unnecessarily complex. Clearly differentiating operations in Chile from those in other Latin American countries would facilitate value creation for Enersis, Endesa Chile and Chilectra, and all of their shareholders. The competent bodies of Enersis, Endesa Chile and Chilectra will assess the possible conditions and procedures for the implementation of the corporate reorganization, in compliance with the applicable law.

5 May

Standard & Poor's changes its outlook for Enel

On May 5, 2015, Standard & Poor's announced that it had revised its outlook for Enel from stable to positive. The rating agency noted that the positive outlook reflected the exceptional resilience the Group has shown in the adverse economic and regulatory climate in the key mature markets in which it operates (Italy and Spain). In particular, the agency found that Enel's credit metrics could improve over the reference period (2015-2017) thanks to the actions envisaged in the strategic plan, including the asset disposal strategy, the rationalization of operating expenses, the flexibility of investments and the optimization of debt and cash flow management.

7 May

Award of renewable energy tender in Turkey

On May 7, 2015, Enel Green Power entered the Turkish renewable energy market after being awarded, through its wholly-owned subsidiary Vektor SA, the right to enter into a power supply contract with the 23 MW Isparta solar photovoltaic project. The electricity produced by the Isparta solar park will be sold to a subsidiary of TEIAS under the government's feed-in-tariff system. The Isparta facility, which is expected to be completed and enter service in 2018, will be able to generate more than 35 GWh per year once fully operational, significantly contributing to meeting the rising demand for energy in Turkey with an environmentally sustainable solution.

11 May

Memorandum of understanding with Terna

On May 11, 2015, Enel and Terna signed a memorandum of understanding (MoU) for cooperation in identifying, assessing and developing integrated initiatives and opportunities in greenfield (for the creation of new assets) and/or brownfield (for the acquisition of existing assets) projects related

to transmission systems in the countries – with the exception of Italy – where Enel and Terna have a strategic or commercial interest. More specifically, outside of Italy, Enel is interested, including through Group companies, in the acquisition, development and operation of projects regarding high-voltage transmission or connection grids in the countries it operates in, including those integrated with power generation or distribution operations, through both the construction of new assets and the acquisition of existing assets. At the same time, Terna is interested in providing technical cooperation in the analysis of the electricity system, grid planning and the design, operation and maintenance of transmission assets, as well as evaluating the acquisition or development of transmission assets as part of integrated initiatives.
Under the MoU, in the event that one of the parties identifies an opportunity that it deems could be of mutual interest, or even of exclusive interest to the other party, it may offer that party information on the opportunity as a priority. These opportunities will be assessed by the two companies on the basis of their common interests. The agreement will last for three year.

12
May

Agreement with Tesla on the development of batteries in solar and wind plants

On May 12, 2015, Enel Green Power and Tesla finalized an agreement for the testing of the integration of Tesla's stationary energy storage systems with Enel Green Power's solar and wind plants. The deal seeks to increase output from Enel Green Power facilities and supply advanced services for better overall integration of renewables into the grid. The companies will begin their collaboration with the selection of an initial pilot site, where a Tesla battery system, which has a power output capacity of 1.5 MW and energy storage capacity of 3 MWh, will be installed. The agreement is part of a broader memorandum of understanding between the two companies that provides for both the integration of Tesla energy systems into Enel's business and the development of electric mobility. The agreement falls within Enel Green Power's broader program for the testing of stationary storage systems.

12
May

Construction of a co-generation plant in Mexico

On May 12, 2015, the Enel Group, in partnership with Abengoa, a company that specializes in innovative technological solutions aimed at sustainable energy development, was selected by Mexican oil and gas company Pemex to develop a 517 MW power and 850 tons/hour steam co-generation plant in the area of Salina Cruz, in Mexico's Oaxaca State. The co-generation plant to be built by Enel, Abengoa and PMX Cogeneración (an affiliate company indirectly owned by Pemex) will provide the Pemex refinery with part of the electricity and steam produced by the new plant, while the remaining electricity generated will be sold on the market.

13
May

Francesco Starace appointed to United Nations Global Compact

On May 13, 2015, the United Nations announced that its Secretary-General Ban Ki-moon appointed Francesco Starace, Chief Executive Officer of the Enel Group, to the Board of Directors of the United Nations Global Compact. The Global Compact is the world's largest corporate sustainability initiative, and the Board is a cornerstone of its governance framework, helping to shape strategy and policy and providing advice on all Global Compact-related matters, particularly on those regarding sustainability. Among the main activities of the Global Compact is its LEAD initiative. Enel is one of the six global companies running the LEAD Board Programme, which aims to reinforce the role of boards of directors in integrating sustainability issues into their corporate strategies.
Francesco Starace is the first representative of an Italian business to be appointed to the Board. His appointment is effective from June 1, 2015 for a term of three years.

3
June

Enel confirmed in the Euronext Vigeo sustainability index

On June 3, 2015, Enel was confirmed in the Euronext Vigeo - World 120 index, listing the 120 most sustainable companies with the largest free-float market capitalization in Europe, North America and the Asia Pacific region. Enel was also

confirmed in the regional Euronext Vigeo Eurozone 120 and Europe 120 indexes, which respectively list the 120 most sustainable companies with the largest free-float in the Eurozone and the European region. Enel has been included in these indexes for three straight years, ever since their inception. Euronext Vigeo updates its inclusion criteria every six months, ensuring that the sustainability credentials of companies listed in its indices are constantly tested against the latest trends and developments.
Endesa and Enel Green Power have been included in the Euronext Vigeo - World 120 index since the end of 2014. In turn, these companies have also been included in the Euronext Vigeo Europe 120 and Eurozone 120 indexes since their inception three years ago.
Enel inclusion in these indexes serves as recognition of its firm commitment to sustainability. The Euronext Vigeo indexes acknowledge the efforts of leading companies that place sustainable development at the core of their business agenda. Vigeo draws up the indexes' composition by analyzing nearly 330 indicators for each company based on 38 criteria, including respect for the environment; protection of human rights and recognition of companies' human capital; relations with stakeholders; corporate governance and business ethics; integrity in influencing policy and efforts to fight corruption; and the prevention of social and environmental dumping in the supply and subcontracting chain.
In addition to these three rankings, the Enel Group also participates in the world's leading sustainability indices, including the Dow Jones Sustainability Index World, the Dow Jones Sustainability Index Europe, FTSE4Good, the Carbon Disclosure Leadership Index, the Carbon Performance Leadership Index and Newsweek Green Ranking.

13
July

Enel again in the FTSE4Good index

On July 13, 2015, the Enel Group was once again confirmed in the prestigious FTSE4Good index, having been awarded an overall score of 4.3 out of 5 in its ESG (Environmental - Social - Governance) performance. The FTSE4Good index measures the performance of companies in areas such as the fight against climate change, governance, respect for human rights and combatting corruption. Enel Green Power, the renewables company of the Enel Group, was also confirmed as a participant in the index.
Created by the global index company FTSERussell, FTSE4Good is an equity index series designed to foster investment in companies based on their ESG performance. Companies included in the FTSE4Good Index Series meet a variety of environmental, social and governance criteria.

27
July

Reorganization of operations in Latin America

On July 27, 2015, the boards of directors of Enersis SA ("Enersis") and its subsidiaries Empresa Nacional de Electricidad SA ("Endesa Chile") and Chilectra SA ("Chilectra"), following an analysis of the corporate reorganization project to separate the electricity generation and distribution operations carried out in Chile from those conducted in other Latin American countries, agreed that the reorganization shall be achieved through the following corporate transactions: (i) the partial spin-off of Endesa Chile and Chilectra by allocating all of the assets and liabilities they hold in other Latin American countries (i.e. other than Chile) to two newly-established companies, named, respectively, "Endesa Américas" and "Chilectra Américas"; (ii) the partial spin-off of Enersis by allocating all of the assets and liabilities it holds in Chile (including its stakes in Endesa Chile and Chilectra) to a newly-established company named "Enersis Chile", with a concomitant change of the Enersis company name into "Enersis Américas", which will continue to own all of the assets and liabilities held in other Latin American countries (including the stakes in the newly-established companies Endesa Américas and Chilectra Américas); and (iii) the merger of Endesa Américas and Chilectra Américas into Enersis Américas. This surviving company will therefore own all of the stakes held by the Enersis Group in other Latin American countries (i.e. other than Chile). Enersis Chile and Enersis Américas are expected to be based in Chile and their shares listed on the same markets on which the Enersis Group companies' shares are currently listed. None of these transactions will require the existing shareholders to commit additional financial resources.
On November 6, 2015, the boards of directors of its Chilean subsidiaries Enersis, Endesa Chile and Chilectra agreed that the corporate restructuring aimed at separating electricity generation and distribution operations in Chile from those in other Latin American countries was in the interest of their respective companies.
Those boards also met again to discuss the convening of their respective extraordinary shareholders' meetings to approve the overall corporate reorganization and launch the first phase of the transaction involving the partial demergers of Enersis,

Endesa Chile and Chilectra. In view of the final phase of the corporate reorganization, which provides for the merger of Endesa Américas and Chilectra Américas into Enersis Américas, the boards of directors of Enersis, Endesa Chile and Chilectra also agreed, acting on the basis of the opinions of financial advisors and independent experts on the valuations of the companies that will be involved in that merger, an indicative exchange ratio falling within a range of between:

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

The documentation used by the boards of Enersis, Endesa Chile and Chilectra as the basis of their approval of the reorganization is available to the public on the websites of the companies involved.

On December 18, 2015, the extraordinary shareholders' meetings of the Chilean subsidiaries Enersis, Endesa Chile and Chilectra approved the first phase of the above corporate reorganization.

The split was then carried out with effect from February 1, 2016.

10 September
Enel again in the Dow Jones Sustainability Index World

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

24 September
Acquisition of BLP Energy

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

13 October
Enel starts production at El Quimbo

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

26 October
Enel confirmed in STOXX Global ESG Leaders Index

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

2 November
Sale of the Porto Marghera site

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

3 November

Agreement for sustainable wind power renewal

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

13 November

Agreement for the disposal of Hydro Dolomiti Enel

On November 13, 2015, Enel Produzione SpA and Fedaia Holdings Sàrl, a Luxemburg-based subsidiary of Macquarie European Infrastructure Fund 4 ("MEIF4"), managed by Macquarie Infrastructure and Real Assets, had signed an agreement for the sale of the entire stake held by Enel Produzione in Hydro Dolomiti Enel Srl ("HDE"), equal to 49% of the share capital, for about €335 million. The sale price is subject to customary completion adjustments.
HDE operates 28 hydropower plants, mainly located in the Province of Trento, with a total installed capacity of about 1,280 MW. The closing of the sale is conditional on Dolomiti Energia SpA (which holds the remaining 51% of HDE) waiving or not exercising its right of pre-emption and on the buyer receiving clearance from the EU antitrust authority. The transaction will enable the Enel Group to reduce its consolidated net financial debt by an amount equal to, approximately, the total consideration noted above.

17 November

Integration of Enel and Enel Green Power

On November 17, 2015, the Boards of Directors of Enel SpA ("Enel") and Enel Green Power SpA ("EGP") approved a project for the non-proportional spin-off (the "Spin-Off Project") of part of EGP into Enel (the "Spin-Off"). The Spin-Off envisages: the assignment by EGP to Enel of the spun-off assets, essentially represented by (i) the 100% stake held by EGP in Enel Green Power International BV, a Dutch holding company that holds investments in companies operating in the renewable energy sector in North, Central and South America, Europe, South Africa and India; and (ii) the assets, liabilities, contracts and other legal relationships associated with those investments (the "Spun-Off Assets"); and the retention by EGP of all remaining assets and liabilities other than those that are part of the Spun-Off Assets (and thus, essentially, all Italian operations and a small number of remaining foreign investments). Since the transaction involves a non-proportional spin-off, it is expected that (i) shareholders of EGP other than Enel may exchange all the shares they hold in EGP with Enel shares and (ii) Enel will exchange the shares corresponding to its stake in the Spun-Off Assets with Enel shares, which will be immediately cancelled in accordance with Article 2504-*ter*, paragraph 2, and Article 2506-*ter*, paragraph 5, of the Italian Civil Code. The Spin-Off will be carried out on the basis of an exchange ratio of 0.486 newly issued Enel shares for each EGP share tendered for exchange (the "Exchange Ratio"), with no cash adjustment. As a result, as of the effective date of the Spin-Off, EGP will reduce its share capital by an amount equal to the value of the Spun-Off Assets while Enel will increase its share capital to cover the consideration for the Spun-Off Assets. Specifically, Enel will issue up to 770,588,712 new shares – with full rights and a par value of 1 euro each – to be issued to minority shareholders of EGP in accordance with the Exchange Ratio. As of the effective date of the Spin-Off, Enel will be the sole shareholder of EGP, and EGP shares

will cease to be traded on the Mercato Telematico Azionario, the stock exchange organized and operated by Borsa Italiana SpA ("MTA"), and on the Spanish continuous electronic trading system (*Sistema de Interconexión Bursátil*, SIBE).
On December 23, 2015, the information document associated with the transaction was published.

26 November Disposal of renewables assets in Portugal

On November 26, 2015, Enel Green Power España ("EGPE", 60% owned by Enel Green Power and 40% owned by Endesa), has closed the sale of the entire share capital of Finerge Gestão de Projectos Energéticos SA ("Finerge Gestão"), a wholly-owned EGPE subsidiary operating wind farms in Portugal with a net installed capacity of 642 MW, equivalent to a gross capacity of 863 MW, to the Portuguese company First State Wind Energy Investments SA ("First State Wind Energy Investments"). The original agreement was announced on September 30, 2015. The total consideration for the sale is €900 million, including the repayment of a shareholder loan to Finerge Gestão. With this sale, Enel Green Power has exited the Portuguese renewables market.
The sale was finalized following the completion of the split (announced on October 28, 2015) of ENEOP - Eólicas de Portugal SA ("ENEOP"), a company that previously owned a portfolio of operating wind farms with a total installed capacity of 1,333 MW, in which Finerge Gestão held a stake of 35.96%. As a result of the split, Finerge Gestão fully consolidated six wind farms for a total installed capacity of 445 MW. The above capacity was added to Finerge Gestão's previous portfolio of majority and minority-owned assets, equal to a net consolidated capacity of approximately 197 MW (or 418 MW gross).
The total consideration of €900 million paid in full in cash is subject to price adjustments in line with standard practice for this type of transaction.

18 December Agreement to dispose of Slovenské elektrárne

On December 18, 2015, Enel Produzione SpA signed a contract with EP Slovakia BV ("EP Slovakia"), a subsidiary of Energetický a prumyslový holding as ("EPH"), for the sale of the stake held by Enel Produzione in Slovenské elektrárne, equal to 66% of the latter's share capital.
The sale will be executed by way of a transfer of Enel Produzione's entire stake in Slovenské elektrárne to a newly established company ("HoldCo"), and the subsequent sale to EP Slovakia of 100% of the share capital of the HoldCo. This sale of HoldCo to EP Slovakia is due to be implemented in two phases.
In the first phase, Enel Produzione will sell 50% of HoldCo's share capital to EP Slovakia for €375 million, of which €150 million will be paid upon the closing of the first phase, and €225 million will be paid upon the closing of the second phase. The consideration could vary subject to the application of the adjustment mechanism, as described below.
In the second phase, a put or a call option can be exercised respectively by Enel Produzione or by EP Slovakia, exercisable 12 months after receiving the Trial Operation Permit of units 3 and 4 of the Mochovce nuclear power plant, which are currently under construction. On the basis of the current work plan these options are expected to become exercisable within the first half of 2019. Upon exercise of either option, Enel Produzione would transfer the remaining 50% of the HoldCo's share capital to EP Slovakia for €375 million. Payment will be due at the time of the closing of the sale and the consideration is subject to the application of the adjustment mechanism described below. The closing of the second phase is subject to obtaining the Final Operation Permit for Mochovce's units 3 and 4.
The total consideration payable over the two phases, equal to €750 million, is subject to an adjustment mechanism. Any adjustment will be calculated by independent experts and applied upon completion of the second phase on the basis of a set of parameters, including the evolution of the net financial position of Slovenské elektrárne, developments in energy prices in the Slovak market, operating efficiency levels at Slovenské elektrárne as measured against benchmarks specified in the agreement, and the enterprise value of units 3 and 4 of Mochovce.
The agreement also provides that, should the options not become exercisable under the above timetable, these options could be in any case exercisable starting from June 30, 2022 (the "long stop date"). In that case, the adjustment of the consideration will also take into account the effective enterprise value of the above units.
The closing of the transaction is also subject to clearance from the European Union's antitrust authorities.

22 December

Creation of photovoltaic joint venture in Italy

On December 22, 2015, Enel Green Power and F2i SGR SpA ("F2i"), acting on behalf of F2i - Fondo italiano per le infrastrutture, together with their subsidiaries Enel Green Power Solar Energy Srl and F2i Energie Rinnovabili Srl, closed an agreement to create an equally held joint venture, following up on the agreement signed and announced on October 16, 2015.
The joint venture, to which Enel Green Power transferred its Italian solar assets, emerged from the merger of F2i Solare 1 and F2i Solare 3, companies controlled by F2i Energie Rinnovabili, with effect as from December 31st, 2015.
The new joint venture, which seeks to become the PV market leader in Italy, thus begins life with a portfolio of 207 MW of installed capacity, the effect of the contribution of 102 MW by Enel Green Power and 105 MW by F2i.
The closing of the transaction was completed following satisfaction of the conditions provided for in the agreement signed by the parties on October 16, 2015, including approval by the competent EU antitrust authorities. The enterprise value of the Enel Green Power assets amounted to about €234 million and that of the F2i assets to about €282 million, with respective equity values of about €91 million, net of minorities, and about €111 million. Accordingly, Enel Green Power, in order to ensure equal participation in the joint venture, made a cash contribution of about €20 million. An adjustment of these values, using a mechanism customary for this type of transaction, is envisaged for 2016.

Reference scenario

Enel and the financial markets

	2015	2014
Gross operating margin per share (euro)	1.63	1.68
Operating income per share (euro)	0.82	0.33
Group net earnings per share (euro)	0.23	0.05
Group net ordinary earnings per share (euro)	0.32	0.33
Dividend per share (euro)	0.16	0.14
Group shareholders' equity per share (euro)	3.44	3.35
Share price - 12-month high (euro)	4.46	4.46
Share price - 12-month low (euro)	3.44	3.13
Average share price in December (euro)	3.96	3.75
Market capitalization (millions of euro) (1)	37,220	35,307
No. of shares outstanding at December 31 (millions)	9,403	9,403

(1) Calculated on average share price in December.

		Current (1)	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2013
Enel stock weighting in:					
- FTSE MIB index		9.98%	9.05%	9.45%	8.82%
- Bloomberg World Electric index		3.00%	3.04%	2.89%	3.12%
Rating					
Standard & Poor's	Outlook	Positive	Positive	Stable	Stable
	Medium/long-term	BBB	BBB	BBB	BBB
	Short-term	A-2	A-2	A-2	A-2
Moody's	Outlook	Stable	Stable	Negative	Negative
	Medium/long-term	Baa2	Baa2	Baa2	Baa2
	Short-term	P2	P2	P2	P2
Fitch	Outlook	Stable	Stable	Stable	Watch Negative
	Medium/long-term	BBB+	BBB+	BBB+	BBB+
	Short-term	F2	F2	F2	F2

(1) Figures updated to January 31, 2016.

The year 2015 was characterized by an improvement in the economic conditions of the advanced countries. Last December, the US Federal Reserve ended its policy of interest rates around zero that it first adopted in 2008: the decision was prompted by the substantial improvement in the labor market in the world's leading economy.

By contrast, the weakening of economic activity in the emerging economies continued. Of special concern are the new and significant strains in the financial market in China that emerged in the latter part of 2015, accompanied by increasing worries about the country's growth potential. These developments triggered a decline in the prices of raw materials, with oil prices falling below $30 a barrel.

Growth continued in the euro area, although the economic recovery remains fragile. The weakening of foreign demand and the sharp fall in oil prices have revived the downside

risks to inflation, posing a consequent threat to growth.
In Italy, the recovery continued gradually, thanks in part to the improvement in domestic demand and the decline in the unemployment rate over the course of 2015.

Nevertheless, the start of the year saw an increase in uncertainty for the international economic outlook. In the emerging countries, and China in particular, growth is continuing to decelerate. The weakness of demand is helping to keep oil prices and raw materials prices in general at historically low levels.
In the mature economies, these developments are further increasing the risk of a level of inflation that is not consistent with price stability.
In this environment, the financial markets have also been impacted by the tensions in China and the emerging markets, posting significant losses in the first two months of the year.

The main European equity indices closed 2015 with contrasting results.
The FTSE Italy All Share posted a gain of 15%, the best performer among the European stock markets.

The euro-area utilities segment closed the year with a fall of 5%.

As regards Enel shares, 2015 ended with the stock price at €3.892, up 5.3% on the previous year. The Enel stock was one of the best performers among its European peers, registering a significant level of performance by comparison with the other utilities in the euro area.

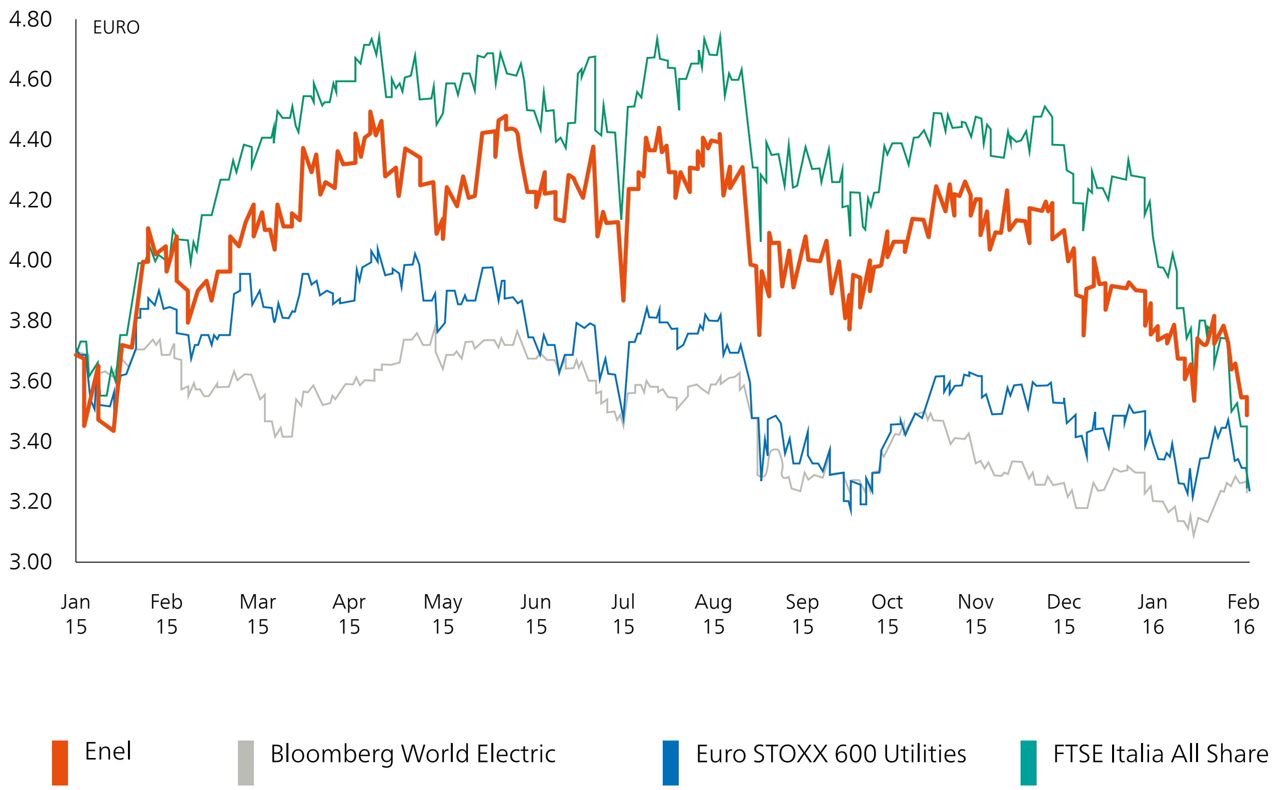
On June 24, 2015 Enel paid the dividend on 2014 profits of €0.14 a share, up 8% on the dividend distributed the previous year.

At December 31, 2015, the Ministry for the Economy and Finance held 25.5% of Enel, while institutional investors held 51.5% and individual investors held the remaining 23.0%.

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

We have also created contact centers for private investors (which can be reached by phone at +39-0683054000 or by e-mail at azionisti.retail@enel.com) and for institutional investors (phone: +39-0683051; e-mail: investor.relations@enel.com).

Performance of Enel share price and the Bloomberg World Electric, Euro STOXX Utilities and FTSE Italia All Share indices from January 1, 2015 to February 5, 2016



Source: Bloomberg

Economic and energy conditions in 2015

Economic developments

The global economic environment in 2015 was marked by considerable fragility, characterized by a sharp increase in volatility in the major financial markets and uncertainty about the outlook for global economic recovery. World GDP growth stood at 2.5%, below the average of the last 15 years and supported mainly by the improvement in economic activity in the advanced countries (which saw GDP rise 1.9%). Conditions in the emerging economies are also a concern, marked in most cases by a significant deterioration in the twin deficits (as in South America and South Africa), a contraction of domestic demand, high inflation and sharp depreciations in local currencies. More specifically, the strains in the Chinese financial market, combined with the prospects of a slowdown in the real economy (underscored by the collapse in investment in real estate, sales of durable goods and industrial activities) and the continued expansionary monetary policy with the depreciation of the currency (the CNH), as well as the collapse in imports together with a rapid outflow of foreign capital from the country have exacerbated the expansion of trade by depressing the economies of its major partners and the countries directly and indirectly exposed to China risk on capital and foreign exchange markets (Chile, South Korea, Australia, Taiwan, the Philippines, South Africa, Indonesia, Russia, Brazil, Mexico and Canada). The downward revision of the outlook for the Chinese economy has raised pressures to sell in mineral commodities markets (copper, zinc, aluminum, lead, nickel and coal) in response to a decline in use of those materials in industry and in construction. Oil prices in particular stood below the lows reached at the height of the 2008-2009 crisis as a result of fears of an expansion of oversupply due to lower global demand. Another threat is the imminent removal of sanctions on Iran. The reasons for these developments are rooted in the strategy of the OPEC countries to maintain current production quotas. The economic impact has been devastating for the main commodity exporters, such as Russia, South Africa, Chile, Colombia, Peru, Australia and Indonesia.

The United States ended 2015 with solid GDP growth (+2.5%), consolidating the recovery in the wake of the global financial crisis. The recovery was mainly driven by domestic demand due to the strengthening of the labor market (with an improvement in the climate of consumer confidence, wages, and a decline in unemployment to 4.9%), while the manufacturing sector, fixed investment, orders for durable goods and the real estate sector performed more erratically. In particular, industry showed weakness, with the ISM manufacturing index falling for the past six months in a row, which together with the fall in the stock market, the flattening of the yield curve (10Yr - 2Yr notes) and the performance of swap rates at 5 years (5Yr - 5Yr swap rates) have begun to create fears of a possible recession risk. Inflation remains well below the 2% target level set by the Federal Reserve, mainly due to low commodity prices (the Core CPI ex food & energy rose by 2.1% over the previous year). In December last year, the Fed reversed its expansionary monetary policy with an initial tightening of interest rates. However, uncertainty about the impact of the global economic environment (China in particular), a prolonged depression of the prices of oil commodities resulting in expectations of low inflation and economic growth (flattening of the forward yield curve) and increased volatility in financial markets have raised probability of the Fed calling a new pause in its monetary tightening during the year.

The combined effects of the expansionary monetary stance of the European Central Bank (the extension of quantitative easing, cutting rates on the deposit facility to -0.15%) together with the fall in commodity prices and the euro (with the latter two factors playing the main role) allowed the euro area to achieve expected growth of 1.5% year-on-year, about 60 basis points more than the previous year. Inflation remains the real Achilles heel for the Central Bank, with a rate of close to zero in 2015 and very limited prospects for an upturn in the next two years (not reaching the ECB's 2% target before 2018). Employment is improving, but the unemployment rate remains very high (11.4%), still distant from pre-crisis levels (around 8%). The outlook for economic growth in the euro area, while improving, remains hampered by the weakness of the global environment, by developments in foreign exchange markets (in the short term, a strengthening euro could limit growth), by investor sentiment (growth has mainly been driven by private consumption while investment remains weak) and by the readiness of the ECB (via the extension and strengthening of its expansionary measures) to calm jitters in the financial markets and foster greater price stability.

The effects of the weak euro, low inflation and an improvement in the labor market (the Jobs Act) enabled Italy to achieve GDP growth, estimated by the IMF at 0.8% compared with -0.4% in 2014. The rise is primarily due to an improvement in consumer confidence (with the improvement in the credit market, employment, tax incentives and low inflation). However a number of threats to the outlook for the future remain: a reduction in fiscal stimulus measures in order to curb the budget deficit, low investor confidence, weak and possibly declining exports due to the economic slowdown in China, Russia and Brazil, the strengthening euro, political instability in the implementation of structural reforms (the Senate, the public sector, a still too rigid and unproductive labor market). The IMF has confirmed its growth forecasts for 2016 and 2017, respectively 1.3% and 1.2%. However, the recent turbulence in the financial markets and "flight to safety" of investors (with a sharp increase spreads on government securities), the crisis of the Italian and European banking system and elevated volatility in the foreign exchange and commodities markets cast a cloud over the country's ability to achieve those objectives in the next two years (upwards pressure on BTP yields and a growing deficit suggest that a restrictive fiscal policy is in the offing, with negative impact on growth in the absence of effective negotiations between the leading EU countries).

Japan faces a complex economic environment, struggling with recession risk exacerbated by the fall in production and consumption, while inflation is expected to remain low at what the Bank of Japan (BOJ) now forecasts will be 0.8% in 2016. The new developments in commodity prices, the economic slowdown in China and the instability of global financial markets prompted the BOJ to adopt negative interest rates on deposits (-0.1%) in an attempt to encourage banks to increase lending to businesses, restore investor confidence and stem further appreciation of the yen. The effort is challenging, however, with yields on medium to long-term government securities likely to turn negative, with a concomitant risk of disinvestment (except for the BOJ) by investors in Japanese debt.

The emerging economies continue to underperform (3.7% compared with 4.4% in 2014). The drivers continue to be primarily related to commodities, the economic slowdown in China, high debt levels and unsustainable interest rates, excessive exchange rate volatility, with a resulting substantial outflow of foreign capital.

Among the emerging countries, Russia and Brazil are in recession. The former is looking at an expected contraction of 3.7% in GDP due to the collapse in exports owing to low oil prices, a depreciation of 60% in the exchange rate (in line with the trend in prices of Brent crude), an inflation rate of more than 12% and a budget deficit at 3.7%. The developments in the price of Brent crude will keep downwards pressure on the ruble, but will also allow gradual decline in inflation (forecast at around 7% over the next 12 months). With Brent prices around $30 a barrel, the probability of a cut in rates by the central bank (CRB) remains rather low.

The economic situation in Brazil is even more worrying, with an estimated contraction of 3.7% in GDP in 2015, inflation currently at 10.7% and a budget deficit of 9.3% of GDP. Political instability, lack of coordination between Congress and the government in implementing reforms (cutting public spending, reforming the pension system and increasing the tax burden) and implementing a sustainable restrictive fiscal policy make the outlook for economic recovery extremely uncertain. More specifically, the central bank continues to maintain a tight monetary policy (with interest rates to 14.25%) to support the exchange rate and prevent a worsening of the outflow of foreign capital, in addition to containing inflation (with a target of 6.5% for 2016). However, the weak global environment, fiscal instability and high interest rates (with the cost of financing in the private sector at over 30%) undermine the chances of recovery for the Brazilian economy. Within Latin America, Chile, Colombia and Peru are still underperforming. Chile should register estimated growth of 2% in 2015, compared with an average of 4.6% over the last five years. The country was hit by the collapse in copper prices (50% of total exports and about 11% of GDP), the decline in imports by China (its main trading partner) and the recession in Brazil. Weak consumer and investor confidence, high inflation (although declining somewhat as a result of developments in commodity prices), and the emergence of higher interest rates in the United States during the year remain risk factors for 2016. Despite an unemployment rate at a record low, domestic demand is beginning to reflect the decline in real wages and hence private consumption (the main growth driver in 2015). Colombia's GDP growth is expected to have decelerated from 4.6% in 2014 to 2.8% in 2015. The fall in oil prices (52% of exports), only partially offset by the depreciation of the local currency, the deterioration in the fiscal balance (-4.1% in 2015 compared with 2.3% in 2014) and the overall weak economic environment continue to adversely affect the country's capacity for recovery, despite the good elasticity of domestic demand. Growth in Peru was essentially stable (2.5% compared with 2.4% in 2014), albeit well below the average of the last five years (5.2%) due to a slowdown in investment (public and private) and domestic demand, a slowdown in mining activity due to lower commodity prices in 2015 (copper and gold) and a lack of exchange rate flexibility in offsetting the decline in commodity prices (the central bank is focused on maintaining the stability of the currency with a restrictive monetary policy stance, exacerbating the outflow of foreign reserves). Inflation remains well above the confidence range (3% +/- 1%), and currently stands at 4.6% year-on-year. The recovery in the real economy in the final months of the year (GDP +4% year-on-year in November, compared with +3% in October), supported by an increase in mining (due to a more stable outlook for copper and gold prices) and the fishing industry, and the normalization of the investment cycle (with the main benefits going to the construction industry) presage a gradual improvement in the economic outlook for 2016 and a strengthening of monetary restriction by the central bank (in order to hold inflation at its target level).

The following table shows the growth rates of GDP in the main countries in which Enel operates.

Annual real GDP growth

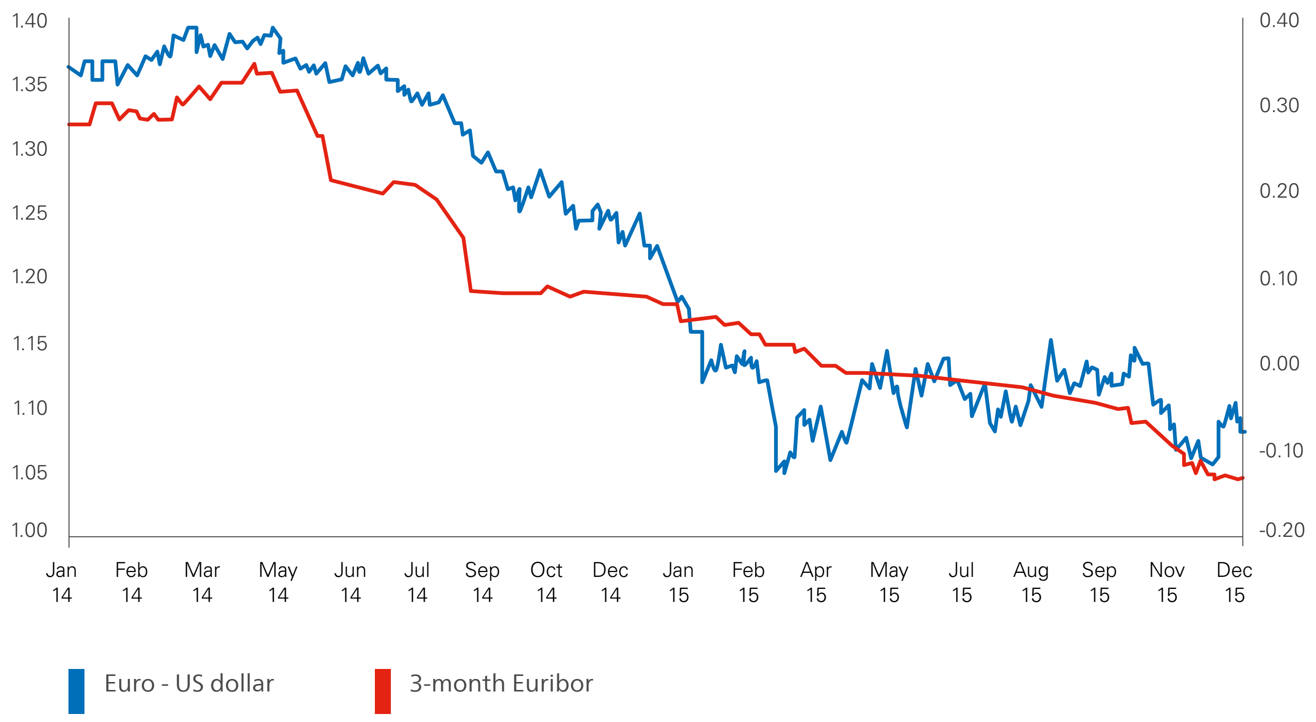
%

	2015	2014
Italy	**0.8**	**-0.4**
Spain	3.2	1.4
Portugal	1.5	0.9
Greece	-0.2	0.7
France	1.1	0.2
Romania	3.5	2.8
Russia	-3.7	0.6
Brazil	-3.8	0.1
Chile	2.0	1.8
Colombia	2.8	4.6
Mexico	2.5	2.3
Peru	2.5	2.4
Canada	1.2	2.5
United States	2.5	2.4

Source: National statistical institutes and Enel based on data from ISTAT, INE, EUROSTAT, IMF, OECD and Global Insight.

Developments in the main market indicators

Money market



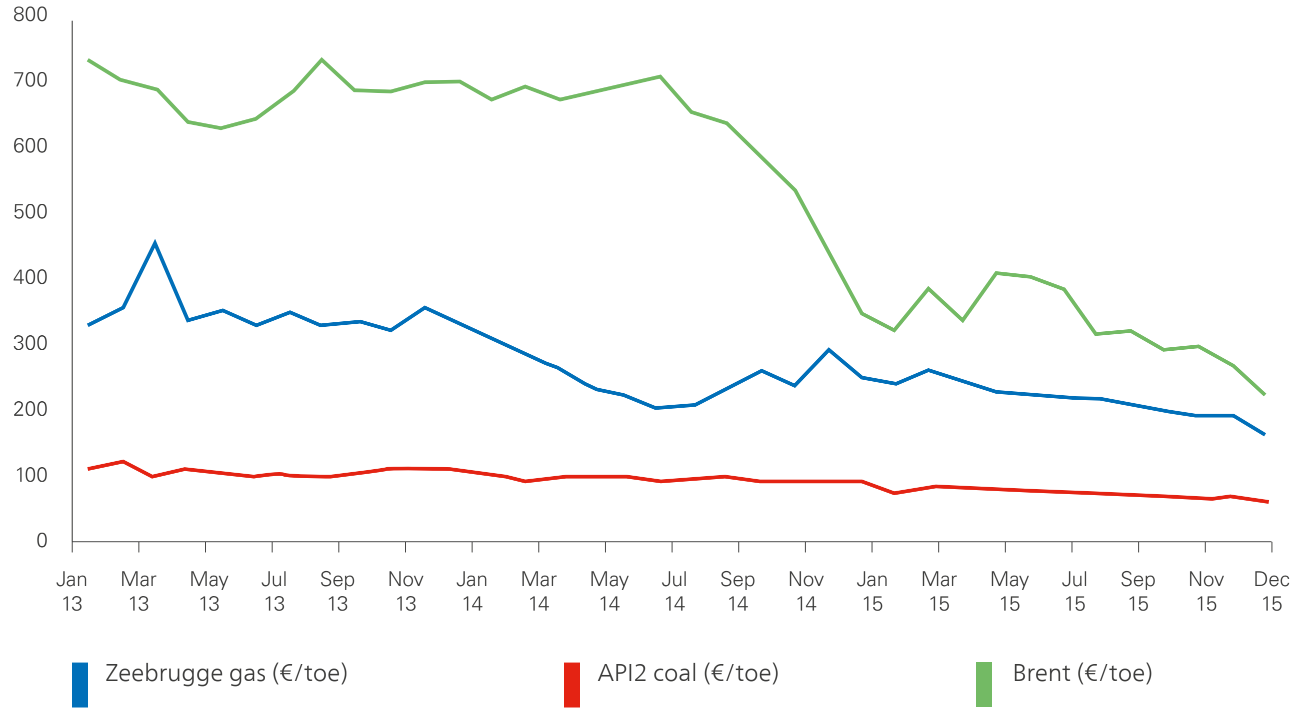
International commodity prices

The price of Brent collapsed in 2015, falling to $35.8 a barrel at the end of the year (compared with $55.6 in 2014). The decline was exacerbated by the widening divergence between supply and demand, considerable strains and volatility in financial markets and the strengthening of the dollar over the course of the year.

Demand-side factors in the collapse included: (i) the slowdown in global economic growth, especially in China and the emerging economies; (ii) concern for environmental constraints (COP 21) and the consequent decline in consumption; and (iii) the appreciation of the dollar and high volatility in financial markets, with an increase in pressure to sell. The supply side was characterized by: (i) an increase in unconventional output (tight oil) in the United States and Canada in the early part of the year (although it declined in the closing months of 2015); (ii) an increase in production by OPEC countries, with the revival of Iraqi output in the final months of the year (an increase of 250 thousand barrels a day last November); and (iii) the lifting of sanctions of Iranian oil exports (January 16, 2016), with a potential increase of more than 500 thousand barrels a day.

This has been accompanied by the continuing reluctance of the OPEC countries, with Saudi Arabia in the lead, to reduce production in order to protect market shares (and potentially further discourage production from unconventional oil). These fundamentals were flanked by financial considerations, such as expectations of an increase in interest rates by the Federal Reserve, the appreciation of the dollar, and an increase in investor risk aversion (as from the second half of the year) with consequent sell-off of risky assets, including commodities.

Commodity prices



The collapse in the price of Brent together with the slowdown in industrial activity, warmer temperatures, oversupply and closer attention to environmental constraints all contributed to the decline in coal and gas prices. Coal prices fell by 67% in 2015 to $47.9/metric ton at the end of the year, compared with $71.3/metric ton at the end of 2014. The growth in energy demand is slowing and in many mature markets has turned negative as a result of the combined impact of the deterioration in economic conditions, new energy efficiency measures, stringent environmental policies and the ever increasing competition from renewables, giving rise to a surplus of supply on the market.

The contraction in gas prices was more modest, with the spot price of natural gas at the Zeebrugge hub in Europe falling by 15% over the course of the year, going from 48.4 pence/therm (end-2014) to 32.2 pence/therm (end-2015). Despite the decline in global demand due to the economic slowdown, climate effects and the penetration of renewables, the greater competitiveness of gas than coal in electricity generation stemmed any sharper decline in prices.

Electricity and natural gas markets

Developments in electricity demand

GWh

	2015	2014	Change
Italy	**315,234**	**310,535**	**1.5%**
Spain	248,025	243,544	1.8%
Romania	51,205	50,641	1.1%
Russia (1)	767,328	772,255	-0.6%
Slovakia	29,213	28,086	4.0%
Argentina	136,099	130,654	4.2%
Brazil (2)	548,522	569,734	-3.7%
Chile (2) (3)	53,023	52,225	1.5%
Colombia	66,175	63,570	4.1%

(1) Europe/Urals.
(2) Figure for the SIC - *Sistema Interconectado Central*.
(3) Gross of grid losses.
Source: Enel based on TSO figures.

In Europe, the Mediterranean countries experienced growth in electricity demand, above all owing to economic recovery, partly offset by climate effects. More specifically, Italy posted growth of 1.5% (1.4% net of climate and calendar effects), reversing the negative trend of the past three years. Driving the growth were the South macro-area (which includes Campania, Puglia, Calabria and Basilicata), which registered the largest gain at +4.4%, the Tuscany and Emilia Romagna area with +4.3% and the Center area (which includes Lazio, Abruzzo, Marche, Molise and Umbria) with +2.3% on 2014. Spain posted growth of 1.8% (+1.5% net of calendar and temperature effects), considerably lower than estimated GDP growth of 3%. More specifically, slowdown in private and industrial consumption began in 2008, partly owing to efficiency gains and partly to structural factors. In Russia, demand contracted in 2015 (-0.6%) compared with 2014, a small decline compared with the recession under way in the country. Demand continued to rise in Latin America, with significant increases in Argentina (+4.2%), Colombia (+4.1%) and Chile (+1.5%). Demand contracted in Brazil (-3.7%), reflecting the recession.

Italy

Domestic electricity generation and demand

Millions of kWh

	2015	2014	Change	
Net electricity generation:				
- thermal	180,871	167,080	13,791	8.3%
- hydroelectric	44,751	59,575	(14,824)	-24.9%
- wind	14,589	15,089	(500)	-3.3%
- geothermal	5,816	5,567	249	4.5%
- photovoltaic	24,676	21,837	2,839	13.0%
Total net electricity generation	**270,703**	**269,148**	**1,555**	**0.6%**
Net electricity imports	46,381	43,716	2,665	6.1%
Electricity delivered to the network	**317,084**	**312,864**	**4,220**	**1.3%**
Consumption for pumping	(1,850)	(2,329)	479	20.6%
Electricity demand	**315,234**	**310,535**	**4,699**	**1.5%**

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

In 2015, domestic *electricity demand* increased by 1.5% (to 315,234 million kWh) compared with 2014. Of total electricity demand, 85.3% was met by net domestic electricity generation for consumption (85.9% in 2014) with the remaining 14.7% being met by net electricity imports (14.1% in 2014).

In 2015, *net electricity imports* increased by 2,665 million kWh mainly as a result of lower average sales prices on international markets, which were made even more attractive by the national production mix, penalized by the decline in hydroelectric output.

In 2015, *net electricity generation* increased by 0.6% or 1,555 million kWh, to 270,703 million kWh. More specifically, in an environment of increased electricity demand, the decrease in hydroelectric generation in the amount of 14,824 million kWh, mainly attributable to less favorable water availability conditions, was offset by an increase in thermal generation of 13,791 million kWh as well as an increase in generation from other renewables (photovoltaic, +2,839 million kWh and geothermal, +249 million kWh) as a result of the expansion in installed capacity in the country.

Spain

Electricity generation and demand in the peninsular market

Millions of kWh

	2015	2014	Change	
Net electricity generation	254,011	253,578	433	0.2%
Consumption for pumping	(4,520)	(3,406)	(1,114)	-32.7%
Net electricity exports [1]	(1,466)	(6,628)	5,162	77.9%
Electricity demand	**248,025**	**243,544**	**4,481**	**1.8%**

(1) Includes the balance of trade with the extra-peninsular system.
Source: Red Eléctrica de España (*Balance eléctrico: Estadística diaria del sistema eléctrico español peninsular* - December 2015 report). Volumes for 2014 are updated to December 9, 2015.

Electricity demand in the peninsular market in 2015 rose by 1.8% compared with 2014 reaching 248,025 million kWh. Demand was entirely met by net domestic generation for consumption.

Net electricity exports in 2015 decreased by 77.9% compared with the previous year. This essentially reflected the net effect of a decline in exports and an increase in imports driven by lower average sales prices on international markets.

Net electricity generation in 2015 rose by 0.2% (433 million kWh), essentially due to greater electricity demand.

Electricity generation and demand in the extra-peninsular market

Millions of kWh

	2015	2014	Change	
Net electricity generation	13,547	13,289	258	1.9%
Net electricity imports	1,333	1,298	35	2.7%
Electricity demand	**14,880**	**14,587**	**293**	**2.0%**

Source: Red Eléctrica de España (*Balance eléctrico: Estadística diaria del sistema eléctrico español extrapeninsular* - December 2015 report). Volumes for 2014 are updated to January 13, 2016.

Electricity demand in the extra-peninsular market in 2015 increased by 2.0% compared with 2014, reaching 14,880 million kWh. Of total electricity demand, 91.0% was met by net electricity generation in the extra-peninsular area, with the remaining 9.0% being met by net electricity imports, all from the peninsular system. The latter totaled 1,333 million kWh in 2015.

Net electricity generation in 2015 rose by 1.9% or 258 million kWh as a result of higher demand for electricity in the extra-peninsular market.

Electricity prices

Electricity prices

	Average baseload price 2015 (€/MWh)	Change in baseload price 2015-2014	Average peakload price 2015 (€/MWh)	Change in peakload price 2015-2014
Italy	**52.3**	**0.4%**	**58.7**	**-0.4%**
Spain	50.3	9.1%	56.8	9.8%
Russia	21.3	31.0%	24.9	33.1%
Slovakia	33.6	-0.3%	42.8	-0.1%
Brazil	79.8	-62.9%	131.2	-52.5%
Chile	81.9	-19.2%	178.1	-14.6%
Colombia	119.5	39.6%	585.3	211.3%

Price developments in the main markets

Eurocents/kWh

	2015	2014	Change (%)
Final market (residential): (1)			
Italy	0.25	0.24	4.2%
France	0.16	0.16	-
Portugal	0.23	0.22	4.5%
Romania	0.13	0.13	-
Spain	0.23	0.23	-
Slovakia	0.15	0.15	-
Final market (industrial): (2)			
Italy	0.11	0.12	-8.3%
France	0.08	0.07	14.3%
Portugal	0.10	0.10	-
Romania	0.08	0.08	-
Spain	0.09	0.09	-
Slovakia	0.12	0.11	9.1%

(1) Annual price net of taxes - annual consumption of between 2,500 kWh and 5,000 kWh.
(2) Annual price net of taxes - annual consumption of between 70,000 MWh and 150,000 MWh.
Source: Eurostat.

Electricity price developments in Italy

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2015				2014			
Power Exchange - PUN IPEX (€/MWh)	51.8	47.9	56.7	52.8	52.5	46.5	50.4	58.9
Average residential user with annual consumption of between 2,641 and 4,440 kWh with subscribed capacity of more than 3kW (euro/kWh): price net of taxes	0.24	0.24	0.24	0.25	0.25	0.24	0.24	0.25

Source: GME (Energy Markets Operator); Authority for Electricity, Gas and the Water System.

In Italy, the average uniform national sales price of electricity on the Power Exchange rose slightly in 2015, edging up by 0.4% compared with 2014.

The average annual price (net of taxes) for residential users set by the Authority for Electricity, Gas and the Water System fell slightly in 2015, declining by 1.1%.

Natural gas markets

Gas demand

Millions of m³

	2015	2014	Change	
Italy	**64,798**	**61,501**	**3,297**	**5.4%**
Spain	28,657	25,897	2,760	10.7%

Demand for natural gas in 2015 rose substantially both in Italy and Spain. The increase was mainly attributable to more extensive use in electricity generation owing to the greater competitiveness of gas costs than those of other conventional resources.

Italy

Domestic gas demand

Millions of m³

	2015	2014	Change	
Distribution networks	31,081	29,239	1,841	6.3%
Industry	12,705	13,098	(392)	-3.0%
Thermal generation	19,609	17,368	2,241	12.9%
Other [1]	1,402	1,796	(394)	-21.9%
Total	**64,798**	**61,501**	**3,297**	**5.4%**

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

Domestic demand for natural gas in 2015 totaled 64,798 million cubic meters, an increase of 5.4% on the previous year. The contraction in consumption in industry was offset by an increase in residential and civil uses associated with the economic recovery led by private consumption, and greater use in conventional generation.

Price developments

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2015				2014			
Average residential user with annual consumption of between 481 and 1,560 m³ (euro/m³): price net of taxes	0.51	0.48	0.48	0.49	0.54	0.51	0.47	0.51

Source: Authority for Electricity, Gas and the Water System.

The annual average sales price of natural gas in Italy decreased by 3.2% in 2015.

Regulatory and rate issues

The European regulatory framework

Summer Package

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

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

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

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

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

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

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

Market Stability Reserve

On October 6, 2015, the Decision establishing the Market Stability Reserve in the EU's Emissions Trading System (2015/1814) was published. The introduction of the reserve is intended to stabilize the ETS market with an automatic adjustment mechanism for volumes put to bid in order to mitigate imbalances in supply and demand.

The reserve will begin to absorb excess allowances in the ETS from January 2019: 12% of the surplus allowances accumulated by the system will be deducted from the amount at auction and transferred to the reserve. The mechanism for deductions from the volumes to be auctioned will only be activated if the total number of allowances in circulation exceeds 833 million. If the total number is less than 400 million, 100 million allowances will be released from the reserve and added to the volumes being auctioned. In conjunction with the introduction of the Market Stability Reserve, the Decision also provided for the transfer to the reserve of the 900 million emissions allowance involved in the backloading mechanism (these volumes were initially to be auctioned in 2019-2020).

REMIT reporting

On October 7, 2015, the first phase of REMIT reporting began. It involves orders and transactions executed on organized markets and most data on capacity and plant usage.

Data on transactions executed outside of organized markets, transmission contracts and usage of LNG and storage plants will be transmitted to the Agency for the Cooperation of Energy Regulators (ACER) beginning on April 7, 2016.
The reporting is intended to support market monitoring by ACER and national regulators.

Circular Economy Package

On December 2, the European Commission's Communication containing an action plan on the circular economy was published. It also contains legislative measures, namely proposed revisions of the Waste Directives (2008/98/EC, 1994/62/EC, 1999/31/EC, 2000/53/EC, 2006/66/EC and 2012/19/EC). The plan sets out the measures to be adopted in the coming years and covers the entire value chain of materials/products on the basis of the principle of optimal and efficient use of resources, maintaining the value contained in the materials in the system and minimizing waste. The measures cover the design, consumption and post-life management of products, and the management of waste, byproducts and secondary raw materials, specific measures for certain sectors and financial measures.

The Italian regulatory framework

The current structure of the Italian electricity market is the result of the liberalization process begun in 1992 with Directive 1992/96/EC, transposed into Law with Legislative Decree 79/1999. This decree provided for: the liberalization of electricity generation and sale; reserving transmission and ancillary services to an independent network operator; the granting of concessions for distribution to Enel and other companies run by local governments; the unbundling of network services from other activities.
The introduction of Directives 2003/54/EC and 2009/72/EC (transposed with Law 125/2007 and Legislative Decree 93/2011, respectively) in Italy lent further impetus to the process, particularly through the complete opening of the retail market and the confirmation of the total independence of the national transmission network operator (already provided for in the Decree of the Prime Minister of May 11, 2004) by separating its ownership from that of other electricity operators.
The process of liberalizing the natural gas market began with Directive 1998/30/EC, transposed in Italy through Legislative Decree 164/2000, calling for the liberalization of the import, production and sale of gas and the separation of network infrastructure management from other activities through the establishment of distinct companies. As regards the model for unbundling transport from other non-network activities, with Resolution 515/2013/R/gas, the Authority for Electricity, Gas and the Water System (the "Authority") mandated the transition to ownership unbundling pursuant to Directive 2009/73/EC.

The following sections discuss the general regulatory framework and the main measures taken in 2015.

Italy

Generation

Electricity

Wholesale production and market

Electricity generation was completely liberalized in 1999 with Legislative Decree 79/1999 and can be performed by anyone possessing a specific permit.

The electricity generated can be sold wholesale on the organized spot market (IPEX), managed by the Energy Markets Operator (GME), and through organized and over-the-counter (OTC) platforms for trading forward contracts. The organized platform includes the Forward Electricity Market (FEM), managed by the GME, in which forward electricity contracts with physical delivery are traded. Trading can also be conducted in derivatives with electricity as their underlying are traded. The organized market for such transactions is the forward market (IDEX), operated by Borsa Italiana, while financial derivatives can also be negotiated on OTC platforms.

Generators may also sell electricity to companies engaged in energy trading, to wholesalers that buy electricity for resale at retail, and to the Acquirente Unico (Single Buyer), whose duty is to ensure the supply of energy to enhanced protection service customers.

In addition, for the purposes of the provision of dispatching services, which is the efficient management of the flow of electricity on the grid to ensure that deliveries and withdrawals are balanced, electricity generated may be sold on a dedicated market, the Ancillary Services Market (MSD), where Terna procures the required resources from generators.

The Authority and the Ministry for Economic Development are responsible for regulating the electricity market. More specifically, with regard to dispatching services, the Authority has adopted a number of measures regulating plants essential to the security of the electrical system. These plants are deemed essential based on their geographical location, their technical features and their importance to the solution of certain critical grid issues by Terna. In exchange for being required to have electricity available and providing binding offers, these plants receive special remuneration determined by the Authority.

Decree Law 91 of June 24, 2014 provides for all schedulable generation units located in Sicily with a capacity of more than 50 MW to be declared essential to system security under a cost reimbursement system. The rules will remain in force as from January 1, 2015 until the completion of the “Sorgente-Rizziconi” interconnector between Sicily and continental Italy, which is scheduled for 2016.

Since the launch of the market in 2004, the regulations have provided for a form of administered compensation for generation capacity. In particular, plants that make their capacity available for certain periods of the year identified in advance by the grid operator to ensure the secure operation of the national electrical system receive a special fee.

In August 2011, the Authority published Resolution ARG/elt 98/2011, which establishes the criteria for introducing a market mechanism for compensating generation capacity that replaces the current administered reimbursement. This mechanism involves holding auctions through which Terna will purchase from generators the capacity required to ensure that the electricity system is adequately supplied in the coming years.

With a decree of the Minister for Economic Development of June 30, 2014, the capacity market operational mechanism previously issued for consultation by the Authority was approved.

The mechanism is based on the allotment, by auction, of option contracts (reliability options) that provide for payment of a premium, established in the auction with the setting of a marginal price, against which a generator undertakes to return any positive difference between the price formed on the spot electricity and auxiliary services market and a benchmark price set ex-ante in the option contract.

The rules approved provide for a cap and a floor for the premium to be paid for existing capacity. The floor is paid for all existing capacity and will be set by the Authority.

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

On February 24, 2015, the market coupling model for the Italian, Austrian, French and Slovenian day-ahead trading markets was launched. Market coupling is a mechanism for integrating day-ahead markets (MGP) that, in setting the electricity prices for the different segments of the European market involved, also allocates the transport capacity available between those segments, thereby optimizing the use of interconnections.

The Council of State, with its decision of March 20, 2015, affirmed the repeal of the Authority's Resolutions 342/2012/R/eel, 197/2013/R/eel, 239/2013/R/eel and 285/2013/R/eel containing urgent measures designed to contain the dispatching costs associated with the imbalancing of plants not admitted to the Ancillary Services Market (MSD).
Following the decision, Terna recalculated the revenue and cost entries pertaining to the imbalancing that had been invoiced in periods prior to the issue of the decision and made the relative adjustments.
After the decision was announced, the Authority initiated the process of consulting with the operators concerning the specific proposals for reforming the rules on effective imbalancing, aimed at correcting the distortions that currently affect it.
With Resolution 333/2015/R/eel, the Authority also began the process for establishing the procedures for implementing the Council of State decision for the years 2012, 2013 and 2014.

With regard to the scheme for greenhouse gas emission allowance trading established with Directive 2003/87/EC, on December 23, 2015, the Ministry for Economic Development settled an initial tranche of Enel Produzione's receivable arising in respect of the failure to allocate free allowances and the absence of the right to flexibility in phase 2 (2008/2012). In addition, the 2016 Stability Act (Law 208/2015) amended Article 19 of Legislative Decree 30/2013, eliminating the deadline of 2015 for payment of the receivables referred to above.

Gas

Wholesale market

The extraction, import (from EU countries) and export of natural gas have been liberalized.
According to the provisions of Legislative Decree 130/2010, operators cannot hold a market share that exceeds 40% of domestic consumption. This limit may be raised to 55% if the operator commits to creating 4 billion cubic meters in new storage capacity by 2015. Under this provision, the Ministry for Economic Development approved Eni's proposed plan to create new storage in early 2011. To date, 2.6 billion cubic meters in new storage capacity has been created. Law 9/2014 establishes that, in order to limit the costs for the system, the remaining storage capacity (up to 4 billion cubic meters) be created only if there is market demand for it. The operators have not shown any interest in the auctions held and, therefore, no further storage capacity has been created.

Following the approval of the Parliamentary committees and the positive opinion of the Authority, on March 6, 2013, the Ministerial Decree approving the rules for the natural gas forward market ("MT Gas") was signed, with operations beginning on September 2, 2013. The forward market completed the structure of the Italian wholesale market, joining the spot trading platform (the "Gas Exchange"), which has been operating since 2010, and the balancing market begun in December 2011 under the rules set by the Authority.

Transport, storage and regasification

Transport, storage and regasification (of LNG) are subject to regulation by the Authority, which sets the rate criteria for engaging in these activities at the start of each regulatory period (lasting 4 years) and updates the rates annually.
Storage is carried out under a concession (for a maximum of 20 years) issued by the Ministry for Economic Development (MED) to applicants that satisfy the requirements of Legislative Decree 164/2000. The Decree of February 6, 2015 of the MED retained the criteria established in 2014 for allocating capacity through auction for 2015 as well.
LNG activities are subject to the grant of a special ministerial permit.
Access to transport, storage and regasification capacity is provided through non-discriminatory mechanisms established by the Authority in order to guarantee third-part access (TPA). The Ministry for Economic Development may grant an exemption from the TPA rules to companies that own stora-

ge or regasification plants or cross-border gas interconnectors. The exemption is granted upon the explicit request of the companies involved and on the basis of an assessment of the benefits of the infrastructure for the system.

As to gas transport rates, the Council of State affirmed the voiding of the resolutions setting the rate for the 2010-2013 period, denying the Authority's appeal and accepting the arguments put forth by Enel Trade. The Authority lodged an appeal against the ruling of the Council of State. The appeal of the resolutions establishing the rate criteria for 2014-2017 is pending before the Regional Administrative Court.

With Resolution 556/2015/R/gas, the Authority confirmed the amounts due to companies admitted to the mechanism for the promotion of renegotiation of long-term gas supply contracts (APR).

Distribution

Electricity

Distribution and metering

Enel Distribuzione provides distribution and metering services under a 30-year concession set to expire in 2030.

The distribution rates are set by the Authority at the start of each regulatory period based on covering the total cost of providing the services, considering operating costs, depreciation and providing an appropriate return on capital.
The rate component covering operating costs is updated annually using a price-cap mechanism (i.e. based on the inflation rate and an annual rate of reduction of unit costs called the X-factor). The return-on-capital and depreciation components are revised each year to take account of new investments, depreciation and the revaluation of existing assets using the deflator for gross fixed capital formation.
With Resolution 146/2015/R/eel, the Authority published the reference rates for distribution and sales activities for 2015 to be used in determining, for each operator, the level of revenue to be recognized for the performance of their activities.
With Resolution 654/2015/R/eel, the Authority, in conjunction with the publication of the mandatory grid rates to be charged to end users in 2016, specified the criteria for the new rate period for electricity distribution and metering, which will be in force for the next eight years (2016-2023).
The next rate period has been divided into two sub-periods of four years each (NPR1 for 2016-2019 and NPR2 for 2020-2023), with an interim revision scheduled for 2020.
For the first sub-period (NPR1), while the Authority essentially confirmed the general regulatory framework, it introduced substantial amendments concerning the timing and procedures for remunerating new investments in rates.
More specifically, the Authority reduced the so-called "regulatory lag", shortening to a maximum of one year (from the two years in the previous regulatory period) the period before new investments are recognized in rates, while at the same time eliminating the increase of one percentage point of WACC. The latter had been introduced by the Authority in 2012 to offset the financial burden imposed by the delayed recognition of new investments.
Operators are therefore required to notify the Authority by the end of the year of their preliminary accounts of investments made during the year, enabling the Authority to insert the data in the calculation of the mandatory rate publi-

shed by the end of the year for the subsequent year. These investments are then inserted in the regulatory asset base as from January 1 of the year following their realization. Consequently, operators can match the revenue generated by the investments with their amortization.

The Authority also increased by five years the useful lives of low and medium-voltage power lines that entered service after December 31, 2007.

Finally, the level of operating costs recognized and the procedures for returning any extra efficiency gains to customers were also specified. More specifically, the Authority maintained the symmetric division of extra efficiency gains and the restitution until 2019 of gains achieved and temporarily maintained to firms in the third and fourth regulatory periods. The X-factor used in updating eligible operating costs was set at 1.9% for distribution operations and 1% for metering activities.

For the second sub-period (NPR2), the Authority announced the transition to rate regulation based on total costs (the Totex method).

With Resolution 583/2015/R/com the Authority revised the method used to determine the rate of return on capital and set a rate of 5.6% for distribution and metering activities for 2016-2018. In particular, the Authority established a specific 6-year rate period for the WACC, with a mid-period update of the main parameters in the formula on the basis of macroeconomic conditions (interest and inflation rates) in 2018.

As regards service quality, the Authority, with Resolution 646/2015/R/eel, established output-based regulation for electricity distribution and metering services, including the principles for regulating service quality for 2016-2023 (TIQE 2016-2023).

The resolution retains the existing general approach to governing service quality, which provides for the Authority to set annual trend levels for the following service continuity indicators for low-voltage customers:

> duration of long-service interruptions;
> number of long and short-service interruptions.

Separate rules apply to medium-voltage customers.

Distributors receive bonuses or penalties each year, depending on whether actual performance, as determined on the basis of the continuity indicators, exceed or fall short of the specified trend levels.

The resolution also indicates the start of future regulation for innovative investment in the distribution grid.

With Resolution 268/2015/R/eel, the Authority established the Model Grid Code for transport services, which governs the relationship between sellers and distributors concerning the guarantees given by sellers to distributors, the payment terms for the transport service by sellers and the terms of payment of the system costs and other components by distributors to the Electricity Equalization Fund and the Energy Services Operator (GSE). The resolution also provided for the elimination starting from 2016 of the uncollectible portion of turnover withheld by distributors as a result of the strengthening of the system of guarantees. With Resolution 447/2015/R/eel, the Authority deferred the entry into force of the portions of the Code that were originally to have taken effect in October 2015, ordering that the entire Code shall enter force as from January 2016. With the subsequent Resolution 609/2015/R/eel, the Authority eliminated the requirement for banks and insurance companies that issued sureties to have a rating (without prejudice to the other requirements provided for in the Code) and the deadline by which traders may make the initial adjustment of guarantees was postponed.

With Resolution 377/2015/R/eel, the Authority completed the regulatory framework governing losses on the distribution grid, revising the conventional loss percentages as from January 1, 2016 and the equalization mechanism for losses to apply to distributors as from 2015. More specifically, the equalization mechanism takes account of the geographical diversification of losses on distribution grids.

With its Resolution 296/2015/R/com, the Authority amended the functional unbundling requirements for operators in the electricity and gas sector.

In the resolution, the Authority confirmed that companies must maintain a separation between the brand and communication policies (including the company name) of the distribution companies and those of the companies that sell power. Furthermore, in the electricity sector, there must also be a separation between those companies that sell electricity on the free market and those that do so on the enhanced protection market.

Commercial activities related to distribution, especially interfacing with the end user, must be conducted utilizing information channels, physical locations and personnel that are distinct from those used for the sale of electricity and natural gas. These separation requirements apply to companies that sell electricity on the free market and to those on the enhanced protection market.

The provisions are effective immediately. However, companies have until June 30, 2016 to meet the new requirement for the separation of brand and communication policies. The deadline for compliance with the provisions on the use of separate information channels, physical locations and personnel is January 1, 2017.

With Resolution 582/2015/R/eel the Authority, in implementation of Legislative Decree 102/2014 transposing the EU directive on energy efficiency, initiated, with effect from January 1, 2016, the reform of electricity rates for residential customers. The goal of the reform is to eliminate the progressivity of the grid rate and system charges so as to encourage efficient consumption and to eliminate the existing system of cross-subsidies among various categories of residential customers in order to ensure that rates are consistent with the real costs of the service. The reform will be implemented gradually, entering full force as from January 1, 2018. The Authority also established that as from January 1, 2017 the diversification of levels of contractual power will be increased, so as to give end users greater choice in selecting the volume most appropriate to their needs. In addition, for at least two years (as from January 1, 2017), the amount of connection fees and other fixed charges that customers pay to distribution companies for changes in power levels carried out remotely will be reduced from their current levels.
In parallel, in order to neutralize any rate increases for customers in financial hardship, the Authority updated, as from January 1, 2016, the amount of the social bonus.

On December 10, 2015, the Competition Authority (AGCM) notified Enel SpA and Enel Distribuzione SpA of the start of a penalty proceeding aimed at ascertaining the existence of a Group strategy intended to hinder the development of the smart metering market. Unless extended, the proceeding is scheduled to be completed by December 31, 2016.

Energy efficiency - white certificates

Energy efficiency in final uses has been promoted in Italy mainly through the Energy Efficiency Certificate mechanism (EECs or white certificates) launched on January 1, 2005 in accordance with the provisions of the related decrees of July 20, 2004.
The mechanism requires the Ministry for Economic Development (MED) to determine the national energy savings targets that must be achieved each year by electricity and gas distribution companies.
With the decree of December 28, 2012, the MED established the energy savings targets for the 2013-2016 period.
In order to avoid penalties, distributors must demonstrate by May 31 of each year that they hold a number of white certificates equal to at least 50% (60% for years 2015-2016) of their obligation, with the residual obligation be covered in the subsequent years.
The decree also set out the process for transferring management of the white certificate mechanism to the Energy Services Operator (GSE), while the Authority will remain responsible for determining the rate grant using the new criteria set out in the Ministerial decree.
The Authority, with its Resolution 13/2014/R/efr, introduced a mechanism for recovering the costs of purchasing white certificates. It allows distributors to recover a cost equal to the market average, less a spread of €2 per certificate.
The potential financial impact of the mechanism is thereby significantly reduced, although distributors are still subject to the "physical" obligation to deliver the EECs in order to meet the national targets.
Legislative Decree 102 of July 4, 2014, implementing Directive 2012/27/EU on energy efficiency, set out the cumulative national energy savings target for the 2014-2020 period to be achieved using a variety of incentives. It also established that the EEC mechanism must result in a savings of at least 60% of such target by 2020.
The decree also required the MED, in the course of updating the guidelines on the procedures for issuing EECs, to include measures for making the mechanism more efficient, enhancing energy savings achieved through measures aimed at improving practices and preventing speculative practices.
With Decision 13/2015 of June 29, 2015, the Authority set the definitive rate subsidy for 2014 equal to €105.83/toe.
The preliminary rate subsidy for 2015 was set at €108.13/toe and will be revised based upon the final market price for the reference period.

Sales

Electricity

As provided for by Directive 2003/54/EC, starting from July 1, 2007 all end users may freely choose their electricity supplier on the free market or participate in regulated markets. Law 125/2007 identified these regulated markets as the "enhanced protection" market (for residential customers and small businesses with low-voltage connections) and the "safeguard" market (for larger customers not eligible for enhanced protection services).

Free-market operators are awarded contracts to provide safeguard services on a geographical basis through three-year auctions. Enel Energia was awarded contracts to provide services to five of the ten areas subject to auction for the 2014-2016 period (Veneto, Emilia Romagna, Friuli Venezia Giulia, Sardinia, Campania, Abruzzo, Calabria and Sicily).

By contrast, enhanced protection service is provided by sellers connected with distributors.

Prices are set by the Authority and are updated quarterly based on criteria designed to ensure that the operators' costs are covered. More specifically, the Authority periodically updates the component for covering the operators' costs in the enhanced protection market (RCV) so as to ensure that their costs are covered (operating costs, delinquency charges and amortization and depreciation) and that they receive a fair return on capital. Resolutions 670/2014/R/eel and 659/2015/R/eel established rates for 2015 and 2016.

Operators set their own prices for free market services, with the Authority's role limited to setting rules to protect both customers and operators.

In recent years, the Authority has adopted measures aimed at containing operators' credit risk, which has risen in recent years due in particular to the economic crisis.

More specifically, in 2015, with Resolution 258/2015/R/com, the Authority took action to increase the accountability of distributors in cutting off service to customers in arrears.

The Authority is also continuing the implementation of the Integrated Information System (IIS). This system, established under Law 129/2010, is designed to manage the flow of information between gas and electricity market operators and is based upon a central database of withdrawal points, initially created for the electricity sector and extended to the gas sector in 2015.

In other 2015 developments, the Authority provided for the IIS to manage contract transfers and switching, as well as significantly expanding the central database, in order to simplify data exchange among operators on the main customer management processes, including metering information.

On February 20, 2015 the government approved the "Competition Bill", which provides for the repeal of the temporary rules governing gas and electricity prices as from January 1, 2018. The Bill, currently being debated in Parliament, establishes that the consequent measures shall be adopted with a decree of the MED and assigns the Authority the task of drafting the measures to ensure provision of universal service. In order to define a reform of existing market mechanisms for customer protection, in 2015 the Authority began a specific proceeding to govern transitional solutions within the scope of the reform.

Gas

Legislative Decree 164/2000 established that as from January 1, 2003, all customers may freely choose their natural gas supplier on the free market.

However, sales companies must also offer a safeguard service to their customers (only for residential customers pursuant to Decree Law 69 of June 21, 2013), together with their own commercial offers, at the regulated prices established by the Authority.

If there is no company supplying this service, the continuity of supply for small customers not in arrears on bill payments (residential and other uses with an annual consumption of less than 50,000 standard cubic meters) and for users involved in providing public services shall be ensured by the supplier of last resort. If the customer is in arrears with bill payments or it is not possible for the supplier of last resort to provide service, supply continuity is ensured by the default distribution supplier selected, like the supplier of last resort, through voluntary tenders for geographically-based contracts. The public procedures carried out in September 2014 identified the suppliers of last resort for the period October 1, 2014 - September 30, 2016. Enel Energia was selected as supplier of last resort for 7 out of the 8 geographical areas covered by the auction and as default distribution supplier for 6 out of 8 areas.

Starting from October 1, 2013, the reform of the financial terms and conditions applied to safeguard market customers entered force. In this situation, the Authority modified the procedures for determining the raw material component, indexing it fully to spot market prices, introduced components to ensure a gradual transition (including one specifically for the renegotiation of long-term contracts) and increased the component covering retail sales costs to enhance cost-reflectivity.

With regard to the raw material (gas) cost component, on January 24, 2014, the Regional Administrative Court of Lombardy, in the course of an action brought by Enel Energia and Enel Trade, voided the resolutions by which the Authority changed the formula for determining (and thereby reducing) the QE component for the 2010-2011 and 2011-2012 gas years. On April 10, 2014, the Authority filed an appeal with the Council of State.

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

With Resolution 258/2015/R/eel, the Authority, in addition to stiffening penalties for distributors who fail to cut off customers in arrears (similar to measures for the electricity industry), reduced the time period allowed for switching to three weeks starting from 2016.

Renewable energy

In Italy, a variety of mechanisms, differing by resource and size of plant, are used to encourage electricity generation from renewable resources. The objectives and support instruments are established by Parliament in a manner consistent with EU directives in this sector, while implementation is handled by the Energy Services Operator (GSE), which is responsible for managing incentives for renewables.

Solar power incentives - Energy Account

Existing photovoltaic plants receive incentive through the so-called Energy Account, a mechanism which consists in the payment of feed-in premiums over and above the price of the electricity for power delivered to the grid over 20 years.

With the Ministerial Decree of July 5, 2012, the incentive system for photovoltaics was overhauled in order to ensure the more orderly growth of the sector and realign tariffs with European averages. The Fifth Energy Account is based on a system of comprehensive feed-in tariffs that have been reduced by an average of 40% from the previous system. The decree sets an annual ceiling on total incentives (including those already paid out under the previous Energy Accounts) of €6.7 billion, which was reached on June 6, 2013, thereby terminating incentives for new plants.

Renewable resources other than photovoltaic: auctions, green certificates and comprehensive rates

The primary incentive mechanism in use today to support renewable energy technologies other than photovoltaics is a system of subsidized rates awarded either directly or in Dutch auctions organized by the GSE. The mechanism was established with Legislative Decree 28/2011 transposing Directive 2009/28/EC and the associated Ministerial Decree with implementing measures of July 6, 2012.

More specifically, small plants (with a capacity of up to 5 MW, as well as hydroelectric plants up to 10 MW and geothermal plants up to 20 MW) will receive incentives through comprehensive rates differentiated by type and size of the plant. Larger plants qualify for additional incentives over the market price, established on the basis of Dutch auctions run by the GSE. Plant owners must submit bids for a percentage reduction from the opening price, equal to the comprehensive rate for the last capacity bracket for small plants. The value of the incentive is then set net of the zonal hourly price for electricity.

Plants that entered service by December 31, 2012 qualify for a green certificates mechanism (introduced with Legislative Decree 79/1999). Under this system, electricity producers and importers are required to deliver a share of renewable energy. This obligation can be satisfied by purchasing green certificates from renewables generators.

The amount of the incentive depends upon the market value at which operators can purchase green certificates to meet their obligation. This market value is set within a range. The maximum value (cap) is equal to the price at which the GSE places the certificates it holds on the market (calculated as provided for in Article 2, paragraph 148 of Law 244/2007), which came to €124.90/MWh for renewables generation in 2014. The minimum price is equal to the price at which the GSE withdraws green certificates exceeding the required share from the market. For the years in the period from 2011 to 2015, that price is set each year at 78% of the difference between €180/MWh and the average sales price for electricity for the preceding year.

The green certificates mechanism will be gradually eliminated through:

> the progressive reduction of the mandatory share to zero by 2015;
> the provision of incentives to plants already participating in the green certificate system through rates equivalent to the current withdrawal value of certificates (as from 2015).

In order to ensure control of incentive costs, the decree of July 6, 2012 sets a ceiling of €5.8 billion on aggregate annual cost – including plants already receiving incentives through the green certificate system – of incentives for resources other than solar power.

Imbalancing for non-schedulable plants

In addition to direct incentives (special rates and green certificates), non-schedulable renewable resources (NSRRs) were exempt from fees for imbalancing (the difference between actual power delivered to the grid and planned power deliveries defined on the basis of energy markets). With the increase in non-schedulable renewable resource plants – essentially photovoltaic and wind – the Authority, with Resolution 281/2012/R/efr, decided to eliminate the previous exemption from imbalancing payments as from January 1, 2013, in order to foster better programming and integration of such plants into the national electrical system.

Following an appeal lodged by a number of associations of renewables generators, the Council of State voided Resolution 281/2012/R/efr, at the same time establishing the standards to be followed by the Authority in properly regulating the subject matter. More specifically, the Council of State clarified that non-schedulable resource plants must participate in sharing imbalancing costs, thereby avoiding improper socialization of costs. Likewise, the regulation must take into account the specific characteristics of each resource in terms of predicting the delivery of electricity to the grid.

The Authority, with Resolution 522/2014/R/eel, reimposed imbalancing payments on NSRRs, in accordance with the guidelines of the Council of State, starting from January 1, 2015.

Iberian Peninsula

Spain

Voluntary Price for Small Consumers

On June 4, 2015, the operating rules for hourly billing of customers that use the "*Precio Voluntario del Pequeño Consumidor*" (PVPC, Voluntary Price for Small Consumers) were published. Accordingly, as from July 1, 2015, the bills of consumers with remotely readable meters will be calculated on the basis of the actual hourly consumption rather than on the basis of an estimated consumption profile.

As from October 1, 2015, nearly six million customers included under the regulated rate system (PVPC) with a remotely managed smart meters were included in the hourly rate system, where prices are determined on the basis of the outcomes of the day-ahead market.

Social bonus

Law 24/2013 introduced the social bonus as a public service obligation, the cost of which is borne by the parent companies of companies that generate, distribute and sell electricity in proportion to the sum of connection points and number of customers served.

With *Orden* IET/2182/2015 of October 15, the percentage shares for 2015 were established. Endesa's share was set at 41.26%.

Voluntary service interruptions

Voluntary service interruption is a compensated service, provided by those consumers who are to reduce their consumption when the system is under stress, making it possible to efficiently manage demand.

Orden IET/2013/2013 requires that voluntary service interruption be assigned through an auction managed by the System Operator so as to ensure effective performance of the service and to minimize the costs to the system. During August and September 2015, auctions were held to assign the service for 2016, with a total value of €503 million for the system.

Distribution

Royal Decree 1048/2013 establishes the principles for the remuneration of the distribution of electricity which incorporates factors that will guide future compensation for this activity. The principles set out in the decree are as follows:

> only the costs required to provide distribution service are remunerated;
> mechanisms for controlling investments are established;
> investments that have not yet been amortized or depreciated are remunerated on the basis of the net value of the asset and the rate of remuneration is equal to the average yield on Spanish government securities plus 200 basis points;
> in order to improve quality and reduce losses and fraud, the regulation includes incentive and penalty mechanisms;
> during 2014 and lasting until the new regulatory period begins, the remuneration for distribution was calculated by applying the methodology envisaged in the second annex to Royal Decree Law 9/2013.

Royal Decree 1073/2015 of November 27, concerning the remuneration of distribution services, was published. Annual discounting based on inflation in unit values was eliminated.

In addition, on December 12, *Orden* 2660/2015 was published. It establishes the unit values for investment and for operation and maintenance used in determining the remuneration of distribution services in accordance with the relevant method for the 2016-2019 regulatory period.

Other regulatory changes

On October 15, 2014, Law 18/2014 concerning urgent measures for expansion, competition and efficiency enhancement was approved. Among other things, the law reforms the methods for remunerating the gas system with the goal of making it economically sustainable and of minimizing the costs for the end consumer. Furthermore, the law introduces the National Energy Efficiency Fund to help achieve the energy efficiency targets.

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

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

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

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

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

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

Self-consumption

Royal Decree 900/2015 was approved on October 9, 2015. The measure governs the administrative, technical and financial conditions of supply and generation with self-consumption. The decree defines the fixed and variable-rate components due from self-producing installations to cover system costs (energy policy, renewable energy and cogeneration incentives, capacity payments, voluntary service interruption and auxiliary services).

Electricity rates

Royal Decree Law 9/2015 was published. The legislation concerns urgent measures to reduce the tax burden, which reduced by 40% the fees paid by consumers to cover capacity payments between August 1 and December 31, 2015.
Orden IET/2735/2015 of December 17 was published. It sets access rates for 2016, maintaining those in effect in 2015 with the exception of customers with connections of between 30 kV and 36 kV (-6.7%). The unit components covering the capacity payment were also reduced by 21%.

Gas rates

Orden IET/2736/2015 was published. It establishes the tolls for third-party access to natural gas transport and distribution infrastructure. More specifically, rates for 2016 are unchanged with the exception of raw material component, which has been increased by 10%.

Energy efficiency

Orden IET/289/2015 of February 20 set out the methodology for defining energy efficiency obligations, those required to participate and their share of such amounts as well as their economic equivalence for 2015.

France

Law 344/2014 - Suspension of regulated electricity and gas rates for industrial customers

In 2015, Law 344/2014 was implemented. It calls for the gradual abolition of regulated electricity and gas rates for industrial consumers, starting from January 1, 2015 for the gas sector and from January 1, 2016 for the electricity sector. In addition, the measures give alternative suppliers access to the data of consumers who still use regulated rates, improve switching procedures and set out a temporary offer for customers who have not selected a supplier at the time the regulated rate system comes to an end.

National energy transition act

On August 17, 2015, Law 992/2015 on the energy transition was published in the official journal. It sets out the basic guidelines for the new national energy strategy:

> cutting greenhouse gases by 40% by 2030 compared with 1990 levels;

> achieving a renewable energy target of 32% of overall gross energy consumption by 2030 (around 40% of overall electricity consumption);

> reducing final energy consumption by 50% by 2050, with a focus on the building sector;

> capping nuclear capacity at 63.2 GW and limiting the share of nuclear power to 50% of domestic generation in 2025, with a cap of 63 GW.

Belgium

With a decree of March 31, 2015, the Belgian government cancelled the tender called for the construction of two gas-fired power plants.
Despite the moratorium on nuclear power plants provided for in a law of January 31, 2003, with a law enacted on June 28, 2015, Belgium postponed the closure of the Doel 1 and 2 plants by 10 years.
On November 30, 2015, agreement was reached between the government and Engie on the definition of an annual fee as from 2016 of €20 million for Doel 1 and 2 and a nuclear tax of about €150-200 million/year for other nuclear power facilities. The agreement must be approved by the Belgian parliament.
Belgium's Nuclear Safety Agency finally approved the restart of Doel 3 and Tihange 2 in November 2015 (the two plants were first

closed in 2012 after an inspection had found hydrogen flaking).

Romania

Distribution rates

On December 7, 2015, the national regulatory, ANRE, modified the method used to set distribution rates that had been approved in 2013 for the third regulatory period covering the years from 2014 to 2018. A cap of 10% was introduced on the annual increase in distribution rates.
On December 14, 2015, ANRE published distribution rates for 2016, with a reduction of about 15% on the previous year.

Supplier-of-last-resort rates

On December 24, 2015, ANRE published the rates for suppliers of last resort in force as from January 1, 2016. The rates applicable to residential customers were reduced by 5.36%. The rates provide for a supply cost of 4.7 lei/month and ensure suppliers of last resort a regulated profit of 1.5%.

Smart metering

In 2015, the Enel Group distribution companies in Romania completed the installation of 30,000 digital meters and submitted a plan to ANRE for the mass roll-out of an additional 2.7 million digital meters in the 2016-2020 period. Installation is subject to approval of the plan by ANRE, which is expected to be granted on March 15, 2016.

Russia

Heat market

On December 1, 2014, Federal Law 404/2014 concerning heat supplies was enacted. It represents one of the first implementing acts of the reform of the heat market, which was initiated with government Decree 1949/2014 of October 2, 2014. The law introduces, with effect from January 1, 2015, the possibility of entering into bilateral contracts for heat producers and consumers of steam and/or industrial users of directly connected heat, with prices being negotiable up to a ceiling determined on the basis of the relevant tariffs. As from January 1, 2018, it will also be possible to use bilateral contract for the supply of steam and/or heat at fully liberalized prices for directly connected industrial users, with the exception of users with an annual consumption of less than 50,000 gigacalories (GCal) (including residential customers).

Start of trading on gas exchange

On October 24, 2014, trading began on the first gas exchange in Russia, established by the St. Petersburg International Mercantile Exchange (SPIMEX). For now, the only contracts traded are for volumes to be delivered in the subsequent month, but in the near future the exchange will also offer weekly and daily products. Gazprom and other independent gas producers are being encouraged to channel some of their output through the trading platform. The exchange rules give Gazprom the right to handle half of the volumes, with independent suppliers handling the remainder. For 2015, the goal is to achieve a trading volume of at least 35 billion cubic meters. The volumes of gas traded on the exchange have priority in transportation. The launch of the gas exchange is a key stage in the liberalization of the gas market and enhancing price transparency.

Temporary suspension of the system of guarantees for electricity purchases

On December 24, 2014, the Market Council published a number of amendments to the market operating rules, by which it: (i) increased the penalties that apply in the event of late payments; (ii) extended the period for temporary exemption from the requirement to furnishing guarantees for electricity purchases until the end of May 2015 (originally running from December 21, 2014 to the end of February 2015), which applies to operators with no payment arrears for an amount of up to 30% of the volumes purchased on the market monthly.
On May 18, 2015, the Market Council: (i) further extended the period of temporary exemption until August 31; and (ii) reduced to 20% the minimum debt threshold for purchasers beyond which financial guarantees are triggered (instead of the 30% currently in effect). On September 22, 2015, the Supervisory Board again extended the exemption to December 28, 2015.

Indexing of natural gas rates

On June 28, 2015, the Federal Tariff Service (FTS) approved the indexing of 7.5% of the natural gas rates charged to industrial users (in effect as from July 1, 2015). The increase is in line with the outlook for the socio-economic development of the Russian Federation for the years 2015-2017, published by the Ministry for Economic Development in 2014.

Update of the legislative framework for renewables

On July 28, 2015, the government published Decree 1472, with which it introduced a number of modifications of the auction mechanism for the capacity of new renewables plants: for 2016-2018 it reduced the mandatory share of local component content for wind plants (from 65% to 25-55%); it increased the maximum amount of eligible capital expenditure by 70%; and it extended the period of validity of the support system from 2020 to 2024, with a consequent redistribution across the years of the total volume of capacity to be awarded through auctions for wind plants (3,600 MW).

Reform of the capacity market

On August 31, 2015 the government published Decree 893 and government Order 1561-p launching the reform of the capacity market (KOM). The following are the main aspects of the reform:

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

> revision of the mechanism for establishing KOM prices: a decreasing elastic demand function is defined for each of the two price zones depending on the volume of capacity offered. This is used as the basis for calculating the universal price applied to all selected plants. Under the previous mechanism, the price was determined by the market on the basis of the last bid accepted;

> the KOM price is adjusted annually by real inflation for the previous year less 1% (as from January 1, 2017);

> an increase in penalties for "unreliable plants" (plants with a usage factor of less than 30% and unavailability of more than 10% in the 12 months prior to the KOM auction) and for new plants in the case of unscheduled unavailability; possible decreases in maximum penalties for other plants (pending approval of the methodology for revising penalties).

On November 2, 2015 the results of the capacity auction for 2016 were published: all of the capacity of Enel Russia bid (7.5 GW) was selected at a price of 112,624 RUB/MW/month. On December 18, 2015 the results of the capacity auctions for 2017 to 2019 were published: the resulting KOM prices were: 113,208 RUB/MW/month for 2017, 100,993 RUB/MW/month for 2018 and 110,451 RUB/MW/month for 2019.

Long-term reserve capacity

With a government decree published on November 5, 2015, an auction system was introduced for 15-year purchase contracts. The goal is to promote the building of new generation plants in areas with a capacity shortfall. The decree envisages that:

> the list of such areas shall be determined by the Minister of Energy and the system operator by February 1, 2016;

> the auctions will only be held in the case of actual need. The first auctions, to be held by July 1, 2016, will take place on the basis of a government decision;

> bids will be selected on the basis of the capacity price requested, as calculated by the Market Council on the basis of the bids received;

> a cap is imposed on the unit CAPEX of the projects submitted.

Essential plants

On January 1, 2015, government Decree 2578-p came into force, providing for: (i) the recognition of essential power plants with a total capacity of up to 7.5 GW (including the Nevinnomysskaya plant with a capacity of 1.1 GW) for the period from January 1, 2015 to November 30, 2015 (11 months); (ii) the recognition of essential plants to supply heat with a total capacity of up to 3.2 GW for the period from January 1, 2015 to June 30, 2015 (six months); (iii) the establishment of the regulated rates that apply to essential plants.

With two subsequent government decrees, the status of essential plant assigned to the Nevinnomysskaya plant was extended first from January 1, 2016 to December 31, 2019 (four years) and then to the final month of December 2015. The rate paid to that plant for 2015 and 2016 is equal to 132,999 RUB/MW.

Payment rules

On November 5, 2015 the federal law governing the strengthening of payment rules for consumers of energy resources was published. It provides for: (i) an increase in penalties for users with poor payment records in the retail markets for electricity, heat, gas and water; (ii) a requirement for certain groups of such users to provide bank guarantees.

Slovakia

Nováky power plant

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

Latin America

The Group operates in Latin America in Argentina, Brazil, Chile, Colombia and Peru. Each country has its own regulatory framework, the main features of which are described below for the various business activities.

Under the regulations established by the competent authorities (regulatory authorities and ministries) in the various countries, operators are free to make their own decisions concerning investment in generation. Only in Argentina, following the change in energy policy in recent years, is there a regulatory framework that envisages greater public control of investments. In Brazil plans for new generation capacity are imposed by ministerial order, and this capacity is developed through auctions open to all.

All of the countries have a centralized dispatching system with a system marginal price. Usually, the merit order is created based on variable production costs that are measured periodically, with the exception of Colombia, where the merit order is based on the bids of market operators.

Currently in Argentina and Peru, regulatory measures are in place governing the formulation of the spot market price. In Argentina, the measure, adopted in 2002 following the economic and energy crisis that affected that country, is based on the assumption that there are no restrictions on the supply of gas in the country. Nevertheless, in view of the current financial challenges faced by the wholesale market, the government has announced its intention to modify the existing regulatory framework and, in 2013-2014, develop an electricity market based on a cost-plus model.

Long-term auction mechanisms are widely used for wholesale energy and/or capacity sales. These systems guarantee continuity of supply and offer greater stability to generation companies, with the expectation that this encourages new investments. Long-term sales contracts (up to 30 years) are used in Chile, Brazil, Peru and Colombia. In Brazil, the price at which electricity is sold is based on the average long-term auction prices for new and existing energy. In Colombia, the price is set by auction between the operators, which usually enter into medium-term contracts (up to four years). Finally, a regulatory framework recently introduced in Chile and Peru allows distribution companies to sign long-term contracts to sell electricity on regulated end-user markets.

Chile, Peru and Brazil have also approved legislation to encourage the use of unconventional renewable resources, which sets out the objectives for the contribution of renewable resources to the energy mix and governs their generation.

Distribution and sale

Distribution is performed mainly under concession arrangements, using long-term contracts (ranging from 30 to 95 years or in some cases with unspecified terms), with regulations governing prices and network access. Distribution rates are revised every four years (Chile, Peru and the region of Brazil served by Coelce) or five years (Colombia and the region of Brazil served by Ampla). As a result of the *Ley de Emergencia Económica* (the economic emergency law) of 2002, no rate reviews have yet been conducted in Argentina, despite rules mandating such revisions every five years.
In Chile, Brazil and Peru, distribution companies hold auctions to procure electricity for regulated market customers, while in Colombia sales companies negotiate prices directly with generation companies, passing through the average market price to end users. In general, all countries have implemented a remuneration approach based on the RAB and a rate of return tied to the WACC, which ensures remuneration of the capital employed. The liberalization of the end-user market is generally at a fairly advanced stage, though not yet complete. Eligibility thresholds are set at 30 kW in Argentina (20% of volumes in 2010), 3 MW in Brazil (30% of volumes), 0.3 MW in Chile (40% of volumes), 0.1 MW in Colombia (35% of volumes in 2010) and 0.2 MW in Peru (44% of volumes). Free-market customers can sign bilateral contracts with generation companies for electricity. The regulatory authorities set the rates for regulated market customers.

Limits on concentration and vertical integration

In principle, existing legislation permits companies to take part in a variety of activities in the electricity sector (generation, distribution, sales). Usually, greater restrictions are imposed on participation in transmission activities so as to ensure that all operators have adequate access to the network. There are special restrictions on generation and distribution companies holding stakes in transmission companies in Argentina, Chile and Colombia. Furthermore, in Colombia companies formed after 1994 may not adopt or maintain a vertically-integrated structure.
As to concentration within the industry, Argentina, Brazil and Chile have not set any specific restrictions on vertical or horizontal integration, while in Peru business combinations require prior authorization above certain thresholds. In Colombia, no company may control more than 25% of the generation and sales markets, while in Brazil, as previously mentioned, there are no explicit restrictions on integration in the electricity sector, although administrative authorization is required for business combinations that would result in market share of over 40%, or that involve a company whose annual turnover exceeds BRL 400 million (about €177 million).

Chile

Energy Agenda

On May 15, 2014, President Michelle Bachelet presented the new Energy Agenda containing the primary energy policy targets. The document sets out the timetable and identifies the parties involved in the next regulatory steps to be taken and lays out the plans of investments that the government intends to make by the end of its term.
More specifically, the Agenda envisages a more active role by the state and calls for reducing marginal electricity costs on Chile's *Sistema Interconectado Central*, or "SIC" (30% reduction in the 2013 average by 2017), redefining the rules for auctions between generators and distributors in order to reduce the resulting price (25% reduction over the next 10 years as compared with the 2013 price), setting a target for 45% of new installed capacity to be supplied by unconventional renewable energy (ERNC) by 2025, establishing the target of cutting energy consumption by 20% by 2020, establishing a system for participation in energy planning, developing interconnection projects between the SIC and the SING (*Sistema Interconectado del Norte Grande*) and, finally, introducing a new law for the promotion of geothermal power by 2015.
Furthermore, the Agenda contains both short-term measures (aimed at making access to regasification structures more transparent) and long-term measures (aimed at expanding current capacity) for encouraging the use of natural gas in generating electricity.

Law on interconnection

On January 30, 2014, a law on interconnection derogating from the provisions of the General Law on electricity services was promulgated. Under the new provisions, the state may promote interconnection projects between the northern interconnected system (SING) and the central interconnected system (SIC).

Law on the sale of electricity on the regulated end market

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

Argentina

Resolution 32/2015

In March 2015, the *Secretaría de Energía* issued Resolution 32/2015, which establishes the introduction, starting from February 1, 2015, of a theoretical new regulatory framework that will have no impact on the rates charged to end users. The difference between the theoretical framework and that applicable to end users consists of a temporary additional income component for distributors, to be set by ENRE and CAMMESA. The two entities are also responsible for the associated transfer of the funds. The resolution confirms that these transfers are to be treated as payments on account in anticipation of the general rate revision to be undertaken by ENRE in the next few months.

Likewise, and starting from the same date, the resolution establishes that the funds collected through the *Programa de Uso Racional de la Energía Eléctrica* (PUREE) be treated at a true rate component for distribution companies, in recognition of the higher costs that they incur. The resolution extended the compensation under the *Mecanismo de Monitoreo de Costos* and of PUREE beyond that in the situation prior to January 31, 2015, allowing the receivables accrued under these two instruments to be set off against the trade payables due to CAMMESA. The balance will be paid in accordance with a payment schedule yet to be determined.

The regulations require every company to submit a plan of investments to be made by 2015, an agreement on the use of the supplemental funds transferred (including the prohibition on the payment dividends), as well as the withdrawal of legal action for the recovery of receivables.

Secretaría de Energía Note 4012

On June 24, 2014 the *Secretaría de Energía* approved Note 4012, which establishes the inflation rate ("MMC" index) for EDESUR for the period between October 2013 and March 2014 and allows it to be offset against the corresponding debt in respect of the PUREE program for the same period, as was previously allowed for the period between February 2013 and September 2013 by Note 6852.

Resolution 529/2014

On May 20, 2014 the *Secretaría de Energía* published Resolution 529/2014, which updated, retroactively from February 2014, the remuneration received by generation companies, previously established by Resolution 95/2013.

In addition to raising the remuneration for fixed and variable costs, the new resolution introduces a new item intended to cover extraordinary maintenance costs, which will be paid through the issuance of LVFVDs (*Liquidaciones de Venta con Fecha de Vencimiento a Definir*).

Brazil

Technical note 112/2014-SRE-ANEEL - Revision of 2014-2018 Ampla rates

On April 7, 2014, the regulator, ANEEL, approved technical note 112/2014-SRE-ANEEL concerning the revision of the rates applied by electricity distributor Ampla, taking effect as from March 15, 2014. It ensures recognition of all capital expenditure and operating costs incurred by the distributor. The average increase for consumers will be equal to 2.64%, applicable starting from April 8, 2014.

Involuntary exposure of distributors to the spot market

On March 7, 2014, the government published Decree 8.203, which permits distributors to turn to the *Conta de Desenvolvimento Energético* (CDE) to cover additional costs arising from their involuntary exposure to the spot market and from thermal dispatching. The Brazilian regulation guarantees full coverage during the subsequent rate cycle.

Also for this purpose, on April 2, 2014, the government published Decree 8.221, which, as an alternative to the recovery of additional costs through the rate cycle, envisages providing immediate financial coverage for distributors by setting up a new regulated environmental trading account (*Conta ACR*), which will be managed by the *Câmara de Comercialização de Energia Elétrica* (CCEE). On April 28, 2014, following the receipt of bank financing, the CCEE reimbursed Ampla and Coelce for a part of the higher costs incurred as a result of this involuntary exposure to the spot market price and the coverage of the higher costs of transporting the electricity from the generation plant.

On November 25, 2014, ANEEL approved the new ceiling and floor on the differences settlement price (*Precio de Liquidación de las Diferencias* - PLD) for 2015. The decision has generated a great deal of debate, beginning with public consultation 09/2014 and subsequently at the public hearing 54/2014.

The main effect of the new limits is that of reducing the financial impact of possible future risks associated with contractual exposure on the spot market on distributors, as well as mitigating the irreversible risk of business and financial exposure if production falls below contractual requirements on producers. This settlement mechanism ensures that the 2014 deficit is offset by appropriate rates in 2015.

Finally, on December 10, 2014, an addendum to the concession contract for Brazilian distributors (Ampla and Coelce) was signed permitting the recognition of receivables associated with the 2014 deficit, ensuring their recovery through recognition of the regulated assets as part of the capital that can be offset at the end of the concession period, in the event it is not possible to offset it during the contract period via the rate.

Full recognition of ICMS costs

On March 11, 2014, ANEEL, during the 7th ordinary meeting of its board, approved Coelce's request to fully recognize both future and past (from 2003 to 2013) sales tax (ICMS) paid to generators. Recovery of the amounts through rates will take place over four years, starting from April 2014.

On May 20, 2014, the federal public prosecutor's office requested that the adjustment of Coelce's rates be suspended. The action is aimed at stopping the recovery of ICMS through the rate, as established by ANEEL, thereby limiting the rate increase to 13.68% (rather than 16.77%).

Compensation for the effects of the drought

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

Renewable Energy

Greece

The Greek incentive system uses a feed-in tariff differentiated by renewable energy resource. In the 2012-2014 period, a range of measures were introduced to reduce the budget deficit, decreasing incentives. A new mechanism, based on premiums and tenders, should replace the current one, but the timing of its introduction is not known owing to political uncertainty.

The Wholesale Electricity Market and the Capacity Assurance Mechanism (CAM) are undergoing reform.

Under the proposed changes, the wholesale system will be composed of four separate markets: the Forward Market, the Day-Ahead Market (the only one currently operating), the Intra-day Market and the Balancing Market.

The CAM will be based on four pillars: capacity availability, flexibility, strategic reserve and demand-side response. On December 28, 2015, the government sent its proposal for the CAM to the European Commission. The proposal reflects the European Commission's indication to not introduce retroactive payments for 2015.

Romania

The main form of incentive in Romania for all renewable energy resources is the green certificates system. The only exception regards hydroelectric plants with a capacity of more than 10 MW, which are not eligible for any incentive mechanism. Sellers are required to purchase a specified share of renewable energy each year through the purchase of green certificates on the basis of annual targets set by law for the share of gross generation from renewables. Each year, the Romanian regulator publishes the mandatory share, recalculated to balance supply and demand. The value of the green certificates varies on the basis of coefficients that differ by generation technology. More specifically, these are 2 green certificates per MWh of generation from biomass, geothermal and wind until 2017 (after 2017, 1 green certificate), 6 green certificates per MWh of generation from photovoltaic, and 3 green certificates per MWh of generation from hydroelectric for new plants. The price of the green certificates is determined by law within a specified range (cap & floor). Sellers are subject to penalties in the event of non-compliance.

The ordinance EGO 57/2013 temporarily modifying the green certificate system established the temporary suspension (from July 1, 2013 to March 31, 2017) of trade in part of the green certificates due to renewables generators (1 green certificate per MWh for wind and mini-hydro and 2 green certificates per MWh for photovoltaic). Trading in the deferred green certificates could gradually resume after April 1, 2017 for photovoltaic and mini-hydro and after January 1, 2018 for wind, continuing until December 2020.

On December 31, 2015, the government published the share of electricity generated from renewables that will receive incentives for 2016, which is now equal to 12.15%; in 2015 it was equal to 11.9% (Decision 1110/2014 published on December 19, 2014).

Bulgaria

The Bulgarian incentive system is mainly characterized by a feed-in tariff differentiated by resource. The mechanism is open to on-shore wind plants, photovoltaic plants, hydroelectric plants with a capacity of less than 10 MW and biomass plants with a capacity of less than 5 MW.

Between 2012 and 2014 many regulatory changes were introduced, including a local tax of 20% (later cancelled by the courts), an access fee and limitations on subsidized production. All of these were intended to reduce the system deficit created by the incentives.

Turkey

The Turkish renewable energy system provides for a feed-in tariff mechanism denominated in US dollars, guaranteed for 10 years, with the option of transferring to the open market each year until 2020. If local components are used in construction, the system establishes a further five years of guaranteed incentives.

Germany

Three support mechanisms are in place:

> a feed-in tariff, applicable for plants in differing amounts depending on the date of entry into service;
> a feed-in premium, calculated as the difference between the "applicable value" (ct/kWh) for each form of renewable energy and the monthly average electricity price;
> auctions: to be implemented from 2017, replacing the feed-in-premium.

Spain

The Spanish incentive system for renewables was mainly based on feed-in tariff and feed-in premium mechanisms. The energy policies for both 2012 and 2013 mainly focused on the need to resolve the "rate deficit" problem. That is why, with Royal Decree Law 1/2012, the Spanish government suspended the pre-register procedures and eliminated incentive mechanisms for new renewable energy projects not already entered in the register. Law 15/2012 introduced a tax of 7% on electricity generated with any technology and a royalty of 22% for the use of water for electricity generation (reduced by 90% for plants with a capacity of less than 50 MW).

In 2013, Royal Decree 2/2013 eliminated the option of remuneration based on the market price plus a feed-in premium, leaving only the feed-in tariff option (price of energy included) or the market price, with no premium, and modified the basis of the indexing used for the feed-in tariff for renewables and cogeneration.

As part of the reform of the electricity sector begun in July 2013 through the adoption of Royal Decree Law 9/2013, on June 6, 2014 Royal Decree 413/2014, regulating production from renewable energy resources, co-generation and residual waste, was approved. The decree introduces a new remuneration system based on the concept of "reasonable profitability", which is equal to the yield on 10-year government securities plus 300 basis points. For the first regulatory period, lasting six years starting from June 2013, the return on investment is expected to be 7.4% in real terms before taxes. The new system calls for remuneration based on the sale of electricity at the market price, to which supplemental annual remuneration is added only in the event the market price is not enough to ensure the established reasonable profitability. Any supplemental remuneration is calculated based upon the standard operating and investment costs of an efficient, well-run company and for clusters of plants.

These standard parameters were determined on June 20, 2014 with the approval of Ministerial Order IET/1045/2014.
On July 8, 2014, Enel Green Power filed an administrative appeal of Royal Decree 413/2014 and Ministerial Order IET/1045/2014. As to the appeal of the Royal Decree, the action was submitted and a response from the Supreme Court is pending. As for the appeal of the Ministerial Order, in 2015 additional information was requested and, once obtained, the action was filed, which is awaiting assessment by the court's experts.
Two ministerial orders were issued during 2015 that aimed at improving the new regulatory framework. The first order, IET/1344/2015, sets the standard remuneration parameters for certain types of solar and cogeneration facilities not included in Ministerial Order IET/1045/2014 and therefore excluded from the incentive system since July 2013. The second order, IET/1345/2015, updates the values for the remuneration of cogeneration and biomass plants for the 2nd half of 2015 and defines the mechanisms for reviewing those values to be applied in subsequent years.
On July 31, 2015, Royal Decree 738/2015 was issued. It establishes the regulatory framework and the dispatching mechanism for plants located in the island territories (the Canary Islands, Balearic Islands, Ceuta and Melilla).
On August 5, 2014, Ministerial Order IET/1459/2014 was published. It defined the parameters for remuneration and the mechanism for assigning specific remuneration rules to new wind and photovoltaic plants in the extra-peninsular electrical systems. In addition, on September 24, 2015, Ministerial Order IET/1953/2015 was published. It updates IET/1459/2014 with the aim of increasing participation in the mechanism for allocating incentives to wind power plants for a total installed capacity of up to 450 MW.
In the final months of 2015 the criteria for awarding incentives to new renewable energy plants were defined, in line with the new regulatory framework. This voided the moratorium imposed with Royal Decree Law 1/2012. The criteria, which provide for the award to be made through an auction system, had already been envisaged in the new law on electricity supply, although the details of application had not yet been specified. These were defined with Royal Decree 947/2015, Ministerial Decree IET/2212/2015 and the Resolution of November 30 of the Secretary of Energy. The first auction, scheduled for January 14, 2016, involves 500 MW of wind capacity and 200 MW of biomass.
On December 19, the Resolution of December 18 of the Secretary of Energy was published. It sets out the criteria and the qualification tests that renewable energy plants must pass to be considered eligible to participate in system adjustment services, which to date have only been open to conventional power plants.

Portugal

The rate system for wind farms is primarily based upon a feed-in tariff mechanism. On June 24, 2014, Decree Law 94/2014 was published in an effort to increase the capacity of existing wind farms that meet certain technical requirements and have adequate wind resources. The decree law governs the conditions for delivering power in excess of the connection capacity to the grid and the associated remuneration.
Decree 102/2015 was published during the year, completing the regulation of the so-called "over-equipment" of wind farms under Decree Law 94/2014. This decree establishes the procedures and technical requirements for delivering electricity generated in excess of the authorized capacity to the network. The technical specifications are linked to real-time communication and the remote disconnection functions.

Morocco

Morocco is a country with a high percentage of electricity imports. In particular, since 2008 the Moroccan government has been promoting strategies to increase local production of renewable energy. Wind and solar resources are abundant across the country and for this reason the government has mainly supported the development of renewables technologies. The goal for 2020 is for 42% of electricity output in the country to come from renewable resources. In order to manage and govern the development of renewable resources in Morocco, the government has created two institutions: ADEREE, the National Agency for the Development of Renewable Energy and Energy Efficiency; and MASEN, the Moroccan Agency for Solar Energy.
The first approach to the development of renewables is based on competitive auctions. The government guarantees a power purchase agreement (PPA) with the single buyer ONEE, the national electricity sector agency. In this context, in 2015 the government is allocating 850 MW of wind power and has launched the first phase of competitive bidding to allocate 170 MW of solar energy (the NOOR PV program run by MASEN).
In addition to this first approach to renewables development, two additional approaches are also being used:

self-production and liberalization of high-voltage customers provided they are supplied from renewable resources.
This latter system is based on opening the market for high-voltage customers. Law 09/13 allows a renewable energy producer to build a new plant with the purpose of selling to high-voltage customers.
Morocco intends to create a new agency called ANRE to act as an independent national energy regulator to ensure compliance with regulations and competitiveness between operators in the electricity and gas markets, and to set prices and conditions of access to the transmission and interconnection network. To this end, in 2015 the government began drafting a new law.
In 2015, the government endorsed Bill 58 of 2015 amending some aspects of Law 09/13. The bill establishes that producers of renewable energy can also access low voltage grids. The specific conditions will be defined and regulated subsequently. The bill also regulates aspects concerning the delivery of excess renewable energy to the high-voltage network.

South Africa

In May 2011, South Africa approved a target of 17.8 GW of installed renewable capacity by 2030 based upon the long-term energy strategy set out in the 2010-2030 Integrated Resource Plan. The primary tool to be used in achieving this target is the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), an auction system launched in 2011 that seeks to install around 13 GW in new renewable capacity between 2014 and 2020 (hydroelectric <40 MW, concentrated solar and photovoltaic, wind, biomass, biogas and landfill gas power). Currently, five rounds (bid windows) are scheduled, four of which have already been held, with the award of more than 5,000 MW of capacity. In 2015 an additional round – called the Expedited Round, or Round 4.5 – was added and held for an additional 1,800 MW, which have not yet been assigned.
After a pre-qualification phase, which is concerned with technical and financial issues, qualified projects are chosen based upon two criteria: the bid price (weighted 70%) and the economic development content of the project (weighted 30%). The latter is based upon a series of parameters focusing on the economic development of the country, including local content and the creation of jobs for South Africans, especially non-whites.
The winners will be invited to enter into a 20-year PPA with the national utility, Eskom, with payments guaranteed by the government.

In early 2015, NERSA, the national electricity regulator, initiated two reviews of the rules applicable to distributed generation and the use of the national grid for electricity transport (wheeling). The rules governing distributed generation will allow all end users the option of installing photovoltaic systems and to export their excess power to the grid (net metering). The rules governing wheeling will permit the sale of electricity through bilateral contracts between a private generator and end users (commercial or industrial enterprises; residential customers are not eligible). The dates for completion of those reviews have not been announced officially.

Finally, on the basis of the long-term rate planning mechanism, South African electricity rates should increase by an average of 8% a year until 2018.

India

India is a federal republic composed of 29 states, each of which has specific responsibilities in various sectors as well as shared responsibility with the federal government in the electricity sector.
The Ministry of New and Renewable Energy (MNRE) defines and implements policy for the development of renewable energy at the national level. In addition to the Ministry, the power market is supervised at the federal level by the Central Energy Regulatory Commission (CERC), which sets guidelines and standard rates, and by the State Energy Regulatory Commissions (SERC), which implement them at the state level.
In June 2015 the government headed by Prime Minister Narendra Modi approved a target of 175 GW of renewables capacity by 2022, including 100 GW from solar, about 60 GW from wind and about 10 GW from other technologies.
The renewables industry is characterized by a high degree of fragmentation, as each state has introduced its own regulatory system for the development of new capacity. In general, the main support mechanisms for the development of wind and solar are:
> federal and state auctions (solar);
> feed-in tariffs at the state level (wind);
> generation-based incentives at the federal level (wind);
> Renewable Energy Certificates (REC) based on state-level Renewable Portfolio Obligations (RPO) (wind and solar);
> specific tax incentives.
The most widely adopted incentive plan for wind power is based on Preferred Feed-In Tariffs, defined by the SERC at

the state level and implemented through PPAs with state distribution companies with terms varying between 10 and 25 years depending on the state.

As concerns developing the solar energy sector, in 2010 a federal program called the Jawaharlal Nehru National Solar Mission (JNNSM) was launched, based on an auction system managed at the federal level but implemented at the state level. The program is structured into three phases, of which the second is currently under way. The winning bidders are awarded a 25-year PPA at a fixed rate with the National Thermal Power Corporation (NTPC), the leading national electricity company.

Kenya

While Kenya has not set official installed capacity targets for renewable energy, it strongly supports their development, mainly in order to reduce its dependence on hydroelectric power, seeking to attract private investors.

The main incentive mechanism for renewables, in use since 2008 and revised in 2012, is the feed-in tariff system (FiT), with a specified value determined by law by the Energy Regulatory Commission (ERC) for plants with a capacity of less than 10 MW and by auction for larger facilities. The support mechanism provides for 20-year power purchase agreements (PPA) with Kenya Power and Lighting Company (KPLC), the national operator in charge of transmission, distribution and supply of end users. Rates are differentiated by technology (wind, biomass, solar, mini-hydro and geothermal) and size of the plant. They are partly indexed to US inflation (US CPI).

In 2012 a ceiling was set for the maximum capacity of renewables plants that could be built with a FiT contract. The FiT support mechanism is reviewed every three years, including a revision of rates. The new measures only apply to new plants, however.

The country has a rate of electrification of just 23%, making an increase in the rate of rural electrification through the extension and increasing the density of the national grid, the development of mini-grids and off-grid projects a major priority.

Latin America

The development of renewable energy resources in Latin America is less diversified than in Europe. In particular, the territory has historically had electric matrixes with a large number of major hydroelectric plants, although in the last few years a gradual diversification has been under way. The main remunerative approach involves long-term power purchase agreements (PPAs), tax incentives and facilitated transport rates.

Brazil

The incentive system for renewable energy in Brazil was created in 2002 with the implementation of a feed-in mechanism (PROINFA), and was then harmonized with the sales system for conventional power using competitive auctions. The system envisages different types of auction depending on whether participation is reserved to new plants or existing plants and primarily comprise:

> *Leilão Fontes Alternativas*, reserved to renewable wind, biomass and hydroelectric technologies up to 50 MW;
> *Leilão Energia de Reserva*, for which all projects that will enter operation within three years of the date on which the auction is held are eligible. These auctions are normally organized to increase reserve capacity and/or promote the development of certain technologies (such as renewables);
> *Leilão de Energia Nova*, for which all projects that will enter operation more than three years after the date on which the auction is held are eligible. These auctions are divided into A-3 and A-5 auctions on the basis of the generator's obligation to supply the energy awarded after three or five years.

An auction typically has two phases: the descending-clock phase in which the auction organizer establishes the opening price for the auction and the generators submit decreasing bids; and the pay-as-bid phase in which the remaining generators further reduce the price until the supply of power covers all the demand up for auction. The winning bidders are granted long-term contracts whose term varies by resource: 15 years for thermal biomass plants, 20 years for wind plants, 25 years for solar plants and 30 years for hydroelectric plants.

During 2015, eight auctions were held for the supply of regulated customers, of which five involved the participation of renewables projects. Contracts for a total of about 5.5 GW in new capacity were awarded. In November, the federal government also held an auction for the reallocation of about 6 GW of expiring hydroelectric concessions, with 30-year contracts that provide for remuneration of operating costs for 70% of the capacity and the possibility of allocating the remaining 30% on the free market.

In September, the Ministry approved a decree that will allow wind turbines that have been operational for at least 24 months and have undergone technical alterations during project development to recalculate the value of their "*Garantia Física*", i.e. the maximum capacity with which a system can participate in an auction to supply regulated customers. Under the approved methodology, plants that record a positive differential can sell it through A-0 and A-1 auctions or to free-market customers.

In December, Law 13.203 was approved. Among other changes, it introduced a new mechanism for managing the hydrological risk, which allows hydroelectric generators the option of transferring that risk to end users in exchange for a price reduction in contracts signed. It also increased, from 30 MW to 300 MW, the threshold for renewables plants to benefit from tax incentives and allows plants that won in previous auctions to participate with any surplus capacity in future auctions for the supply of regulated customers.

Chile

Chile has a system mandating achievement of specified renewable energy targets for those who withdraw power for sale through distributors or sales companies. The law sets two different targets based upon the date the contract is signed:

> for all power under contract between August 31, 2007 and June 30, 2013, renewable resources are to account for 5% of the electricity starting from 2014, an amount that will increase by 0.5 points per year to reach a share of 10% by 2024;

> for all contracts signed starting from July 1, 2013, Law 20698 of 2013 sets a target of 20% by 2025 to be achieved by gradually raising the initial share of 6% in 2014.

All renewable energy resources are eligible for the purposes of meeting the requirement. For hydroelectric plants with a capacity of up to 40 MW, the system provides for a corrective factor which counts all of the first 20 MW and a declining proportion of the capacity between 20 and 40 MW. The mechanism also establishes penalties for failure to achieve the mandatory share.

In May 2014, the country's new Energy Agenda was presented by President Michelle Bachelet, setting out the primary energy policy targets, the next regulatory steps to be taken and laying out the plans of investments that the government intends to make in its next term. Specifically, with regard to renewables, the Agenda confirms the target of cutting energy consumption by 20% by 2025 and introduces an additional target that 45% of new capacity to be installed between 2014-2025 be supplied by renewable power plants.

On January 29, 2015, Law 20.805 was approved, introducing changes to the system of auctions for the supply of customers on the regulated market. The primary changes involve increasing the term of the contract (from 15 to 20 years), as well as the range within which customers are allowed to remain within the regulated market (from a range of 0.5-2 MW to a range of 0.5-5 MW), introducing short-term auctions and, finally, offering new plants the option of delaying the date at which they are to begin supplying electricity. The new rules will be in effect for all contracts signed as a result of auctions organized as from 2016.

In April 2015, the Ministry published the decree approving the Plan for the Expansion of the National Electrical System for 2014-2015. The plan include the construction of an interconnection between the country's two main electrical systems (SIC and SING), which should enter service by the end of 2019.

In September 2015 the document "*Hoja de Ruta al 2050: Hacia una Energía Sustentable e Inclusiva*" was published, defining guidelines for the long-term evolution of the energy industry in Chile and setting a number of industry targets. The document constitutes one of the foundations of the energy policy to be developed by the Energy Ministry and introduces, among other things, the goal of generating 70% of power from renewable resources by 2050, most of which should be obtained by using wind and solar capacity.

Colombia

On May 14, 2014 the President of Colombia promulgated Law 1715 concerning the promotion of electricity generation from renewable resources, the reduction of greenhouse gas emissions and ensuring the country's energy security. In addition to introducing a variety of tax incentives for renewable resources, the law provides for the creation of a fund to finance non-conventional renewables plants and energy efficiency initiatives.

In 2015, the drafting of second level legislation continued, with the approval of a decree formalizing the tax incentives envisaged in the law for renewables plants. More specifically, such plants will be exempt from VAT and duties and benefit from accelerated depreciation and a 50% tax deduction.

In February 2016, the Ministry of Mines and Energy published the new plan for the 2015-2029 period ("*Plan de Expansión de Referencia Generación - Transmisión 2015-*

2029"), officially beginning the construction of the connection of the peninsula of La Guajira to the national electrical system, which should enter service by the end of 2022. The area, in the north of the country, is currently isolated but is one of the areas of greatest wind potential in Colombia. In the coming months, the final design of the project will be completed, setting out the detailed timetable for construction, so as to take account of the development plans of local generators.

Mexico

The year 2015 saw the progressive approval and publication of a series of laws and regulations to restructure the energy and oil sector. With specific regard to the electricity industry, the legislative process, which began with constitutional amendments approved in December 2013 and continued in 2014 with the enactment of the legal framework for the electricity industry (*Ley de la Industria Eléctrica, Ley de Energía Geotérmica* and *Ley de la Comisión Federal de Electricidad*), culminated in 2015 with the publication of the Electricity Market Guidelines.

The document, published in September, describes the rules governing the operation and organization of, as well as the criteria for participation in, the new market. The system provides for mechanisms for short and long-term transactions in electricity, capacity and "clean energy" certificates, including a real-time market, a day-ahead market and auctions for the supply of customers in the regulated market.

On the basis of the announced calendar, as from January 27, 2016, operators can participate in the wholesale market, while the first long-term auction will be held in March 2016, at which distributors can purchase the power and certificates necessary to achieve the target of 25% of generation from non-fossil resources by 2018. January 27, 2016 also saw the launch of the real-time wholesale market.

In January, the Ministry also initiated the unbundling of the former market monopolist (*Comisión Federal de Electricidad* - CFE) with the publication of the associated decree. That process, which should be completed by the end of 2017, envisages horizontal and vertical separation and will lead to the creation of at least four generation companies, two grid operations companies (transmission and distribution), two sales companies (for customers in the free and regulated markets) and two branches to manage commercial relations with generators who opt to maintain the pre-reform market arrangements (independent producers and self-generators).

As regards the long-term development of the sector, in June the Ministry of Energy (SENER) presented the electricity sector planning document for 2015-2029 (PRODESEN). The document sets out to identify the electricity generation, transmission and distribution projects necessary to meet demand over the period. According to ministry estimates, demand is expected to rise by between 3% and 4%, which will require about 60 GW of additional capacity, of which about 32 GW of renewables capacity in order to meet the target of 35% of generation from renewables by 2024.

Finally, in December the Energy Industry Transition Act was approved, defining and formalizing the medium and long-term objectives for the incorporation of generation from non-fossil resources into the electricity system (25% by 2018, 30% by 2021 and 35% by 2024).

Peru

The Peruvian renewables incentive system, introduced with Legislative Decree 1002 of 2008 (*Decreto Legislativo de Promoción de la Inversión para la Generación de Electricidad*), is a system of competitive auctions open to all renewable generation technologies (with the sole exception of hydroelectric plants, which are eligible up to a limit of 20 MW), usually differentiated by resource at the time of the publication of the associated decree by the Ministry.

The auctions provide for a maximum bid price and a pay-as-bid mechanism. The winning renewables plants also benefit from dispatching priority and a variety of tax incentives, including accelerated amortization and early reimbursement of sales taxes.

In December, the fourth renewables auction was held as part of the effort to achieve the 5% target introduced with the 2008 law. The winning bidders will sign 20-year contracts to supply electricity from wind, photovoltaic, mini-hydro and biomass resources totaling about 2.2 TWh a year, with supply to begin in January 2018. The winners will be announced in February or March 2016.

As regards legislation governing the development of generation, in February 2015, the regulator OSINERGMIN approved the new calculation method for *Energía Firme*, which in the case of renewables plants will be defined on the basis of the production function, distinguishing between plants in operation, new plants and winners of a renewables auction.

Panama

Renewable energy is primarily sold through public auctions organized by distributors and bilateral power purchase agreements reached on the free market.

In February 2015, the Congress approved Law 25, which authorizes the creation of the Ministry of the Environment. The new ministry will be charged with contributing to the implementation of environmental policies in collaboration with other ministries and with implementing national development projects.

In May 2015 Resolution 8566 was approved. It changes the methodology for the export of electricity during periods of abundant water availability. The new rule proposed by the operator of the Panamanian system, *Centro Nacional de Despacho*, would reduce the risk of reservoir overflow.

Guatemala

Renewable energy is primarily sold through public auctions organized by distributors/traders and bilateral power purchase agreements on the free market. The country also has a system of tax incentives, including a 10-year exemption from income tax and an exemption from taxes in the import of materials and equipment for renewables plants.

In January 2015 the regulator, CNEE, announced that in 2014 the country had reached 65% of generation from renewable resources, an increase of about 15% compared with 2007, the year in which the government approved the country's long-term targets for renewables generation. More specifically, the numbers confirmed that the country had achieved the target of 60% set for 2015 and was on the way to achieving the subsequent target (80% by 2026).

Costa Rica

Renewable energy is primarily sold through IPPs (≤20 MW) with rates set by the regulator (ARESEP) and BOT public auctions (≤50 MW) with prices set for long-term PPAs with ICE.

In September 2015, the President signed the "*Plan Nacional de Energía 2015-2030*", which sets out short, medium and long-term objectives for energy sector planning. For the electricity industry, four objectives have been defined and will be addressed by specific measures in the coming years:

- improving energy efficiency through a reduction of energy intensity and emissions associated with energy consumption;
- ensuring optimal distributed generation, allowing the direct use of renewable resources;
- optimizing the country's generation matrix by assessing the available resources and their combination in terms of quality, availability and price;
- introducing a comprehensive planning approach for the energy system that considers economic, technical, social and environmental aspects as pillars of the system.

Uruguay

The country's energy policy is guided by the 2005-2030 National Energy Policy, approved by the government in order to reduced Uruguay's energy dependency and encourage investment in the energy industry. The policy sets out a series of short, medium and long-term objectives, including a goal of achieving 15% of generation from non-conventional renewables by 2015 (the target was achieved).

As regards market access, private operators can participate in auctions called by the government, normally differentiated by generation technology, for the award of long-term contracts for the sale of electricity to the national distributor UTE.

United States

The United States has a two-level renewables incentive system. The federal level envisages various types of support, including tax incentives for production and investment (the production tax credit - PTC and the investment tax credit - ITC), accelerated depreciation and federal subsidies. At the state level, the main incentive is a Renewable Portfolio Standard (RPS) mechanism, i.e. a system of mandatory percentages of generation from renewables for utilities, with targets differing from state to state. Most states have adopted systems of tradable certificates but there is no corresponding platform active at the federal level.

The production tax credit (PTC), the tax incentive to encourage renewable electricity generation from wind, geothermal, hydroelectric and biomass plans, which expired at the end of 2015, while the investment tax credit (ITC), the tax incentive for solar energy, which is expiring at the end of 2016, were both recently renewed.

The wind PTC is granted in an amount equal to:

- 100% if construction begins before January 1, 2017;
- 80% if construction begins after December 31, 2016 and before January 1, 2018;
- 60% if construction begins after December 31, 2017 and before January 1, 2019;
- 40% if construction begins after December 31, 2018 and before January 1, 2020.

The solar ITC is granted in an amount equal to:

- 30% if construction begins before January 1, 2020;

- 26% if construction begins after December 31, 2019 and before January 1, 2021;
- 22% if construction begins after December 31, 2020 and before January 1, 2022.

Finally, the geothermal, hydroelectric and biomass PTC is granted in an amount equal to 100% if construction begins before January 1, 2017, establishing a two-year extension with no period of gradual elimination of the incentive.

Additional guidance on the definition of "construction begins" and "continuous efforts" required for eligibility is expected to be issued by the Internal Revenue Service in the 1st and 2nd Quarters of 2016.

In August 2015, the Environmental Protection Agency (EPA) announced the Clean Power Plan for cutting emissions by 32% by 2030 and established a specific reduction target for each state. However, on February 9, 2016, the US Supreme Court ordered the suspension of the measure while federal courts are examining the issue. The validity of the EPA's deadlines for the states now hangs on the outcome of the legal proceedings. Previously, each state had to present an appropriate reduction plan to the EPA by 2016.

States will need to start cutting emissions by 2022, with an incentive system in place starting in 2020.

Main risks and uncertainties

Due to the nature of its business, the Group is exposed to a variety of risks, notably market risks, credit risk, liquidity risk, industrial and environmental risks and regulatory risk. In order to mitigate its exposure to these risks, the Group conducts specific analysis, monitoring, management and control activities, as described in this section.

Risks connected with market liberalization and regulatory developments

The energy markets in which the Group operates are currently undergoing gradual liberalization, which is being implemented using different approaches and timetables from country to country.

As a result of these processes, the Group is exposed to increasing competition from new entrants and the development of organized markets.

The business risks generated by the natural participation of the Group in such markets have been addressed by integrating along the value chain, with a greater drive for technological innovation, diversification and geographical expansion. More specifically, the initiatives taken have increased the customer base in the free market, with the aim of integrating downstream into final markets, optimizing the generation mix, improving the competitiveness of plants through cost leadership, seeking out new high-potential markets and developing renewable energy resources with appropriate investment plans in a variety of countries.

The Group often operates in regulated markets or regulated regimes, and changes in the rules governing operations in such markets and regimes, 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.

Risks connected with CO_2 emissions

In addition to being one of the factors with the largest potential impact on Group operations, emissions of carbon dioxide (CO_2) are also one of the greatest challenges facing the Group in safeguarding the environment.

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

Market risks

As part of its operations, Enel is exposed to a variety of market risks, notably the risk of changes in interest rates, exchange rates and commodity prices.

The financial risk governance arrangements adopted by the Group establish specific internal committees responsible for policy setting and supervision of risk management, as well as specific policies at the Group and individual Region/Country/global business line levels that establish the roles and responsibilities for risk management, monitoring and control processes, ensuring compliance with the principle of organizational separation of units responsible for operations and those in charge of managing risk.

The financial risk governance system also defines a system of operating limits at the Group and individual Region/Country/global business line levels for the various types of risk, which are monitored periodically by risk management units.

To maintain market risk within the limits set out in the Group's risk management policies, Enel uses derivatives obtained in the market.

Risks connected with commodity prices and supply continuity

Given the nature of its business, Enel is exposed to changes in the prices of fuel and electricity, which can have a significant impact on its results.

To mitigate this exposure, the Group has developed a strategy of stabilizing margins by contracting for supplies of fuel and the delivery of electricity to end users or wholesalers in advance.

The Group has also implemented a formal procedure that provides for the measurement of the residual commodity risk, the specification of a ceiling for maximum acceptable risk and the implementation of a hedging strategy using derivatives on regulated or over-the-counter (OTC) markets.

For a more detailed examination of commodity risk management and the outstanding derivatives portfolio, please see note 41 of the consolidated financial statements.

In order to limit the risk of interruptions in fuel supplies, the Group has diversified fuel sources, using suppliers from different geographical areas.

Exchange risk

The Group is exposed to the risk that changes in the exchange rates between the euro and the main other currencies could give rise to adverse changes in the euro value of performance and financial aggregates denominated in foreign currencies, given the Group's geographical diversification and the access to international markets connected with the issue of debt instruments and transactions in commodities.

Accordingly, the exposure to exchange risk, which is mainly denominated in US dollars, is attributable to:

> cash flows in respect of the purchase or sale of fuel or electricity;
> cash flows in respect of investments in foreign currency, dividends from foreign subsidiaries or the purchase or sale of equity investments;
> financial liabilities assumed by the holding company or the individual subsidiaries denominated in currencies other than the currency of account or functional currency of the company holding the liability;
> financial assets/liabilities measured at fair value.

The consolidated financial statements are also exposed to the exchange risk associated with the consolidation values of equity investments denominated in currencies other than the euro (translation risk).

The policy for managing exchange risk is designed to ensure the systematic hedging of exposures, with the exclusion of translation risk, through operational processes that ensure the implementation of appropriate hedging strategies, which typically involve the use of financial derivatives on over-the-counter (OTC) markets.

For more details, please see note 41 of the consolidated financial statements.

Interest rate risk

The Group is exposed to the risk that changes in interest rates could give rise to increases in net financial expense or adverse changes in the value of assets/liabilities measured at fair value.

The main source of exposure to interest rate risk is the variability of financial terms in the case of new debt or fluctuation in the interest flows associated with floating-rate debt.

The risk management policy seeks to maintain the risk profile established within the framework of the formal risk governance procedures of the Group, curbing funding costs over time and limiting the volatility of results. This goal is also pursued through the use of financial instruments on over-the-counter markets.

For more details, please see note 41 of the consolidated financial statements.

Credit risk

The Group's commercial, commodity and financial operations expose it to credit risk, i.e. the possibility that an unexpected change in the creditworthiness of a counterparty could impact the creditor position, in terms of insolvency (default risk) or changes in its market value (spread risk).

Beginning in the last few years, with the instability and uncertainty of the financial markets and the global economic crisis, average payment times for trade receivables by counterparties have increased. In this general environment, in order to minimize credit risk, the credit risk management policy calls for the preliminary assessment of the creditworthiness of counterparties in the main portfolios and the use of risk mitigation techniques, such as the acquisition of secured or unsecured guarantees and, for financial and commodities transactions in particular, standard contractual frameworks.

In addition, the general Group policy provides for application of uniform criteria in all the main Regions/Countries/global business lines for monitoring and controlling credit risk in order to promptly identify any deterioration in credit quality and determine any mitigation actions to implement.

As regards credit risk in respect of commodities transactions, credit risk limits specified by the competent units of the Region/Country/global business line involved are applied.

As to credit risk in respect of financial transactions, including those involving derivatives, risk is minimized by selecting counterparties with high credit ratings from among leading Italian and international financial institutions, portfolio diversification, entering into margin agreements for the exchange of cash collateral, or the use of netting arrangements. In 2015, operating limits on credit risk approved by the Group Risk Committee were again applied and monitored, using an internal valuation system, at both the individual Region/Country/global business line level and at the consolidated level.

As part of the management of credit risk even more effectively, for a number of years the Group has carried out non-recourse assignments of receivables for specific segments of the commercial portfolio. Partly in view of the macroeconomic environment, as from 2011 the use of assignments was extended both geographically and to invoiced receivables and receivables to be invoiced of companies operating in other segments of the electricity industry than retail sales (such as, for example, receivables from generation activities, sales of electricity as part of energy management operations, the sale of green certificates or electricity transport services).

All of the above transactions are considered as non-recourse transactions for accounting purposes and therefore involved the full derecognition of the corresponding assigned assets from the balance sheet, as the risks and rewards associated with them have been transferred.

Liquidity risk

Liquidity risk is the risk that the Group, while solvent, would not be able to discharge its obligations in a timely manner or would only be able to do so on unfavorable terms owing to situations of tension or systemic crises (credit crunches, sovereign debt crises, etc.) or changes in the perception of Group riskiness by the market.

The Group's risk management policies are designed to maintain a level of liquidity sufficient to meet its obligations over a specified time horizon without having recourse to additional sources of financing as well as to maintain a prudential liquidity buffer sufficient to meet unexpected obligations. In addition, in order to ensure that the Group can discharge its medium and long-term commitments, Enel pursues a borrowing strategy that provides for a diversified structure of financing sources to which it can turn and a balanced maturity profile.

Rating risk

Credit ratings, which are assigned by rating agencies, impact the possibility of a company to access the various sources of financing and the associated cost of that financing. Any reduction in the rating could limit access to the capital market and increase finance costs, with a negative impact on the performance and financial situation of the company.

In the first half of 2015, Standard & Poor's and Moody's revised their outlooks for Enel upwards, bringing them from stable to positive and from negative to stable, respectively, mainly owing to the resilience the Group has shown in tackling adverse market conditions (the slowdown in the economy and the fall in commodity prices) and changes in the regulatory systems of the markets in which it operates, thanks to the flexibility of the range of strategic options available to the Group, such as asset disposals, containment of operating costs and optimization of the debt exposure.

Accordingly, at the end of the year Enel's rating was: (i) "BBB" for Standard & Poor's with a positive outlook; (ii) "BBB+", with a stable outlook for Fitch; and (iii) "Baa2", with a stable outlook for Moody's.

Country risk

In 2015 growth performance differed sharply between OECD and non-OECD countries. Despite benefiting from a highly favorable international macroeconomic environment thanks to the expansionary monetary policies of the European Central Bank (ECB) and low oil prices, the European economy was sluggish and still far from its pre-crisis levels, a crisis worsened by the unresolved Greek impasse. Growth prospects for all of Europe are still held back by an environment unconducive to investment and by high unemployment. By contrast, the United States recorded strong economic performance, surpassing its pre-crisis levels due to higher levels of domestic demand and consumption and the revival of the services sector thanks to the massive monetary policy intervention by the Federal Reserve (Fed). Unemployment figures remain very positive as is core inflation, which is close to the Fed's target level, while headline inflation (including the more volatile components such as energy) is still far from the target and it is difficult to discern a clear trend towards recovery. The recovery in private consumption, sustained by the improvement in the labor market, however, has been accompanied by less than exuberant performance in manufacturing and industry in general as well as a deterioration in the trade balance. The latter was affected by the strong appreciation of the dollar (which has helped buoy demand for imports of consumer goods and made goods with prices denominated in dollars less competitive) as a result of divergent expectations (initially more restrictive, but later attenuating) in the financial markets concerning the monetary policy stance of the US central bank. Another factor was the decline in global demand, which was exacerbated in particular by the economic slowdown in China. Last year China's role as the driver of growth grew increasingly shaky after ensuring outstanding economic performance for more than a decade, led primarily by exports and high levels of domestic investment. The real challenge facing policy makers will be to revive growth through the development of an internal market and the rise of the services sector. The situation in other large emerging countries differs considerably: on one hand, the Indian economy, thanks to the central bank's monetary policies, seems poised for a strong recovery, while on the other, Brazil is struggling with record levels of inflation, a series of mistaken policy decisions and internal scandals. Once again the Russian economy is trending downwards in the wake of the geopolitical tensions with Ukraine and, especially, low oil prices, which have tipped the country into recession with double-digit inflation. Concern remains high in the Middle East and North Africa in response to developments in Syria and Libya, respectively, which present risks that could trigger a lasting alteration of regional and global balances, and massive refugee flows and the attendant uncertainties, which could impact the overall macroeconomic situation.

Industrial and environmental risks

Industrial and environmental risks are managed by the Global Generation business line using statistical modeling techniques, which assess risks in probabilistic and monetary terms for each plant/grid/project. In addition to typically industrial risk models (business interruption, operation and maintenance), Enel has developed models to measure disaster risks linked to seismic events, a model for assessing fire risks and environmental models to assess the exposure of each plant to risks involving all possible segments of the environment, such as the air, water, land and underground. All of this is done with the objective of identifying the most critical areas and preparing appropriate instruments to safeguard the industrial value of plants.

Breakdowns or accidents that temporarily interrupt operations at Enel's plants represent an additional risk associated with the Group's business.

In addition, we also conducted exercises to assess risks associated with the operation of the distribution networks managed by the Infrastructure and Networks business line.

In order to mitigate such risks, the Group adopts leading prevention and protection strategies, including preventive and predictive maintenance techniques and technology surveys to identify and control risks. In the environmental area, plants undergo certification under international standards (ISO 14001 and EMAS) and the use of environmental management systems to monitor potential sources of risk in order to identify any threats promptly.

The Group also uses the Mapping of Environmental Compliance approach (MAPEC), which with regard to the operation of electricity generation and distribution systems (excluding nuclear plants) makes it possible to identify environmental risks to the strategy and reputation of the organization and to the environment itself.

Any residual industrial and environmental 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 and gas.

With regard to nuclear power generation, Enel operates in Slovakia through Slovenské elektrárne and in Spain through Endesa. In relation to its nuclear activities, the Group is exposed to operational risk and may face additional costs because of, *inter alia*, accidents, safety violations, acts of terrorism, natural disasters, equipment malfunctions, malfunctions in the storage, movement, transport and treatment of nuclear substances and materials. In the countries where Enel has nuclear operations, specific laws based on international conventions require operators to obtain insurance coverage for liability for risks associated with the use and transport of nuclear fuel, with coverage ceilings and other terms and conditions set by law. Other mitigating measures have been taken in accordance with international best practice.

Outlook

The strategic plan, presented in November 2015, is focused closely on long-term industrial growth, especially in renewables and networks. It sets out an ambitious program for enhancing efficiency through the reduction of maintenance and operating costs in all global business lines.
The plan also envisages the simplification of the Enel Group's corporate structure, which began in 2014 with the separation of the two subsidiaries Endesa and Enersis. It also seeks to manage the Enel asset portfolio actively with a view to creating value through the strategic repositioning of the Group. Finally, it provides for focusing growing attention on shareholder remuneration, thanks to a gradual increase in dividends distributed through 2019 in order to align the Enel Group more closely with the sector average.
In 2016, the full integration of Enel Green Power and the corporate reorganization in Latin America will be completed. The year will also see the launch of the smart meter installation campaign and the development of the strategic plan of Enel Open Fiber.

Based on the key pillars outlined above, the following table sets out the performance and financial targets on which the 2016-2019 strategic plan is founded, aiming to boost cash generation to support the increase in dividends to the benefit of shareholders.

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

The Enel strategic plan is a synthesis of the long-term vision of the Company: a new strategic direction called "Open Power", which represents a new approach involving all of the Group's industrial processes and commercial initiatives, guiding investments and the relationship with stakeholders. It is in fact based on the concept of openness in terms of sustainability and, hence, innovation and technological innovation at a time when the Enel Group is opening its infrastructure to a variety of other uses: openness with stakeholders, through dialogue with the communities in which the Group operates; openness within the Group, which means leveraging the talents and diversity among our people; and finally, openness as the capacity to listen to the world around us and to seize the opportunities and meet the needs we find.
Consistent with this innovative approach, on January 26, 2016 Enel presented the new Group logo, a global brand that represents openness to change, listening and innovation.

Other information

Non-EU subsidiaries

At the date of approval by the Board of Directors of the financial statements of Enel SpA for 2015 – March 22, 2016 – the Enel Group meets the "conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries" (hereinafter "non-EU subsidiaries") established by CONSOB with Article 36 of the Market Rules (approved with Resolution 16530 of June 25, 2008, as amended).

Specifically, we report that:

- in application of the materiality criteria for the purposes of consolidation provided for in Article 36, paragraph 2, of the CONSOB Market Rules, 23 non-EU subsidiaries of the Enel Group have been identified to which the rules in question apply on the basis of the consolidated accounts of the Enel Group at December 31, 2014.

  They are: 1) Ampla Energia e Serviços SA (a Brazilian company belonging to the Enersis Group); 2) Buffalo Dunes Wind Project LLC (a US company belonging to the Enel Green Power Group); 3) Chilectra SA (a Chilean company belonging to the Enersis Group); 4) Compañía Distribuidora y Comercializadora de Energía - Codensa SA ESP (a Colombian company belonging to the Enersis Group); 5) Companhia de Interconexão Energética SA - CIEN (a Brazilian company belonging to the Enersis Group); 6) Compañía Eléctrica do Tarapacá SA - Celta (a Chilean company belonging to the Enersis Group); 7) Companhia Energética do Ceará - Coelce SA (a Brazilian company belonging to the Enersis Group); 8) Edegel SA (a Peruvian company belonging to the Enersis Group); 9) Emgesa SA ESP (a Colombian company belonging to the Enersis Group); 10) Empresa de Distribución Eléctrica de Lima Norte - Edelnor SAA (a Peruvian company belonging to the Enersis Group); 11) Empresa Distribuidora Sur - Edesur SA (an Argentine company belonging to the Enersis Group); 12) Empresa Eléctrica Panguipulli SA (a Chilean company belonging to the Enel Green Power Group); 13) Empresa Eléctrica Pehuenche SA (a Chilean company belonging to the Enersis Group); 14) Empresa Nacional de Electricidad - Endesa Chile SA (a Chilean company belonging to the Enersis Group); 15) Endesa Brasil SA (a Brazilian company belonging to the Enersis Group); 16) Enel Brasil Participações Ltda (a Brazilian company belonging to the Enel Green Power Group); 17) Enel Fortuna SA (a Panamanian company belonging to the Enel Green Power Group); 18) Enel Green Power Chile Ltda (a Chilean company belonging to the Enel Green Power Group); 19) Enel Green Power North America Inc. (a US company belonging to the Enel Green Power Group); 20) Enel Green Power North America Development LLC (a US company belonging to the Enel Green Power Group); 21) Enel Kansas LLC (a US company belonging to the Enel Green Power Group); 22) Enersis SA (a Chilean company); and 23) PJSC Enel Russia (a Russian subsidiary of Enel Investment Holding BV);
- the balance sheet and income statement for the 2015 financial statements of the above companies included in the reporting package used for the purpose of preparing the consolidated financial statements of the Enel Group will be made available to the public by Enel SpA (pursuant to Article 36, paragraph 1a) of the CONSOB Market Rules) at least 15 days prior to the day scheduled for the Ordinary Shareholders' Meeting called to approve the 2015 financial statements of Enel SpA together with the summary statements showing the essential data of the latest annual financial statements of subsidiaries and associated companies (pursuant to the applicable provisions of Article 77, paragraph 2-*bis*, of the CONSOB Issuers Regulation approved with Resolution 11971 of May 14, 1999, as amended);
- the articles of association and composition and powers of the control bodies from all the above subsidiaries have been obtained by Enel SpA and are available in updated form to CONSOB where the latter should request such information for supervisory purposes (pursuant to Article 36, paragraph 1b) of the CONSOB Market Rules);
- Enel SpA has verified that the above subsidiaries:
  - provide the auditor of the Parent Company, Enel SpA, with information necessary to perform annual and interim audits of Enel SpA (pursuant to Article 36, paragraph 1, lett.

c-i) of the CONSOB Market Rules);
- use an administrative and accounting system appropriate for regular reporting to the management and auditor of the Parent Company, Enel SpA, of income statement, balance sheet and financial data necessary for preparation of the consolidated financial statements (pursuant to Article 36, paragraph 1, lett. c-ii) of the CONSOB Market Rules).

Approval of the financial statements

The Shareholders' Meeting to approve the financial statements, as provided for by Article 9.2 of the bylaws of Enel SpA, shall be called within 180 days of the close of the financial year. The use of that time limit rather than the ordinary limit of 120 days from the close of the financial year, permitted under Article 2364, paragraph 2, of the Italian Civil Code, is justified by the fact that the Company is required to prepare consolidated financial statements.

Disclosures on financial instruments

The disclosures on financial instruments required by Article 2428, paragraph 2, no. 6-*bis* of the Civil Code are reported in note 31 "Financial instruments", note 32 "Risk management", note 33 "Derivatives and hedge accounting" and note 34 "Fair value measurement" to the separate financial statements of Enel SpA.

Transactions with related parties

For more information on transactions with related parties, please see note 35 to the separate financial statements of Enel SpA.

Own shares

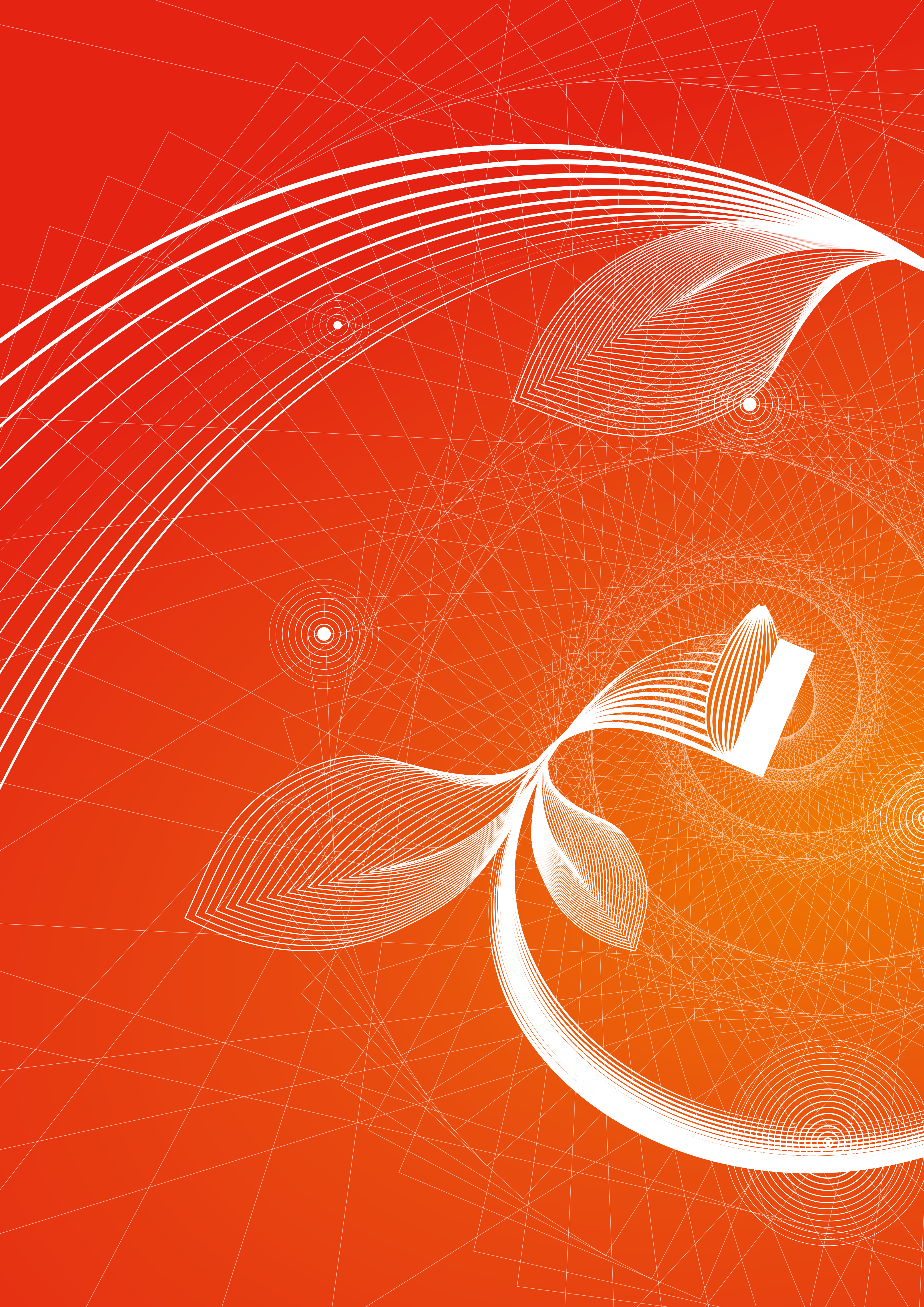
The company does not hold treasury shares nor did it engage in transactions involving own shares during the year.

Atypical or unusual operations

Pursuant to the CONSOB Notice of July 28, 2006, Enel did not carry out any atypical or unusual operations in 2015.
Such operations include transactions whose significance, size, nature of the counterparties, object, method for calculating the transfer price or timing could give rise to doubts concerning the propriety and/or completeness of disclosure, conflicts of interest, preservation of company assets or protection of minority shareholders.

Subsequent events

Significant events following the close of the year are discussed in note 50 to the consolidated financial statements.



Sustainability

How we operate

At Enel, sustainability is a strategic, integrated part of business management, development and growth with a view to creating value over the medium to long term, both for the Company and for all of our stakeholders.

In 2015, Enel ranked fifth in Fortune magazine's Change the World list. It was the only Italian company of the 50 companies on the list that are contributing to change the world, which is a challenge and great responsibility towards its shareholders, stakeholders and, above all, towards future generations.

To be sustainable means to be competitive today and tomorrow and environmental, social and economic sustainability is the key to growth in the energy sector. This is why the Group is developing a strategy that combines business and sustainability, that balances the interests of stakeholders and the demands of local communities and that fosters the development of renewable technologies in an environmentally-friendly manner. The aim is to achieve a complete vision based on listening and on the involvement of populations on the rational use of resources that does not separate social progress from economic progress.

Under Enel's organizational model, a dedicated Innovation and Sustainability unit reports directly to the Chief Executive Officer in order to stress how much these two areas and their specific activities complement each other and contribute to the creation of a new model of business and competitiveness for the Company. At the Country level, Sustainability Managers report directly to the Country Manager in order to implement the Group's strategic guidelines and policies at the local level and to develop sustainability projects and other activities specific to each area.

Sustainability is integrated in the business model throughout the value chain and the Group's strategy is interpreted and converted into concrete actions through a rigorous, challenging and shared Sustainability Plan. This ensures periodic disclosures of important information, both inside and outside the Company, and increases its capability of attracting long-term socially responsible investors. Essentially this approach is based on the implementation of environmental, social and governance sustainability indicators (ESG) throughout the value chain, not only for ex-post assessments but above all to anticipate decision-making and privilege a proactive, not reactive, stance.

Enel wants to drive change and anticipate new market opportunities and is aware that it must begin by understanding the context in which it operates.

The integration of sustainability factors into business processes is based on and extends the lessons learned within the Group in developing operations management models (for Business Development, Engineering & Construction, and Operation & Maintenance) aimed at creating shared and inclusive value in the medium/long term. Indeed, the efficacy and efficiency of business processes, during both development and operations, highly depend on establishing stable, constructive relationships with stakeholders and on the ability of becoming a synergistic part of the local communities, preventing and addressing potential adverse social and environmental impacts.

More specifically, in 2015, 633 sustainability projects were developed regarding access to energy, social and economic development of the communities, support to local communities and Company initiatives for fostering sustainable working practices that have benefited 6.14 million people for a total investment of around €67 million, around 41% of which were contributions from outside the Company, from other project partners, loans and tax incentives.

Framing this entire process are the principles of ethics, transparency, anti-corruption, human rights and safety that have always been a distinctive feature of Enel's operations and which are a part of policies and standards of conduct that are applicable throughout the Group.

This model is fully in line with the indications of the United Nations Global Compact, of which Enel has been an active member since 2004, reiterating the importance of an increasing integration of sustainability within a company's strategic decision-making processes. As of June 1, 2015, Enel's Chief Executive Officer is a member of the Board of the United Nations Global Compact, the first representative of an Italian company and the only Chief Executive Officer of an utility to be appointed to this position.

Enel undertakes to constantly manage and measure its sustainability performance by using and developing mechanisms that allow for an integrated, standardized system of projects, information and consistent data that are kept constantly up to date based on developments in the scope of operations and relevant standards, while promoting the sharing of best practices and lessons learned.

Among these, Enel has developed systems for analyzing priorities, managing and reporting on performance, as well as mapping and monitoring sustainability projects.

With a view to increasing transparency with stakeholders, the Group monitors and actively participates in the deve-

lopment of new frontiers in reporting towards integrated communication of financial and non-financial performance: for example, in 2015, it supported the Global Reporting Initiative (GRI) in defining the Reporting 2025 project in order to promote international dialogue on the future of sustainability reporting.
The reporting process involves collecting and calculating specific key performance indicators of economic, environmental and social sustainability, in accordance with the GRI international standards and the Electric Utility Sector Supplement (EUSS), as well as with the principles of accountability of the United Nations Global Compact. The Sustainability Report 2015 also includes Enel's commitment to achieving the United Nations' post- 2015 Sustainable Development Goals (SDGs) as announced in September 2015.

Enel's commitment to the United Nations' Sustainable Development Goals

On September 25, 2015, the United Nations formally adopted the new Sustainable Development Goals (SDGs) 2030 that were officially launched the next day at the Private Sector Forum held in New York City. Through the SDGs, the United Nations called on companies to be creative and innovative in addressing the challenges of sustainable development, such as poverty, gender equality, clean water, clean energy, and climate change. The success in achieving the new goals will rely heavily on the policies that will be implemented by all actors involved.
At the UN summit, Enel announced the Group's intention to contribute to four of the UN's 17 Sustainable Development Goals. More specifically, the Group will contribute by:

> ensuring access to affordable, sustainable and modern energy through its ENabling ELectricity initiative, which will benefit three million people in Africa, Asia and Latin America (SDG 7);
> supporting education initiatives for 400,000 people by 2020 through projects similar to those already under way, such as Powering Education in Kenya, Ubuntu in South Africa, and scholarship programs in Latin America (SDG 4);
> promoting sustained, inclusive and sustainable economic growth and employment for 500,000 people through initiatives such as coffee cultivation and marketing in Peru and greenhouse farming in Chile (SDG 8); and
> working towards becoming carbon neutral by 2050 (SDG 13).

Projects, activities, performance, and main results, including progress towards achieving the SDGs in line with SDG Compass, are presented in Enel's Sustainability Report. The completeness and reliability of the report are verified by an accredited external auditing firm, by the Group Risk Committee, and by the Corporate Governance Committee. The Board of Directors of Enel SpA then approves the document before it is presented to the shareholders.
The report is also analyzed by socially responsible investment funds, which continue to increase in number. As of December 31, 2015, 132 socially responsible investors held shares in Enel capital (134 in 2014) for a total interest held of around 7.7% in Enel shares in circulation (5.9% in 2014), equal to 10% of the float (8.6% in 2014).
The Group has been named to the Dow Jones Sustainability Index for the twelfth consecutive year as industry leader in the Electric Utilities sector. In 2015, Enel has been named again to the Dow Jones Sustainability Index World and has received the prestigious "Silver Class" sustainability recognition in the 2016 Sustainability Yearbook published by RobecoSAM, who assesses the sustainability performance of the largest global companies. Enel has also been included in the STOXX Global ESG Leaders, in the ECPI and NYSE Euronext sustainability indices and is one of the utilities in the prestigious CDP Italy Climate Disclosure Leadership index for 2015 as a leader in terms of the quality, thoroughness and transparency of greenhouse gas emission data and of its commitment to mitigating climate change.
Enel was again included in the FTSE4Good index, which measures environmentally sustainable corporate practices, relations with stakeholders, respect for human rights, the quality of working conditions and tools that companies employ to fight corruption.

Priority analysis and Sustainability Plan

For several years, Enel has conducted materiality analyses – based on the guidelines of the most widely spread standards such as GRI-G4 – in order to identify the Group's intervention priorities, the issues to consider for disclosure and which stakeholder engagement activities to strengthen. The aim is to map and assess the priority of the issues of interest to stakeholders, integrating them into the Group's business strategy and priorities for action.

Through this analysis, the main stakeholders of the Group are identified, assessed according to their importance to the Company and to their priorities on the various issues approached in the numerous engagement activities. This information is then crosschecked with the assessments of the issues on which Enel intends to focus its efforts, with the respective priority value.

By observing the two perspectives together, it is possible to identify the issues, which, due to their relevance and priority, are essential to Enel and its stakeholders. Consequently, it is possible to verify the degree of alignment or misalignment between external expectations and internal priorities.

The materiality analysis, which is conducted with increasingly greater detail, in terms both of issues and geographical scope, makes it possible to obtain the Company and stakeholder priorities for the entire Group and for each country of operations. It is also possible to obtain results with a specific focus such as the matrix for the sole stakeholder category of "Financial community", which is useful for identifying issues to be discussed in the Annual Report that is particularly of interest to this type of stakeholder. More specifically, priority issues such as the creation of economic and financial value, innovation and operating efficiency, occupational health and safety and climate strategy have emerged from the analysis.

Based on the material analysis results, the issues to be included in the reports are defined and the specific targets and objectives of the 2016-2020 Sustainability Plan are set. Operations and projects regarding various functions and business lines of the Group contribute towards achieving these targets and objectives.

The four pillars of corporate ethics

For over 10 years, Enel has had a solid system of ethics that underlies its sustainability efforts. This system has become a dynamic set of rules constantly incorporating international best practices that everyone who works for and with Enel must respect and apply in their daily activities.

Code of Ethics

In 2002, Enel adopted the Code of Ethics, which expresses the commitments and ethical responsibilities in conducting business and in Company activities. This Code is applicable in Italy and abroad while taking into account the cultural, social and economic diversity of the various countries in which Enel operates. The Code of Ethics is binding for all Enel employees and collaborators and all of the companies in which Enel has an equity interest; the Group's major suppliers are also required to adhere to the general principles contained therein.

In 2015, the process of managing the reports of alleged violations has been revised to ensure greater transparency and traceability, and to harmonize the assessment systems at the Group level in order to ensure timely assessments. In the new process the performance of the preliminary analyses of the violation reports received has been improved, 124 alleged violations were reported over the past year, of which 32 were classified as violations of the Code of Ethics. In order to continue improving the preliminary analyses process, as of January 2016, a new, online communications channel for the entire Group is available for reporting any violation or suspicion of a violation of Enel's Compliance Programs, which have been adopted in the various countries in which Enel operates.

Other indices

No.

	2015	2014	Change	
Confirmed violations of the Code of Ethics [1]	32	31	1	3.2%

(1) In 2015, an analysis was performed of the violations reported in 2014. As a result, the number of verified violations for 2014 was reclassified from 27 to 31.

Compliance Model (Legislative Decree 231/2001) - Model 231

The Compliance Model pursuant to Legislative Decree 231/2001 (which was revised in 2015 in response to the introduction of new crimes envisaged under applicable law) supplements the rules of conduct of the Code of Ethics and is aimed at preventing the risk of the commission of the crimes specified under the decree, including those of corruption in both the public and private sectors, manslaughter or assault causing severe, or very severe, injury, committed in breach of workplace health and safety provisions as well as environmental offences. The principles found in the model extend to all of the Group's foreign subsidiaries through the adoption of specific guidelines.

Zero-Tolerance-of-Corruption Plan

The Zero-Tolerance-of-Corruption Plan supplements the Code of Ethics and the Compliance Model and assigns specific responsibilities for monitoring corruption risks and for appropriately handling any suspected case. The plan was adopted in 2006 as a concrete move marking Enel's participation in the Global Compact and the Partnering Against Corruption Initiative (PACI) promoted by the World Economic Forum in Davos in 2005.

Policy on Business and Human Rights

In order to give effect to the guidelines of the UN Forum on Business and Human Rights, in 2013, the Board of Directors of Enel SpA approved the Human Rights Policy, which was subsequently extended to all of the Group's subsidiaries. In line with the Code of Ethics, this policy sets out the commitments and responsibilities in respect of human rights on the part of the employees of Enel SpA and its subsidiaries, whether they be directors or employees in any manner of those companies. Similarly, with this formal commitment, Enel explicitly becomes a promoter of the observance of such rights on the part of contractors, suppliers and business partners as part of its business relationships.

Creating value for stakeholders

Enel's stakeholders are individuals, groups or institutions whose contribution is needed to achieve its mission or who have a stake in its pursuit.
The economic value created and shared by Enel gives a good indication of how the Group has created wealth for the following stakeholders: shareholders, lenders, employees and government.

Millions of euro

	2015	2014
Revenue	75,658	75,791
Income/(Expense) from commodity risk	168	(225)
External costs	53,323	53,390
Gross global value added from continuing operations	**22,503**	**22,176**
Gross value added from discontinued operations	**-**	**-**
Gross global value added	**22,503**	**22,176**
distributed to:		
Shareholders	1,316	1,222
Lenders	2,848	3,007
Employees	5,314	4,864
Government	3,369	654
Enterprises	9,656	12,429

Towards sustainable innovation

Enel has always considered innovation as a key part of its strategy and culture of enterprise for adopting cutting-edge methods, models and technologies.
In 2015, the Enel Group carried out research and innovation activities with over 250 projects throughout the value chain, that is, from conventional power generation to renewable energy, from smart grids to energy efficiency, and from electric mobility to energy storage.
In order to find, develop and capitalize on the best solutions available, Enel has adopted an Open Innovation principle whereby, in order to create more value and better compete on the market, it is not enough only to rely on in-house ideas and company human resources, but other companies, start-ups and universities must also be involved.
The Endesa 2244 channel, dedicated to companies that wish to propose ideas and projects, was launched in Spain. Various activities were also launched on the Endesa Energy Challenges platform.
In addition, Enel has established several partnerships with leading companies and increased its exposure to start-ups in order to develop new business models and foster the development and implementation of new technologies (1,200 start-ups were analyzed and 13 collaborations launched).
As regards incubation and acceleration programs aimed at supporting the most promising start-ups, Enel coordinates the INternet Cleantech ENablers Spark (INCENSe) project, which is funded with €8 million by the European Union. Enel also launched the Energy Start project in South America.
Another cornerstone of the Open Innovation strategy is the involvement of all Group employees in the innovation process. Accordingly, significant emphasis is placed on the development of instruments that stimulate creativity, facilitate participation, develop innovation and entrepreneurship competences, and strengthen the culture of innovation. The Enel Idea Factory project draws inspiration from these elements to turn workplaces into creative brainstorming laboratories and promote integration among the various company units, open up towards the outside, and foster dialogue with several internal and external interlocutors. In this spirit, in 2015, corporate entrepreneurship initiatives such as Enel Innovation World Cup and the Inspire Empreendedores were launched.

Renewable energy

During the year, the Group's commitment to innovation focused on various areas, including improving technological performance, an area in which Enel Green Power has traditionally been present. Enel Green Power intends to increase the people's access to energy through improved technologi-

cal performance by combining the use of various power generation technologies with electrochemical energy storage systems in order to build off-grid plants.
Enel also focused on developing renewable energy in urban environments by using small-scale plants that have a low visual impact such as cutting-edge wind power generators and small-scale thermodynamic solar systems, which are better suited for architectural integration.
The use of new renewable resources that are not exploited yet is another area of strong interest, in particular energy from the sea and high-altitude wind energy.
Among Enel's various start-up partners, i-EM, which operates in the renewable energy sector, has developed a sophisticated software that, using artificial intelligence algorithms, can forecast and control the output of solar and wind plants. It has also developed a solution for the remote monitoring and maintenance of power plants.

Energy storage

Energy storage continued to be an important sector in 2015. In addition to continuing with the installation of energy storage systems on wind power plants, Enel is focusing on residential energy storage systems. Partnership agreements were signed with the sector's leading companies towards developing integrated energy storage and photovoltaic systems, testing them on the market and then selling them to countries with a high business potential for these systems, starting from South Africa. Residential energy storage systems allow consumers to store their self-produced energy (from systems such as photovoltaic) in batteries for later domestic use when the home is not connected to the grid or in the event of a power blackout.
The advantages of integrating energy storage systems into conventional energy generation, albeit on a larger scale, have also been tested. Recently, on the island of Ventotene, a lithium ion battery (300 kW/600 kWh) was installed and fully integrated into the existing diesel generator system paired with an *ad hoc* optimization and control system.

Electric mobility infrastructure

Electric mobility represents an increasingly important sector to be developed, above all for its numerous benefits such as reduced carbon dioxide emissions and noise pollution as well as the possibility of using the vehicles, through their batteries, as distributed energy storage systems.
Over the past year, Enel has intensified its commitment to electric mobility by developing various projects, among which an agreement signed in December 2015 with Nissan to develop a new business based on vehicle-to-grid (V2G) technology, which Enel has been developing since 2011. This technology allows drivers as well as energy users to operate as individual "energy hubs" with the ability to use, store and return electricity in excess to the grid. Aggregating the distribution loads allows using vehicles for providing grid-balancing services thus promoting the penetration of renewables.
Various projects have also been implemented in Spain and South America such as Zero Emissions Mobility to All (Zem2All), which introduced a fleet of 200 electric vehicles and the development of the necessary charging infrastructure in Malaga, Spain, and the Electric Mobility program in Santiago, Chile for the installation of recharging infrastructures with the collaboration of public authorities in order to promote electric technology and the development of ambitious business models in the public transport sector.

Grid services

Enel has always been committed to numerous initiatives aimed at innovating energy distribution systems in order to constantly improve grid efficiency.
Among some of the most interesting initiatives in this field is the collaboration with Athonet Smartgrid, a start-up that developed a system capable of creating a high-speed, low latency private data network. Enel uses this technology to provide telecommunications coverage to plants that are located in areas that are not served by other operators and to manage mission critical communications (management of reserved data), including at a number of generation plants such as the Federico II facility at Brindisi. This solution generates considerable positive externalities because, in addition to serving Enel's plants, it serves their surrounding area.
Also, in its plan to become a virtual telecommunications network operator, the Group selected Athonet Smartgrid's technology for more competitive – in terms of costs and performance – communications to and between millions of Enel's machines and sensors throughout the area and will create a new generation Industrial Internet of Things.

Customers

In 2015, Enel confirmed its status as a Company that pays particular attention to customers and to the quality of service, aspects that concern more than just the provision of electricity and natural gas, extending, above all, to intangible aspects of the service involving the perception and satisfaction of customers. The Group has also launched programs and other initiatives for people with disabilities in order to ensure the effective communication of important information to customers.

In December 2015, the ISO 9001 certification for both markets, electricity and gas, was confirmed with 100% compliance with respect to customer relations management through the Contact Center, Punti Enel and online channels. In 2015, various communications campaigns were also carried out so that customers would better understand information regarding the energy sector, including the campaign to help customers understand the new Bolletta 2.0 utility bill launched in January 2016. Enel's new gas and electricity bill has a new layout, its content has been rationalized and organized, simpler language is used, and personalized customer information is included; new services are also available through the Enel Energia app.

During the year, new electricity and gas offerings were launched, which included ENERGIAX65 and ENERGIA XOGGI that adopt sustainability as a marketing driver. Indeed, both plans concern the provision of green energy and have a great social impact: ENERGIAX65 is reserved for customers over 65 years of age, who will enjoy a fixed price for three years including a Health and Wellbeing insurance policy for them and their family. While for each subscription to ENERGIA XOGGI, Enel Energia is committed to donating €2 through Enel Cuore to support digital education in kindergartens and primary schools. Moreover, the dissemination of LED technology continued throughout 2015 with over 800,000 light bulbs sold.

As of December 2015, the EnelPremia program for Enel customers was completely renewed in an even more sustainable form with respect to the environment and the community. EnelPremia 3.0 is the new version that rewards sustainable behavior such as recycling, awareness of power consumption and commitment to the community.

Finally, 2015 was the year of Expo 2015, which saw the Company involved as Lighting Solutions Partner contributing to the creation of the first smart city in the world comparable to a city of 100,000 inhabitants.

In order to provide the best support and assistance to its clients in Romania, Enel launched offerings for energy provision that included insurance packages and also launched a pilot project aimed at improving access to electricity to the vulnerable groups living in deprived areas of Bucharest.

In order to provide our customers with the best support possible, since 2003, in Spain and Portugal, Endesa has adopted the *Plan de Excelencia en la Atención Comercial* (the Excellence in Customer Service Plan), which seeks to improve customer satisfaction indicators year after year. In 2015, efforts under the plan focused on improving the quality of customer service (both via phone and online), handling complaints on the free market, flexibility in billing services, and analyses of consumption patterns. In addition the portfolio of value added products and services continued to expand and new business models and sales channel to be developed. In the residential sector, new solutions were developed to promote energy efficiency and proactively manage energy consumption.

As regards the Latin America area, significant activities for promoting energy efficiency were launched, in particular in Argentina, where technologies for efficient lighting and heating continued to be sold, and in Brazil, where projects were launched for promoting awareness of responsible consumption in deprived areas in which the Group companies Ampla and Coelce operate. Over 13,000 people benefited from initiatives aimed at improving energy efficiency, which led to a significant 18% reduction of energy use in the two areas concerned.

Customers by geographical area

Average no.

	2015	2014	Change	
Electricity				
Italy	27,072,083	27,207,897	(135,814)	-0.5%
Latin America	15,074,266	14,633,393	440,873	3.0%
Iberian Peninsula	11,150,886	11,290,283	(139,397)	-1.2%
Romania	2,691,849	2,670,892	20,957	0.8%
Other countries	7,275	5,985	1,289	21.5%
Total electricity customers	**55,996,359**	**55,808,450**	**187,909**	**0.3%**
Natural gas				
Italy	3,711,422	3,470,692	240,730	6.9%
Spain	1,246,662	1,205,463	41,199	3.4%
Total natural gas customers	**4,958,084**	**4,676,155**	**281,929**	**6.0%**

Society

The intrinsic nature of the electricity business, in which power plants and distribution networks are built to last several decades and the service provided is an essential part of social and economic development, requires that we establish a lasting relationship with the communities in which we operate.

Creating shared value means knowing your stakeholders, giving a voice and listening to them all in order to promote constant constructive dialog, to be aware of the needs and priorities of the community, and to compare them with the needs of our business while minimizing impacts.

Enel makes a concrete contribution to social and economic development in these communities through various types of initiatives, such as the expansion of infrastructures, education and training programs, projects of social inclusion, and support for local cultural and economic activities. In 2015, we conducted over 600 projects and other initiatives in the nations in which we have a presence.

These projects and initiatives are selected by way of analyses of materiality and in line with our Sustainability Plan, which takes account of detailed peer benchmarking and studies of trends in sustainability, while also adapting to the needs of the various countries in which we operate, whether they have mature or emerging economies. In order to create value in our areas of business, Enel turns to partners in the local communities, which bring innovative ideas to be turned into concrete action. This constant dialog with the communities is at the heart of our business model, and the presence of NGOs with in-depth knowledge of the local contexts throughout out territories enables us to guide and implement innovative actions that target the needs of our stakeholders and contribute to local development.

Partnerships between the private sector and non-profit organizations are an important means of promoting social and economic growth in the communities, while also generating long-lasting, shared value. With a view towards innovation and decentralization and in order to support local small business and socio-economic development generally, we have entered into numerous partnerships with NGOs and non-profit organizations throughout the world.

Access to energy

Currently, there are over a billion people around the world that have no access to electricity, and over 2 billion are being served by inadequate infrastructures or are unable to pay for their utilities due to financial hardship. Given this context, the fight against energy poverty is the focus of one of the United Nations Millennium Development Goals, as reaffirmed by the UN General Assembly, which unanimously declared the period 2014-2024 as the Decade of Sustainable Energy for All.

Within this context, Enel launched the Enabling Electricity program with the goal of creating a new business model based on the access to energy, one which targets both people living in isolated rural areas and those who live in the outskirts of major metropolitan areas. Projects under this program seek to:

- eliminate financial barriers to accessing electricity;
- develop technologies that facilitate access to infrastructures;
- promote technical training and capacity building;
- promote energy efficiency;
- promote energy awareness.

In 2015, 124 projects benefitting 1.5 million people were implemented in line with the goals of the Sustainability Plan. Examples include:

- ***Cosciencia Ampla* in Brazil**, an integrated program to combat energy poverty aimed at promoting social inclusion in the favelas and other high-risk areas. Through projects of waste exchange, social tariffs, business development, and education, it has been possible to recover up to 70% of energy theft in the areas affected;
- **Ralco Electrification Plan in Chile**, a hybrid electrification project in a hard-to-access area not covered by the grid. It is a public-private partnership integrated with a project for the collection of drinking water for the indigenous community of Allin Mapu;
- ***Cátedra Chilectra* in Chile**, a program that seeks to enhance the employability of students through the development of specialist electrical skills in both middle and secondary school. *Cátedra Chilectra* is being developed with the help of company employees as voluntary educators;
- **PlayEnergy**, a fun, educational project that Enel has been pursuing for several years with the goal of disseminating a culture of responsible energy use among young people, beginning with free courses that provide the knowledge needed to promote responsible energy decisions.

Our people

As at December 31, 2015, the total workforce of the Enel Group numbered 67,914 employees, divided roughly equally between Italy (49%) and abroad (51%).

The net effect of new hires and terminations of employment during the year has resulted in a reduction in the total workforce (1,316 fewer employees). The changes may be broken down geographically as follows: 5% of the new hires were in Italy, with the remaining 95% being distributed across the other nations (mainly in Latin America and including areas in which Enel Green Power has a presence); 19% of the terminations were in Italy, while the remaining 81% were abroad.

In 2015, the Enel **organizational model** was updated in order to support global development and sustainable business management, and roles and responsibilities were rewritten where necessary in order to optimize resources and make existing processes more efficient. We have completed the process of separating Endesa, in Spain, from the various companies in Latin America, where a process of corporate change has begun. The divestment plan came to a close with the agreement to sell off the Slovakian assets, and a plan was begun to bring Enel Green Power back within the Enel Group.

The introduction of the new organization was supported by numerous global training initiatives to accompany this change. This training targeted both the various cross-functional levels of management and new global teams within the business lines and the corporate and service functions. These actions helped to promote reflection, disseminate Enel's new values (responsibility, innovation, proaction, and trust), and promote proper conduct throughout the organization in line with the strategic concept of Open Power.

Health and safety training plays a key role in ensuring that our business brings results while respecting individuals and the organization's new values, and investment in language training is an important means of supporting integration, particularly within the global functions. Another necessary part of employee development is represented by technical and professional training, which is further enhanced by opportunities arising from the sharing of knowledge and best practices that emerge within the global functions.

Human resource selection, management and development

In 2015, the new strategic direction for the Group led to a redefinition of the values and conduct expected of everyone working with Enel, a process that involved contributions by over 8,000 people by way of workshops, focus groups, quick polls and interviews.

In line with these new values (of responsibility, innovation, proaction and trust), we have radically transformed processes that concern human resources and overhauled the entire system of hiring, managing, and developing our people.

Our strategies for selecting and developing talent has also been revised in order to better serve the specific needs of our business. This has also involved the design and implementation of new development processes based both on challenging projects and other priority business activities and on taking advantage of individual differences throughout the workforce. In 2015, we launched an international mobility plan that seeks to promote skills development and integration in a manner that engages the youngest employees within the Group. This program gives participants the opportunity to experience international contexts in positions

of responsibility over specific processes in order to learn crucial skills more quickly and to prepare themselves for the complex challenges of the future through proper coaching and tutoring.
Individual development plans, based on a range of training methods (e.g. mentoring, coaching, mobility, etc.) suited to the specific development needs at hand, have also been defined for people who demonstrate the greatest potential.
The performance appraisal process has been handled in line with previous years, but we have also worked to overhaul the entire process in order to make it more accessible at all levels of the organization, more focused on feedback, and more in line with our new values, expectations of conduct, and the new organization.
The hiring process and related tools have also been revised in light of the profound transformation that is under way, while also adapting them to specific targets and local practice. We have introduced innovating hiring systems that enable us to determine whether candidates are a good cultural fit and to assess their cross-functional skills, which, together with technical knowledge, are of strategic importance in meeting future business challenges.

In 2015, we worked to strengthen strategic partnerships in academia and with other centers of excellence of particular importance to the future of our business, and we have redefined our employer branding policies in order to promote Enel's image within a globally recognized business community, policies that take advantage of a new digital strategy adopted throughout the Group.
As concerns training and development in 2015, we confirmed the central importance of specialist technical training – including both mandatory programs and structured programs within the academies – together with occupational health and safety training in line with the significant investments in this direction in previous years. Particular emphasis has been placed on cross-functional training to help facilitate the significant strategic and organizational changes and on language training to support integration within the global functions in particular. At the same time, training campaigns concerning ethics and sustainability were extended to Latin America and the Enel Green Power Group in 2015.
In particular, the introduction of the new matrix-based organization and the profound transformation of HR policies and strategies were supported by numerous global training initiatives to accompany this change. This training targeted both the various cross-functional levels of management and new global teams within the business lines and the corporate and service functions. These initiatives helped to stimulate reflection and to disseminate Enel's new Open Power vision, as can be seen in the implementation of a training program that makes use of "incubators" in order to bring out the talents and skills in new hires that they are expected to demonstrate in the new Enel.

Diversity and inclusion

Integration of the various contexts throughout the Group has made it necessary to assess and take advantage of the wealth of cultural differences found here.
We have also continued working on the diversity and inclusion project. In January 2015, we began conducting dedicated focus groups, interviews with senior management, and a survey that focuses on diversity and inclusion in order to gather information on issues such as our internal climate and to monitor employee satisfaction. A sample population of employees in the various countries in which Enel operates, selected using statistical parameters (such as geography, organizational unit, age, professional category, etc.), was involved in the survey.
The overall results have led to local initiatives and the preparation of specific policies for the Group. For each area studied, these policies establish a series of actions to be taken that will have an immediate impact on the issues encountered. At the same time, each country has defined numerous local initiatives that better focus on the needs that have emerged within their own local contexts.

Labor relations

Enel complies with the labor laws of the various countries in which we operate and with the International Labor Organization (ILO) conventions on labor rights (freedom of association and of collective bargaining, consultation, the right to strike, etc.), while systematically promoting dialog between the parties and seeking an adequate level of agreement on and participation in Company strategies by employees.
Labor relations efforts at the Group level continue to be conducted in accordance with the model established under Enel's Global Framework Agreement (GFA) signed in Rome in 2013 with the Italian federations and with the global federations IndustriAll and Public Services International. This agreement is based on the principles of human rights, of labor rights and of the best, most advanced systems of transnational labor relations for multinational corporations and international organizations, including the ILO.
In 2015, we intensified our efforts with regard to information

and consultation for both the European and Global Works Council as concerns the Group's new organization and the scheduled meetings with the heads of the global business lines. The organization of the 2015 Milan Expo and Enel's activities both in our own pavilion and in management of the Expo's smart city gave us the opportunity to hold the plenary meeting in Milan in July 2015 at the same time as Enel's tour of the national pavilions. At the various meetings of the Select Committee, we also defined joint training efforts on sustainability and economics in November in conjunction with the second EWC/GWC meeting, which was well received by the various members of the Group's worker-representation bodies.

Workplace health and safety

Enel considers employee health, safety, and general well-being to be the most valuable asset, one to be protected both at work and at home, and we are committed to developing and promoting a strong culture of safety throughout the world.

The constant commitment of us all, the integration of safety both in our processes and in our training, the reporting and analysis of near misses, rigor in the selection and management of contractors, constant control over quality, the sharing of experience throughout the Group, and benchmarking against the leading international players are all cornerstones to Enel's culture of safety.

Safety rates

No.

	2015	2014	Change	
Injury frequency rate - Enel	**1.27**	**1.32**	**(0.05)**	**-3.8%**
Injury severity rate - Enel	**0.05**	**0.07**	**(0.02)**	**-33.4%**
Serious and fatal injuries at Enel				
Serious injuries (1)	3	1	2	-
Fatal injuries	4	3	1	33.3%
Total	**7**	**4**	**3**	**75.0%**
Serious and fatal injuries at contractors				
Serious injuries (1)	24	22	2	9.1%
Fatal injuries	9	16	(7)	-43.8%
Total	**33**	**38**	**(5)**	**-13.2%**

(1) Injuries with an initial prognosis, as reported on the medical certificate issued, of greater than 30 days, or with a confidential prognosis until the actual prognosis is released, or with an unknown prognosis that, based on an initial assessment by the company/Division concerned, is expected to exceed 30 days. Once the official prognosis is released, the related injury is considered serious only if said prognosis exceeds 30 days. Should a confidential prognosis never be released or an unknown prognosis remain unknown, within 30 days of the event, the injury is to be deemed serious.

Workplace accident statistics

In 2015, the lost time injury frequency rate (LTIFR) and lost day rate (LDR) for Enel Group **employees** settled at 0.255 (down 3% from 2014) and 9.44 (down 33% from 2014), respectively. These rates for **contractors** came to 0.302 (down 28% from 2014) and 10.89 (down 21% from 2014), respectively.

In 2015, there were 13 fatal accidents for the Enel Group (6 fewer than in 2014), of which 4 were Enel employees and 9 were employees of Enel contractors.

In 2015, we updated our policies for the classification, communication, analysis and reporting of incidents, which establish the roles and procedures that ensure the timely reporting of accidents, analysis of their cause, and definition and monitoring of improvement plans. The new version of these policies also details the procedures for disclosing and analyzing near misses that could have resulted in serious harm.

In accordance with these policies, all serious and fatal injuries to Enel employees and the employees of Enel contractors and other significant, non-serious events have been investigated by a team of experts.

These investigations have found the causes of the injuries to be due, first and foremost, to unsafe conduct, followed by deficiencies in work planning, management and supervision.

Actions for improvement emerging from this analysis are constantly monitored until their completion. Steps have also been taken in relation to companies found to be in breach of contract (e.g. contract termination or suspension of certification).

For the purpose of prevention, we have also defined and implemented country-level improvement plans, which have reduced injury rates in all geographical areas compared to 2014.

Safety in tender processes

Enel follows companies closely, from the selection process and on through execution of the given project. The new model of **vendor qualification** for 2015 features a stricter selection process based on health and safety performance, including an in-depth pre-qualification audit for the vendor categories that present the greatest safety risks.

In 2015, a global model was added to the **vendor rating** system which establishes the impact on vendor rating of significant injury to contractor employees.

In October 2015, the fifth edition of the **General Contracting Conditions (GCC)** for the Enel Group went into effect. The main changes in this edition include an updated list of health and safety violations and the classification of these violations into three levels of severity, as well as the inclusion of **subcontracting guidelines** in the general section. These guidelines establish the conditions under which subcontracting is allowed, the minimum safety requirements to be possessed by subcontractors used when executing contracts with Enel Group companies, and the safety requirements that the contractors and any subcontractors must observe.

In 2015, **Contractor Safety Day** was observed throughout the Group, which featured the organization of contractor workshops designed to discuss and promote health and safety improvement efforts.

In concert with the activities aimed at increasing contractor awareness of health and safety issues, Enel has continued with field inspections and monitoring of works done by contractors. During the year, over 350,000 contractor audits were conducted throughout the Group, an increase of 32% compared to the previous year.

Safety for the community and other third parties

Enel facilities throughout our territory have been constructed in accordance with applicable laws and regulations and are equipped with health and safety management systems in order to minimize or eliminate risks both to workers and to the local communities. Plant, machinery and equipment are systematically controlled and periodically maintained in order to ensure they function properly in accordance with applicable laws and regulations and with industry best practice.

Infrastructure safety and technological innovation

New projects launched in 2015 concerning innovation in safety included:

> "**Virtual Reality 3D Simulator for Health and Safety Training**", a project to increase employee awareness of safe, responsible conduct by learning from their mistakes. The virtual-reality 3D simulator was developed by a cross-functional working group consisting of R&D, H&S and ICT, together with the Sant'Anna School of Advanced Studies, Pisa;

> "**Intrinsic Safety**", a project focused on the analysis of existing machinery and the design of new technologies in order to reduce employee exposure to risk in the workplace. The project emphasizes the sharing of information and coordination between the H&S and Engineering units in order to define, validate and disseminate a method for identifying latent risks in machinery, systems or equipment;

> "**Virtual Check Point Contractors**", an application used to monitor contractor employees and equipment during on-site inspections. Using ID badges provided to contractor employees, we can determine whether people found on site are those specified by the contractor and, more specifically, if they have the qualifications needed for the activities assigned;

> pilot projects at production facilities concerning the use of **inspection drones** in flues, furnaces and ducting in order to prevent risks related to human workers accessing these areas directly;

> implementation in **Spain** of the smartphone and tablet app **APP5RO**, which is used to provide photographic documentation of the proper execution of the various steps of electrical work in accordance with Enel's five golden rules (namely: 1. Completely isolate the system; 2. Protect against reconnection and place warning signs; 3. Ensure there is no current in the system; 4. Ensure proper grounding and short-circuiting; 5. Mark off the working area and ensure the protection of nearby workers);

> testing in **Spain** of a special helmet **sensor** that can detect a current (MV) prior to entering a hazardous area

and **individual wearable sensors** in **Latin America** that sound an alarm when detecting a current during scheduled dead-circuit activities.

In 2015, we completed the **New Hybrid Portable Ladder** project in Romania to develop (electrically) safer, more comfortable ladder technology. This new ladder is a first for Enel in that it features (non-conducting) glass-resin upper section and two aluminum sections that reduce the ladder's weight from 55 kg to 32. We have also developed a special system for anchoring the ladder to pylons (regardless of their shape) and for anchoring the worker to the ladder. Also in Romania, we have developed a custom approach to working on pylons on which fiber-optic cables have been installed below electrical lines.

For a number of years now, we have also been pursuing a plan to improve the infrastructure standards of the Company's vehicle fleet, which has included the adoption of new safety systems and devices, such as a **black box** that makes it possible to provide driver assistance and support both when driving and in the event of an emergency.

Development of the Culture of Safety: communication and training

The seventh edition of **International Health and Safety Week** was held from June 15 to 21, 2015. This event represents a global opportunity for Enel to reflect on issues of health and safety for all our employees.

There were also several communication campaigns concerning health and safety during the year, focusing on areas of particular importance to the organization.

The **Listentothesigns** road-safety campaign, featuring the direct involvement of the Group's CEO, began in September in order to promote safe driving.

In 2015, we provided nearly 900,000 hours of safety training and awareness activities in order to increase the specific skills and knowledge of workers throughout the Group.

Health

In October 2015, in conjunction with the efforts of the World Health Organization to prevent breast cancer, we launched a global awareness campaign featuring examinations with specialist physicians and talks with women who have been cured of cancer, as well as the distribution of useful advice and other information, free screenings, and videos demonstrating how to conduct self-checks for breast cancer.

Given the healthcare crises around the world, we have also launched awareness campaigns to protect employees traveling to countries at risk.

In 2015, as a part of our health culture, we conducted the People Care global assessment based in international standards, which looked at the state of implementation of programs, projects and policies in the countries in which we operate and in a range of areas, including organizational health and wellbeing.

In 2015, within the scope of efforts to enhance the Company's culture of work-life balance, work continued on implementation of the Parental Program to optimize maternity management, which, in Italy, also expanded the provision of in-house daycare facilities in order to assist employees with children between the ages of 3 to 12 during periods in which schools are closed.

The course *Mamme in equilibrio* (Balanced Mothers) also continued in 2015. This program is designed for employees returning from maternity leave in order to help them reflect on ways of balancing their professional and personal lives.

Country-specific health initiatives have also been launched alongside the various global activities.

Climate strategy and the environment

Net efficient capacity by primary energy source

GW

	2015	2014	Change	
Net efficient thermal capacity:				
- coal	16,841	17,048	(207)	-1.2%
- CCGT	16,099	16,112	(13)	-0.1%
- fuel oil/gas	14,637	21,018	(6,381)	-30.4%
Total	**47,577**	**54,178**	**(6,601)**	**-12.2%**
Net efficient nuclear capacity	**5,132**	**5,132**	**-**	**-**
Net efficient renewable capacity:				
- hydroelectric	29,046	29,653	(607)	-2.0%
- wind	6,653	5,774	879	15.2%
- geothermal	833	833	-	-
- biomass and co-generation	99	100	(1)	-1.0%
- other	402	442	(40)	-9.0%
Total	**37,033**	**36,802**	**231**	**0.6%**
Total net efficient capacity	**89,742**	**96,112**	**(6,370)**	**-6.6%**

Net efficient capacity by geographical area

GW

	2015	2014	Change	
Italy	**30,715**	**36,823**	**(6,108)**	**-16.6%**
Iberian Peninsula	22,912	23,549	(637)	-2.7%
Latin America	19,179	18,300	879	4.8%
Russia	8,944	9,107	(163)	-1.8%
Slovakia	4,032	4,968	(936)	-18.8%
North America	2,506	2,083	423	20.3%
Romania	534	534	-	-
Belgium	406	406	-	-
Greece	290	290	-	-
Bulgaria	42	42	-	-
India	172	-	172	100.0%
South Africa	10	10	-	-
Total net efficient capacity	**89,742**	**96,112**	**(6,370)**	**-6.6%**

Net electricity generation by primary energy source

GWh

	2015	2014	Change	
Net thermal electricity generation:				
- coal	85,677	81,991	3,686	4.5%
- CCGT	40,542	37,395	3,147	8.4%
- fuel oil/gas	28,682	29,654	(972)	-3.3%
Total	**154,901**	**149,040**	**5,861**	**3.9%**
Net nuclear electricity generation	**39,837**	**39,182**	**655**	**1.7%**
Net renewable generation:				
- hydroelectric	65,939	74,315	(8,376)	-11.3%
- wind	16,204	14,054	2,150	15.3%
- geothermal	6,205	5,954	251	4.2%
- biomass and co-generation	241	166	75	45.2%
- other	685	390	295	75.6%
Total	**89,274**	**94,879**	**(5,605)**	**-5.9%**
Total net electricity generation	**284,012**	**283,101**	**911**	**0.3%**

Net electricity generation by geographical area

GWh

	2015	2014	Change	
Italy	**68,519**	**71,824**	**(3,305)**	**-4.6%**
Iberian Peninsula	77,444	74,040	3,404	4.6%
Latin America	67,114	64,753	2,361	3.6%
Russia	42,090	42,376	(286)	-0.7%
Slovakia	18,292	20,550	(2,258)	-11.0%
North America	7,368	6,674	694	10.4%
Romania	1,330	1,268	62	4.9%
Belgium	1,150	690	460	66.7%
Greece	549	488	61	12.5%
France	-	347	(347)	-100.0%
Bulgaria	90	83	7	8.4%
South Africa	18	8	10	-
India	48	-	48	-
Total net electricity generation	**284,012**	**283,101**	**911**	**0.3%**

Other generation ratios

	2015	2014	Change	
Generation from renewable resources (% of total)	31.4	33.5	(2.1)	-6.3%
"Zero-emission" generation (% of total)	45.5	47.4	(1.9)	-4.0%
ISO 14001-certified net efficient capacity (% of total)	97.6	94.3	3.3	3.5%
Average efficiency of thermal plants (%) (1)	38.1	37.8	0.3	0.8%
Specific emissions of CO_2 from net generation (gCO_2/kWh_{eq}) (2)	409	395	14	3.5%
Specific water withdrawal (l/kWh_{eq})	0.60	0.64	(0.04)	-6.3%

(1) Percentages calculated using a new approach that does not include the oil and gas plants in the 2015-2016 disposal program or heat.

(2) Specific emissions have been calculated by taking account of the total emissions from simple thermal generation, combined electrical and heat, as a ratio to the total generated by renewable sources, nuclear, simple thermal, and combined electrical and thermal generation (including the thermal contribution in MWh equivalent).

In 2015, the 21st edition of the Paris Climate Conference (COP21), a part of the United Nations Framework on Climate Change, had the goal of involving the signing nations in joint efforts to reduce climate-changing emissions over the long term.
The agreement reached among the nations calls for maintaining the temperature increase to within 2 °C above pre-industrial levels and seeking to remain below 1.5 °C, which could be achieved by reaching peak emissions as soon as possible and achieving carbon neutrality by the second half of this century.
For the occasion, Enel promoted numerous initiatives in support of the agreement and in recognition of the central importance for global energy companies to take responsibility for combatting climate change. For years now, we have worked to reduce greenhouse-gas emissions in Europe and in all nations in which we operate and have implemented a long-term strategy to achieve carbon neutrality by 2050, thereby helping to achieve the UN's 13th Sustainable Development Goal (SDG) by taking urgent action to combat climate change and its effects.
Enel is seeking to achieve long-term decarbonization by continuing to develop renewable energy as a part of our generation mix.
In 2015, on the back of the positive results achieved in the reduction of CO_2 emissions in previous years, Enel has set new targets for 2020 as a part of our 2016 plan, making the shift from a reduction of 18% to the more challenging target of 25% compared to 2007 (thereby lowering the threshold from <380 CO_2 g/kWh to <350 CO_2 g/kWh).
Compared to 2014, 2015 saw an increase of 3.5% in CO_2 emissions, a temporary phenomenon caused by a greater use of thermal-power generation made necessary in order to offset, together with wind power, a decline in hydroelectric power due to low levels of rain during the year.
Today, over 45% of the power Enel generates comes from zero-emission sources.
In 2015, Enel Green Power installed approximately 870 MW of new wind-power capacity, primarily in the United States, Mexico, Brazil and, more recently, in Uruguay, to reach a total installed renewable-energy capacity of 37,033 MW, which represents 41% of the total capacity of our generation assets.
This confirms the Group's ongoing commitment to developing carbon-free power generation, as presented in our strategic plan in November, and to reaching 52% of total capacity by 2019.
For a number of years, Enel has also been active on the voluntary emissions reduction market, which is intended for parties (e.g. companies, institutions, end users, etc.) who intend to monitor or neutralize the carbon footprint of their various (internal and external) activities (e.g. publications, products and services, events, etc.). All of these initiatives are associated with the "CO_2 NEUTRAL" trademark that Enel registered in 2011.
In 2015, specific emissions of nitrogen oxides remained virtually constant, while particulates and specific water consumption declined by 30% and 6.3%, respectively, from 2014, both of which are levels reached five years ahead of the targets set for 2020. Given this encouraging performance, Enel will now be considering setting new medium-term targets in these areas.
In 2015, we posted a 10.4% increase in specific emissions of sulfur dioxide, mainly attributable to our Slovakian facilities.
A key element of our environmental policy is the gradual application of our internationally recognized Environmental Management Systems to all Enel Group operations.
This includes ISO 14001 certification, which currently covers roughly 97.6% of net efficient capacity, increasing from 2014 thanks to the installed capacity of the Enel Green Power Group and the divestment of marginal plants mainly in Italy. The remaining 2.4% is attributable to a number of plants being added to the long-term divestment program and to new installed capacity in India and Uruguay in 2015, which will be added to the certification program in 2016.
In addition to the environmental management systems, opportunities for improvement and priority areas for action are identified with the help of the Mapping of Environmental Compliance (MAPEC) methodology, which makes it possible to map the main areas of development in environmental governance.
In the nuclear power field, Enel is publicly committed to ensuring that our plants adopt a clear nuclear safety policy and that those facilities are operated so as to ensure absolute priority for safety and protection of employees, the general public, and the environment.
Enel's nuclear safety policy, which was approved in 2010 and is published on the corporate website, promotes excellence in all plant operations, adopting a rationale that goes beyond mere regulatory compliance and seeks instead to ensure the adoption of management approaches that incorporate the principles of continuous improvement and safe management of risks.

Water resource management

Water is an essential part of electricity generation, and Enel is fully aware that the availability of this resource is seen as being a critical part of future energy scenarios. Enel has long sought to enhance the efficiency of its management of the water we use, and we conduct ongoing monitoring of all power plants located in areas threatened by water scarcity at the following levels of analysis:

- mapping of the production sites located in vulnerable areas in terms of water availability;
- identification of "critical" production sites, i.e. those with fresh water supplies;
- adaptations to plans or processes aimed at maximizing the use of waste water and sea water;
- monitoring of climate and vegetation data for each site.

Globally, Enel returns roughly 99% of the water used, and only about 5% of the Group's total production uses and/or consumes fresh water in water-stressed areas.

In 2015, in line with the goal of reducing consumption by 10% by 2020, overall water consumption totaled 174 million cubic meters, a reduction of 6% compared to 2014 due to an increase in operations for more efficient thermal power plants. Specific consumption in 2015 came to 0.60 l/kWh, a reduction of 6.3% from 2014, thereby reaching, ahead of schedule, Enel's goal of reducing water consumption by 10% from its 2010 level by 2020.

Preserving biodiversity

Preserving biodiversity is one of the strategic objectives of Enel's environmental policy.

The Group promotes projects in the various areas in which we operate in order to help protect local species, their natural habitats, and the local ecosystems in general.

These projects cover a vast range of areas, including: monitoring; programs and projects to protect specific species; methodological research and other studies; repopulation and reforestation; the construction of infrastructure support to promote the presence and activities of various species (e.g. artificial nests along power-distribution lines).

In 2015, Group biodiversity policies were established which define a number of principles to be followed during project selection and execution throughout the various levels in the chain of responsibility.

Vendor management

In conducting business and managing relationships with suppliers, Enel is inspired by the principles contained in the Code of Ethics, the Zero-Tolerance-of-Corruption Plan, the Compliance Model under Legislative Decree 231/2001, and our Human Rights Policy.

Enel awards procurement contracts for works, services and supplies in accordance with the provisions of law and with the principles of cost-effectiveness, fairness, competitiveness, and disclosure and following procurement procedures that ensure the utmost transparency, objectivity, and equality of treatment for all participating firms. Specific standards of sustainability are also called for within the qualification process, in procurement decisions, in contract language, and in the procedures for verifying the performance of vendors.

In 2015, we defined and adopted new procedures for verifying the "requirements of professionalism" of suppliers aimed at strengthening the existing system of controls by way of more incisive efforts to combat corruption, specific criteria for analyzing documentation, verification procedures, and the promotion of a culture of respecting rules and of ethical conduct.

Enel has implemented a supplier-qualification system that includes a detailed assessment of companies wanting to participate in provisioning processes. This system is a sort of guarantee for Enel in that it provides an up-to-date list of suppliers with a certain (legal, financial, technical, organizational, ethical, and safety-related) reliability, and it enables suppliers, in accordance with applicable laws and regulations, to be involved in the Group's calls for tender. Worker health and safety and respect for the environment are important requirements within the supplier qualification process. In particular, for all product groups involved in works to be contracted out, suppliers are assessed on the basis of the Safety Index, which considers the organizational arrangements of the supplier that are intended to ensure compliance with the relevant standards and oversight (including OHSAS 18001 certification). For product groups with an environmental impact, suppliers must also implement an ISO 14000-compliant environmental management system.

In 2015, we launched Project Sustainable Supply Chain in collaboration with the Procurement and Sustainability areas in order to standardize supplier selection and assessment throughout the Enel Group in terms of environmental impact, safety, and the respect of human rights.

In our procurement contracts for works, services and supplies, Enel requires contractors and subcontractors, through specific conditions in Group contracts, to respect and protect internationally recognized human rights and to respect ethical and social obligations concerning: child labor and protection of women, equal treatment, non-discrimination, freedom to unionize, freedom of association and representation, prevention of forced labor, safety and environmental protection requirements, health and sanitary conditions and conditions concerning work rules, pay, social security contributions, insurance and taxes.

In order to ensure compliance with these obligations, Enel reserves the right to carry out control and monitoring activities in relation to vendors and to terminate contracts in the event of violations.

Finally, in January 2015, Enel established a single, global registration point for suppliers and for all Enel Group companies. This represents a single interface for the entire global procurement community (PortalOne). This system enables suppliers to interact with all companies of the Enel Group in real time and to access all available services, including: responding to invitations to tender, managing their qualification process, viewing their own vendor rating, etc.

Related parties

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

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

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

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

For more details on transactions with related parties, please see the discussion in note 47 to the consolidated financial statements.

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

Pursuant to CONSOB Notice DEM/6064293 of July 28, 2006, the following table provides a reconciliation of Group results for the year and shareholders' equity with the corresponding figures for the Parent Company.

Millions of euro	Income statement	Shareholders' equity	Income statement	Shareholders' equity
	at Dec. 31, 2015		at Dec. 31, 2014	
Financial statements - Enel SpA	**1,011**	**24,880**	**558**	**25,136**
Carrying amount and impairment adjustments of consolidated equity investments and equity investments accounted for using the equity method	13,510	(69,180)	(3,211)	(82,169)
Shareholders' equity and net income (calculated using harmonized accounting policies) of the consolidated companies and groups and those accounted for using the equity method, net of non-controlling interests	(9,287)	67,680	20,710	79,257
Translation reserve	-	(1,956)	-	(1,321)
Consolidation differences at the Group consolidation level	(13)	9,281	(890)	9,294
Intercompany dividends	(2,737)	-	(15,715)	-
Elimination of unrealized intercompany profits, net of tax effects and other minor adjustments	(288)	1,671	(935)	1,309
TOTAL SHAREHOLDERS OF THE PARENT COMPANY	**2,196**	**32,376**	**517**	**31,506**
NON-CONTROLLING INTERESTS	**1,176**	**19,375**	**255**	**19,639**
CONSOLIDATED FINANCIAL STATEMENTS	**3,372**	**51,751**	**772**	**51,145**

Consolidated financial statements

Financial statements

Consolidated income statement

Millions of euro	Notes	2015		2014	
			of which with related parties		*of which with related parties*
Revenue					
Revenue from sales and services	7.a	73,076	*5,583*	73,328	*5,751*
Other revenue and income	7.b	2,582	*314*	2,463	*367*
	[Subtotal]	**75,658**		**75,791**	
Costs					
Electricity, gas and fuel purchases	8.a	37,644	*7,089*	36,928	*7,595*
Services and other materials	8.b	16,457	*2,431*	17,179	*2,440*
Personnel	8.c	5,313		4,864	
Depreciation, amortization and impairment losses	8.d	7,612		12,670	
Other operating expenses	8.e	2,654	*54*	2,362	*53*
Capitalized costs	8.f	(1,539)		(1,524)	
	[Subtotal]	**68,141**		**72,479**	
Net income/(expense) from commodity contracts measured at fair value	9	**168**	***(24)***	**(225)**	***46***
Operating income		**7,685**		**3,087**	
Financial income from derivatives	10	2,455		2,078	
Other financial income	11	1,563	*15*	1,248	*23*
Financial expense from derivatives	10	1,505		916	
Other financial expense	11	4,969	*29*	5,540	*28*
Share of income/(losses) of equity investments accounted for using the equity method	12	52		(35)	
Income before taxes		**5,281**		**(78)**	
Income taxes	13	1,909		(850)	
Net income from continuing operations		**3,372**		**772**	
Net income from discontinued operations		**-**		**-**	
Net income for the year (shareholders of the Parent Company and non-controlling interests)		**3,372**		**772**	
Attributable to shareholders of the Parent Company		2,196		517	
Attributable to non-controlling interests		1,176		255	
Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)	14	*0.23*		*0.05*	
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)	14	*0.23*		*0.05*	
Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)	14	*0.23*		*0.05*	
Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)	14	*0.23*		*0.05*	

Statement of consolidated comprehensive income for the year

Millions of euro	Notes	2015	2014
Net income for the year		**3,372**	**772**
Other comprehensive income recyclable to profit or loss			
Effective portion of change in the fair value of cash flow hedges		359	(347)
Share of the other comprehensive income of equity investments accounted for using the equity method		29	(13)
Change in the fair value of financial assets available for sale		25	(23)
Change in translation reserve		(1,743)	(717)
Other comprehensive income not recyclable to profit or loss			
Remeasurement of net employee benefit liabilities/(assets)		184	(307)
Total other comprehensive income/(loss) for the year	32	**(1,146)**	**(1,407)**
Total comprehensive income/(loss) for the year		**2,226**	**(635)**
Attributable to:			
- shareholders of the Parent Company		2,191	(205)
- non-controlling interests		35	(430)

Consolidated balance sheet

Millions of euro	Notes				
ASSETS		**at Dec. 31, 2015**		at Dec. 31, 2014	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	15	73,307		73,089	
Investment property	18	144		143	
Intangible assets	19	15,235		16,612	
Goodwill	20	13,824		14,027	
Deferred tax assets	21	7,386		7,067	
Equity investments accounted for using the equity method	22	607		872	
Derivatives	23	2,343		1,335	
Other non-current financial assets	24	3,274		3,645	
Other non-current assets	25	877		885	
	[Total]	**116,997**		**117,675**	
Current assets					
Inventories	26	2,904		3,334	
Trade receivables	27	12,797	*937*	12,022	*1,220*
Income tax receivables		636		788	
Derivatives	23	5,073		5,500	
Other current financial assets	28	2,381	*2*	3,984	
Other current assets	29	2,898	*135*	3,465	*142*
Cash and cash equivalents		10,639		13,088	
	[Total]	37,328		42,181	
Assets classified as held for sale	30	**6,854**		**6,778**	
TOTAL ASSETS		**161,179**		**166,634**	

Millions of euro	Notes				
LIABILITIES AND SHAREHOLDERS' EQUITY		**at Dec. 31, 2015**		at Dec. 31, 2014	
			of which with related parties		*of which with related parties*
Equity attributable to the shareholders of the Parent Company					
Share capital		9,403		9,403	
Reserves		3,352		3,362	
Retained earnings/(Loss carried forward)		19,621		18,741	
	[Total]	**32,376**		**31,506**	
Non-controlling interests		**19,375**		**19,639**	
Total shareholders' equity	32	**51,751**		**51,145**	
Non-current liabilities					
Long-term borrowings	33	44,872		48,655	
Employee benefits	34	2,284		3,687	
Provisions for risks and charges - non-current	35	5,192		4,051	
Deferred tax liabilities	21	8,977		9,220	
Derivatives	23	1,518		2,441	*24*
Other non-current liabilities	36	1,549	*4*	1,464	*2*
	[Total]	**64,392**		**69,518**	
Current liabilities					
Short-term borrowings	33	2,155		3,252	
Current portion of long-term borrowings	33	5,733		5,125	
Provisions for risk and charges - current	35	1,630		1,187	
Trade payables	37	11,775	*2,911*	13,419	*3,159*
Income tax payable		585		253	
Derivatives	23	5,509		5,441	
Other current financial liabilities	38	1,063		1,177	
Other current liabilities	40	11,222	*14*	10,827	*3*
	[Total]	**39,672**		**40,681**	
Liabilities included in disposal groups classified as held for sale	31	**5,364**		**5,290**	
Total liabilities		**109,428**		**115,489**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**161,179**		**166,634**	

Statement of changes in consolidated shareholders' equity

	Share capital and reserves attributable to the shareholders of the Parent Company						
	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserve from translation of financial statements in currencies other than euro	Reserve from measurement of cash flow hedge financial instruments	Reserve from measurement of financial instruments AFS
At January 1, 2014	**9,403**	**5,292**	**1,881**	**2,262**	**(1,084)**	**(1,592)**	**128**
Dividends and interim dividends	-	-	-	-	-	-	-
Transactions in non-controlling interests	-	-	-	-		-	-
Change in scope of consolidation	-	-	-	-	6	21	-
Comprehensive income for the period	-	-	-	-	(243)	(235)	(23)
of which:							
- other comprehensive income/(loss) for the period	-	-	-	-	*(243)*	*(235)*	*(23)*
- net income/(loss) for the period	-	-	-	-	-	-	-
At December 31, 2014	**9,403**	**5,292**	**1,881**	**2,262**	**(1,321)**	**(1,806)**	**105**
Dividends and interim dividends	-	-	-	-	-	-	-
Transactions in non-controlling interests	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	(635)	465	25
of which:							
- other comprehensive income/(loss) for the period	-	-	-	-	*(635)*	*465*	*25*
- net income/(loss) for the period	-	-	-	-	-	-	-
At December 31, 2015	**9,403**	**5,292**	**1,881**	**2,262**	**(1,956)**	**(1,341)**	**130**

Reserve from equity investments accounted for using the equity method	Reserve from remeasurement of net defined benefit plan liabilities/(assets)	Reserve from disposal of equity interests without loss of control	Reserve from transactions in non-controlling interests	Retained earnings/(Loss carried forward)	**Equity attributable to the shareholders of the Parent Company**	**Non-controlling interests**	**Total shareholders' equity**
(58)	**(528)**	**721**	**62**	**19,454**	**35,941**	**16,891**	**52,832**
-	-	-	-	(1,222)	**(1,222)**	**(1,541)**	**(2,763)**
-	-	(2,831)	(255)	-	**(3,086)**	**5,385**	**2,299**
3	59	(3)	-	(8)	**78**	**(666)**	**(588)**
(19)	(202)	-	-	517	**(205)**	**(430)**	**(635)**
					-		
(19)	*(202)*	-	-	-	***(722)***	***(685)***	***(1,407)***
-	-	-	-	*517*	***517***	***255***	***772***
(74)	**(671)**	**(2,113)**	**(193)**	**18,741**	**31,506**	**19,639**	**51,145**
-	-	-	-	(1,316)	**(1,316)**	**(767)**	**(2,083)**
-	-	(2)	(3)	-	**(5)**	**469**	**464**
-	-	-	-	-	**-**	**(1)**	**(1)**
20	120	-	-	2,196	**2,191**	**35**	**2,226**
20	*120*	-	-	-	***(5)***	***(1,141)***	***(1,146)***
-	-	-	-	*2,196*	***2,196***	***1,176***	***3,372***
(54)	**(551)**	**(2,115)**	**(196)**	**19,621**	**32,376**	**19,375**	**51,751**

Consolidated statement of cash flows

Millions of euro	Notes	2015		2014	
			of which with related parties		*of which with related parties*
Income before taxes for the year		**5,281**		**(78)**	
Adjustments for:					
Amortization and impairment losses of intangible assets	8.d	770		1,709	
Depreciation and impairment losses of property, plant and equipment	8.d	6,002		10,212	
Financial (income)/expense	11	2,246		2,581	
Interest and other financial income received	11	1,715	*15*	1,326	*23*
Interest and other financial expense paid	11	(4,326)	*(29)*	(4,043)	*(28)*
(Gains)/Losses from disposals and other non-monetary items		(412)		(610)	
Taxes paid	13	(1,516)		(1,396)	
Accruals to provisions		1,448		911	
Exchange rate adjustments of foreign currency assets and liabilities (including cash and cash equivalents)		856		1,285	
Changes in net current assets:		(2,492)		(1,839)	
- inventories	26	274		(102)	
- trade receivables	27	(2,329)	*283*	(1,283)	*58*
- trade payables	37	(581)	*(248)*	1,311	*(549)*
- provisions	35	(1,243)		(1,773)	
- other assets and liabilities		1,387	*(6)*	9	*39*
Cash flows from operating activities (A)		**9,572**		**10,058**	
Investments in property, plant and equipment	15	(7,000)		(6,021)	
Investments in intangible assets	19	(762)		(680)	
Investments in entities (or business units) less cash and cash equivalents acquired	5	(78)		(73)	
Disposals of entities (or business units) less cash and cash equivalents sold	5	1,350		312	
(Increase)/Decrease in other investing activities		69		325	
Cash flows from investing/disinvesting activities (B)		**(6,421)**		**(6,137)**	
Financial debt (new long-term borrowing)	33	1,474		4,582	
Financial debt (repayments and other changes in net financial debt)	33	(5,015)		(2,400)	
Transactions in non-controlling interest	32	456		1,977	
Transaction costs in the disposal of equity interests without loss of control		-		(50)	
Dividends and interim dividends paid	32	(2,297)		(2,573)	
Cash flows from financing activities (C)		**(5,382)**		**1,536**	
Impact of exchange rate fluctuations on cash and cash equivalents (D)		**(234)**		**(102)**	
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)		**(2,465)**		**5,355**	
Cash and cash equivalents at the beginning of the period (1)		13,255		7,900	
Cash and cash equivalents at the end of the period (2)		10,790		13,255	

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

(2) Of which cash and cash equivalents equal to €10,639 million at December 31, 2015 (€13,088 million at December 31, 2014), short-term securities equal to €1 million at December 31, 2015 (€140 million at December 31, 2014) and cash equivalents pertaining to "Assets held for sale" equal to €150 million at December 31, 2015 (€27 million at December 31, 2014).

Notes to the consolidated financial statements

1

Form and content of the financial statements

Enel SpA has its registered office in Viale Regina Margherita 137, Rome, Italy, and since 1999 has been listed on the Milan Stock Exchange. Enel is an energy multinational and is one of the world's leading integrated operators in the electricity and gas industries, with a special focus on Europe and Latin America.

The consolidated financial statements for the period ended December 31, 2015 comprise the financial statements of Enel SpA, its subsidiaries and Group holdings in associates and joint ventures, as well as the Group's share of the assets, liabilities, costs and revenue of joint operations ("the Group"). A list of the subsidiaries, associates, joint operations and joint ventures included in the scope of consolidation is attached.

The consolidated financial statements were approved for publication by the Board of Directors on March 22, 2016.

These financial statements have been audited by Reconta Ernst & Young SpA.

Basis of presentation

The consolidated financial statements for the year ended December 31, 2015 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation 2002/1606/EC and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".

The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.

The consolidated financial statements consist of the consolidated income statement, the statement of consolidated comprehensive income, the consolidated balance sheet, the statement of changes in consolidated shareholders' 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 held for sale and liabilities included in disposal groups 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 Group or in the 12 months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Group or within the 12 months following the close of the financial year.

The consolidated income statement is classified on the basis of the nature of costs, with separate reporting of net income/(loss) from continuing operations and net income (loss) from discontinued operations attributable to shareholders of the Parent Company and to non-controlling interests.

The indirect method is used for the consolidated cash flow statement of cash flows, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations.

In particular, although the Group does not diverge from the provisions of IAS 7 in the classification of items:

- cash flows from operating activities report cash flows from core operations, interest on loans granted and obtained and dividends received from joint ventures or associates;
- investing/disinvesting activities comprise investments in property, plant and equipment and intangible assets and disposals of such assets, including the effects of business combinations in which the Group acquires or loses control of companies, as well as other minor investments;
- cash flows from financing activities include cash flows generated by liability management transactions, dividends paid to non-controlling interests by the Parent Company or other consolidated companies and the effects of

transactions in non-controlling interests that do not change the status of control of the companies involved;

> a separate item is used to report the impact of exchange rates on cash and cash equivalents and their impact on profit or loss is eliminated in full in order to neutralize the effect on cash flows from operating activities.

For more information on cash flows as reported in the statement of cash flows, please see the note on "cash flows" in the report on operations.

The income statement, the balance sheet and the statement of cash flows report transactions with related parties, the definition of which is given in the next section below.

The consolidated financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS, as explained in the measurement bases applied to each individual item, and of non-current assets and disposal groups classified as held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell.

The consolidated financial statements are presented in euro, the functional currency of the Parent Company Enel SpA. All figures are shown in millions of euro unless stated otherwise.

The consolidated financial statements provide comparative information in respect of the previous period.

2

Accounting policies and measurement criteria

Use of estimates and management judgment

Preparing the consolidated financial statements under IFRS-EU requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments 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 through profit or loss 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.

In order to enhance understanding of the financial statements, the following sections examine the main items affected by the use of estimates and the cases that reflect management judgments to a significant degree, underscoring the main assumptions used by managers in measuring these items in compliance with the IFRS-EU. The critical element of such valuations 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.

Use of estimates

Revenue recognition

Revenue from sales to customers is recognized on an accruals basis on the basis of the fair value of the services provided.

Revenue from sales of electricity and gas to retail customers is recognized at the time the electricity or gas is supplied and includes, in addition to amounts invoiced on the basis of periodic meter readings (pertaining to the year), an estimate of the value of electricity and gas sold during the period but not yet invoiced, which is equal to the difference between the amount of electricity and gas delivered to the distribution network and that invoiced in the period, taking account of any network losses. Revenue between the date of the last meter reading and the end of the year is 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.

Revenue from the transport of electricity is recognized when the services are rendered to distribution customers even if they have not yet been invoiced. That revenue is determined on the basis of the amounts that have actually transited along the distribution network, net of estimated losses. Where provided for in the specific local regulations, such revenue is adjusted to take account of the restrictions and mandatory rates established by the Authority for Electricity, Gas and the Water System in Italy or the equivalent national organizations in other countries. Where the inclusion of investments in rates, which gives rise to the operator's right to receive the amount, in the year in which they are carried out is already virtually certain, the corresponding revenue is recognized on an accrual basis on the basis of a preliminary estimate of the investments carried out during the year.

Pension plans 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, the inflation rate 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 wherever circumstances or events suggest that a review is necessary. Goodwill is reviewed at least annually. Such assessments of the recoverable amount of assets are carried out in accordance with the provisions of IAS 36, as described in greater detail in note 20 below.

In particular, the recoverable amount of non-current assets and goodwill is based on estimates and assumptions used in order to determine the amount of cash flow and the discount rates applied. 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 possible future disposal, in accordance with the Company's most recent approved plan.

The factors used in the calculation of the recoverable amount are discussed in more detail in the section "Impairment of non-financial assets". Nevertheless, possible changes in the estimation of the 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.

Depreciable value of certain elements of Italian hydroelectric plants subsequent to enactment of Law 134/2012

Law 134 of August 7, 2012 containing "urgent measures for growth" (published in the *Gazzetta Ufficiale* of August 11, 2012, introduced a sweeping overhaul of the rules governing hydroelectric concessions. Among its various provisions, the law establishes that five years before the expiration of a major hydroelectric water diversion concession and in cases of lapse, relinquishment or revocation, where there is no prevailing public interest for a different use of the water, incompatible with its use for hydroelectric generation, the competent public entity shall organize a public call for tender for the award for consideration of the concession for a period ranging from 20 to a maximum of 30 years.

In order to ensure operational continuity, the law also governs the methods of transfer ownership of the business unit necessary to operate the concession, including all legal relationships relating to the concession, from the outgoing concession holder to the new concession holder, in exchange for payment of a price to be determined in negotiations between the departing concession holder and the grantor agency, taking due account of the following elements:

> for intake and governing works, penstocks and outflow channels, which under the consolidated law governing waters and electrical plants are to be relinquished free of charge (Article 25 of Royal Decree 1775 of December 11, 1933), the revalued cost less government capital grants, also revalued, received by the concession holder for the construction of such works, depreciated for ordinary wear and tear;
> for other property, plant and equipment, the market value, meaning replacement value, reduced by estimated depreciation for ordinary wear and tear.

While acknowledging that the new regulations introduce important changes as to the transfer of ownership of the business unit with regard to the operation of the hydroelectric concession, the practical application of these principles faces difficulties, given the uncertainties that do not permit the formulation of a reliable estimate of the value that can be recovered at the end of existing concessions (residual value).

Accordingly, management has decided to not attempt to formulate an estimate of residual value.

The fact that the legislation requires the new concession holder to make a payment to the departing concession holder prompted management to review the depreciation schedules for assets classified as to be relinquished free of charge prior to Law 134/2012 (until the year ended on December 31, 2011, given that the assets were to be relinquished free of charge, the depreciation period was equal to the closest date between the term of the concession and the end of the useful life of the individual asset), calculating depreciation no longer over the term of the concession but, if longer, over the economic and technical life of the individual assets. If additional information becomes available to enable the calculation of residual value, the carrying amounts of the assets involved will be adjusted prospectively.

Determining the fair value of financial instruments

The fair value of financial instruments is determined on the basis of prices directly observable in the market, where available, or, for unlisted financial instruments, using specific valuation techniques (mainly based on present value) that maximize the use of observable market inputs. In rare circumstances were this is not possible, the inputs are estimated by management taking due account of the characteristics of the instruments being measured.

In accordance with IFRS 13, the Group includes a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk, using the method discussed in note 45. Changes in the assumptions made in estimating the input date could have an impact on the fair value recognized for those instruments.

Recovery of deferred tax assets

At December 31, 2015, the consolidated financial statements report deferred tax assets in respect of tax losses to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.

The recoverability of such assets is subject to the achievement of future profits sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies and the tax rates applicable at the date of reversal. However, where the Group should become aware that it is unable to recover all or part of recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.

Litigation

The Enel Group is involved in various legal disputes regarding the generation, transport and distribution of electricity. In view of the nature of such litigation, it is not always objectively possible to predict the outcome of such disputes, which in some cases could be unfavorable.

Provisions have been recognized to cover all significant liabilities for cases in which legal counsel feels an adverse outcome is likely and a reasonable estimate of the amount of the loss can be made.

Obligations associated with generation plants, including decommissioning and site restoration

Generation activities may entail obligations for the operator with regard to future interventions that will have to be performed following the end of the operating life of the plant.

Such interventions may involve the decommissioning of plants and site restoration, or other obligations linked to the type of generation technology involved. The nature of such obligations may also have a major impact on the accounting treatment used for them.

In the case of nuclear power plants, where the costs regard both decommissioning and the storage of waste fuel and other radioactive materials, the estimation of the future cost is a critical process, given that the costs will be incurred over a very long span of time, estimated at up to 100 years.

The obligation, based on financial and engineering assumptions, is calculated by discounting the expected future cash flows that the Group considers it will have to pay to meet the obligations it has assumed.

The discount rate used to determine the present value of the liability is the pre-tax risk-free rate and is based on the economic parameters of the country in which the plant is located.

That liability is quantified by management on the basis of the technology existing at the measurement date and is reviewed each year, taking account of developments in storage, decommissioning and site restoration technology, as well as the ongoing evolution of the legislative framework governing health and environmental protection.

Subsequently, the value of the obligation is adjusted to reflect the passage of time and any changes in estimates.

Other

In addition to the items listed above, the use of estimates regarded the fair value measurement of assets acquired and liabilities assumed in business combinations. For these items, the estimates and assumptions are contained in the discussion of the accounting policies adopted.

Management judgments

Identification of cash generating units (CGUs)

In application of "IAS 36 - *Impairment of assets*", the goodwill recognized in the consolidated financial statements of the Group as a result of business combinations has been allocated to individual or groups of CGUs that will benefit from the combination. A CGU is the smallest group of assets that generates largely independent cash inflows.

In identifying such CGUs, management took account of the specific nature of its assets and the business in which it is involved (geographical area, business area, regulatory framework, etc.), verifying that the cash flows of a given group of assets were closely independent and largely autonomous of those associated with other assets (or groups of assets).

The assets of each CGU were also identified on the basis of the manner in which management manages and monitors those assets within the business model adopted. For a more extensive discussion, please see notes 4 and 5 below and the discussion in the section on "Results by business area" in the report on operations.

The CGUs identified by management to which the goodwill recognized in these consolidated financial statements has been allocated are indicated in the section on intangible assets, to which the reader is invited to refer.

The number and scope of the CGUs are updated systematically to reflect the impact of new business combinations and reorganizations carried out by the Group, and to take account of external factors that could impact the ability of groups of assets to generate independent cash flows.

Determination of the existence of control

Under the provisions of IFRS 10, control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is defined as the current ability to direct the relevant activities of the investee based on existing substantive rights.

The existence of control does not depend solely on ownership of a majority shareholding, but rather it arises from substantive rights that each investor holds over the investee. Consequently, management must use its judgment in assessing whether specific situations determine substantive rights that give the Group the power to direct the relevant activities of the investee in order to affect its returns.

For the purpose of assessing control, management analyses all facts and circumstances including any agreements with other investors, rights arising from other contractual arrangements and potential voting rights (call options, warrants, put options granted to non-controlling shareholders, etc.). These other facts and circumstances could be especially significant in such assessment when the Group holds less than a majority of voting rights, or similar rights, in the investee.

Following such analysis of the existence of control, which had already been done in previous years under the provisions of the then-applicable IAS 27, the Group consolidated certain companies (Emgesa and Codensa) on a line-by-line basis even though it did not hold more than half of the voting rights. That approach was maintained in the assessment carried out in application of IFRS 10 on the basis of the requirements discussed above, as detailed in the attachment "Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2015" to these financial statements.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of control.

Finally, the assessment of the existence of control did not find any situations of *de facto* control.

Determination of the existence of joint control and of the type of joint arrangement

Under the provisions of the new IFRS 11, a joint arrangement is an agreement where two, or more parties, have joint control.

Joint control exists when the decisions over the relevant activities require the unanimous consent of at least two parties of a joint arrangement.

A joint arrangement can be configured as a joint venture or a joint operation. Joint ventures are joint arrangements whereby the parties that have joint control have rights to the net assets of the arrangement. Conversely, joint operations are joint arrangements whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement.

In order to determine the existence of the joint control and the type of joint arrangement, management must apply judgment and assess its rights and obligations arising from the arrangement. For this purpose, the management considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

Following that analysis, the Group has considered its interest in Asociación Nuclear Ascó-Vandellós II as a joint operation.

The Group re-assesses whether or not it has joint control if facts and circumstances indicate that changes have occurred in one or more of the elements considered in verifying the existence of joint control and the type of the joint arrangement.

Determination of the existence of significant influence over an associate

Associated companies are those in which the Group exercises significant influence, i.e. the power to participate in the financial and operating policy decisions of the investee but not exercise control or joint control over those policies. In general, it is presumed that the Group has a significant influence when it has an ownership interest of 20% or more.
In order to determine the existence of significant influence, management must apply judgment and consider all facts and circumstances.
The Group re-assesses whether or not it has significant influence if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of significant influence.

Application of "IFRIC 12 - *Service concession arrangements*" to concessions

"IFRIC 12 - *Service concession arrangements*" applies to "public-to-private" service concession arrangements, which can be defined as contracts under which the grantor transfers to a concession holder the right to deliver public services that give access to the main public facilities for a specified period of time in return for managing the infrastructure used to deliver those public services.
More specifically, IFRIC 12 applies to public-to-private service concession arrangements if the grantor:

> controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
> controls – through ownership or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

In assessing the applicability of these provisions for the Group, management carefully analyzed existing concessions.
On the basis of that analysis, the provisions of IFRIC 12 are applicable to some of the infrastructure of a number of companies in the Latin America Region that operate in Brazil (essentially Ampla and Coelce).

Related parties

Related parties are mainly parties that have the same controlling entity as Enel SpA, companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of Enel SpA and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include entities that operate post-employment benefit plans for employees of Enel SpA or its associates (specifically, the FOPEN and FONDENEL pension funds), as well as the members of the boards of auditors, and their immediate family, and the key management personnel, and their immediate family, of Enel SpA and its subsidiaries. Key management personnel comprises management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the company. They include directors.

Subsidiaries

The Group controls an entity when it is exposed/has rights to variable returns deriving from its involvement and has the ability, through the exercise of its power over the investee, to affect its returns. Power is defined as when the investor has existing rights that give it the current ability to direct the relevant activities.
The figures of the subsidiaries are consolidated on a full line-by-line basis as from the date control is acquired until such control ceases.

Consolidation procedures

The financial statements of subsidiaries used to prepare the consolidated financial statements were prepared at December 31, 2015 in accordance with the accounting policies adopted by the Parent Company.
If a subsidiary uses different accounting policies from those adopted in preparing the consolidated financial statements for similar transactions and facts in similar circumstances, appropriate adjustments are made to ensure conformity with Group accounting policies.
Assets, liabilities, revenue and expenses of a subsidiary acquired or disposed of during the year are included in or excluded from the consolidated financial statements, respectively, from the date the Group gains control or until the date the Group ceases to control the subsidiary.
Profit or loss and the other components of other comprehensive income are attributed to the owners of the Parent and non-controlling interests, even if this results in a loss for non-controlling interests.
All intercompany assets and liabilities, equity, income, ex-

penses and cash flows relating to transactions between entities of the Group are eliminated in full.

Changes in ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions, with the carrying amounts of the controlling and non-controlling interests adjusted to reflect changes in their interests in the subsidiary. Any difference between the fair value of the consideration paid or received and the corresponding fraction of equity acquired or sold is recognized in consolidated equity.

When the Group ceases to have control over a subsidiary, any interest retained in the entity is remeasured to its fair value, recognized through profit or loss, at the date when control is lost. In addition, any amounts previously recognized in other comprehensive income in respect of the former subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities.

Investments in joint arrangements and associates

A joint venture is an entity over which the Group exercises joint control and has rights to the net assets of the arrangement. Joint control is the sharing of control of an arrangement, whereby decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over the investee.

The Group's investments in its joint ventures and associates are accounted for using the equity method.

Under the equity method, these investments are initially recognized at cost and any goodwill arising from the difference between the cost of the investment and the Group's share of the net fair value of the investee's identifiable assets and liabilities at the acquisition date is included in the carrying amount of the investment. Goodwill is not individually tested for impairment.

After the acquisition date, their carrying amount is adjusted to recognize changes in the Group's share of profit or loss of the associate or joint venture. The OCI of such investees is presented as specific items of the Group's OCI.

Distributions received from joint venture and associates reduce the carrying amount of the investments.

Profits and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associate or joint venture.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate or joint venture. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying amount.

If the investment ceases to be an associate or a joint venture, the Group recognizes any retained investment at its fair value, through profit or loss. Any amounts previously recognized in other comprehensive income in respect of the former associate or joint venture are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to exercise a significant influence or joint control, the Group continues to apply the equity method and the share of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction is accounted for as if the Group had directly disposed of the related assets or liabilities.

When a portion of an investment in an associate or joint venture meets the criteria to be classified as held for sale, any retained portion of an investment in the associate or joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion classified as held for sale takes place.

Joint operations are joint arrangements whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. For each joint operation, the Group recognized assets, liabilities, costs and revenue on the basis of the provisions of the arrangement rather than the participating interest held.

Translation of foreign currency items

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

Translation of financial statements denominated in a foreign currency

For the purposes of the consolidated financial statements, all profits/losses, assets and liabilities are stated in euro, which is the functional currency of the Parent Company, Enel SpA.

In order to prepare the consolidated financial statements, the financial statements of consolidated companies in functional currencies other than the presentation currency used in the consolidated financial statements are translated into euro by applying the relevant period-end exchange rate to the assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the period, which approximates the exchange rates prevailing at the date of the respective transactions, to the income statement items.

Any resulting exchange rate gains or losses are recognized as a separate component of equity in a special reserve. The gains and losses are recognized proportionately in the income statement on the disposal (partial or total) of the subsidiary.

Business combinations

Business combinations initiated before January 1, 2010 and completed within that financial year are recognized on the basis of IFRS 3 (2004).

Such business combinations were recognized using the purchase method, where the purchase cost is equal to the fair value at the date of the exchange of the assets acquired and the liabilities incurred or assumed, plus costs directly attributable to the acquisition. This cost was 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 pertaining to the shareholders of the Parent Company was recognized as goodwill. Any negative difference was recognized in profit or loss. The value of non-controlling interests was determined in proportion to the interest held by minority shareholders in the net assets. In the case of business combinations achieved in stages, at the date of acquisition any adjustment to the fair value of the net assets acquired previously was recognized in equity; the amount of goodwill was determined for each transaction separately based on the fair values of the acquiree's net assets at the date of each exchange transaction.

Business combinations carried out as from January 1, 2010 are recognized on the basis of IFRS 3 (2008), which is referred to as IFRS 3 Revised hereafter.

More specifically, business combinations are recognized using the acquisition method, where the purchase cost (the consideration transferred) is equal to the fair value at the purchase date of the assets acquired and the liabilities incurred or assumed, as well as any equity instruments issued by the purchaser. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

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 company at their fair values as at the acquisition date. Any positive difference between the price paid, measured at fair value as at the acquisition date, plus the value of any non-controlling interests, and the net 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 or loss.

The value of 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.

In the case of business combinations achieved in stages, at the date of acquisition of control the previously held equity interest in the acquiree is remeasured to fair value and any positive or negative difference is recognized in profit or loss.

Any contingent consideration is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration classified as an asset or a liability that is a financial instrument within the scope of IAS 39 is recognized either in profit or loss or in other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS-EU. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. Any adjustments resulting from the completion of the measurement process are recognized within 12 months of the date of acquisition, restating comparative figures.

Fair value measurement

For all fair value measurements and disclosures of fair value, that are either required or permitted by international accounting standards, the Group applies IFRS 13.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date (i.e. an exit price).

The fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the principal market, i.e. the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market to which the Group has access, i.e. the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent, knowledgeable sellers and buyers who are able to enter into a transaction for the asset or the liability and who are motivated but not forced or otherwise compelled to do so.

When measuring fair value, the Group takes into account the characteristics of the asset or liability, in particular:

> for a non-financial asset, a fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use;

> for liabilities and own equity instruments, the fair value reflects the effect of non-performance risk, i.e. the risk that an entity will not fulfill an obligation;

> in the case of groups of financial assets and financial liabilities with offsetting positions in market risk or credit risk, managed on the basis of an entity's net exposure to such risks, it is permitted to measure fair value on a net basis.

In measuring the fair value of assets and liabilities, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenses directly attributable to bringing the asset to the location and condition necessary for its intended use.

The cost is also increased by the present value of the estimate of the costs of decommissioning and restoring the site on which the asset is located where there is a legal or constructive obligation to do so. The corresponding liability is recognized under provisions for risks and charges. The accounting treatment of changes in the estimate of these costs, the passage of time and the discount rate is discussed under "Provisions for risks and charges".

Property, plant and equipment transferred from customers to connect them to the electricity distribution network and/or to provide them with ongoing access to a supply of electricity is initially recognized at its fair value at the time of the transfer.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, i.e. an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the assets themselves. Borrowing costs associated with the purchase/construction of assets that do not meet such requirement are expensed in the period in which they are incurred.

Certain assets that were revalued at the IFRS-EU transition date or in previous periods are recognized at their fair value, which is considered to be their deemed cost at the revaluation date.

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

Subsequent costs are recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the cost incurred to replace a part of the asset will flow to the Group and the cost of the item can be measured reliably. All other costs are recognized in profit or loss as incurred.

The cost of replacing part or all of an asset is recognized as an increase in the carrying amount of the asset and is depreciated over its useful life; the net carrying amount of the replaced unit is derecognized through profit or loss.

Property, plant and equipment, net of its residual value, is depreciated on a straight-line basis over its estimated useful life, which is reviewed annually and, if appropriate, adjusted prospectively. Depreciation begins when the asset is available for use.

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

Civil buildings	20-70 years
Buildings and civil works incorporated in plants	20-85 years
Hydroelectric power plants:	
- penstock	20-75 years
- mechanical and electrical machinery	24-40 years
- other fixed hydraulic works	25-100 years
Thermal power plants:	
- boilers and auxiliary components	19-46 years
- gas turbine components	10-40 years
- mechanical and electrical machinery	10-45 years
- other fixed hydraulic works	10-66 years
Nuclear power plants	60 years
Geothermal power plants:	
- cooling towers	10-20 years
- turbines and generators	20-30 years
- turbine parts in contact with fluid	10-25 years
- mechanical and electrical machinery	20-22 years
Wind power plants:	
- towers	20-25 years
- turbines and generators	20-25 years
- mechanical and electrical machinery	15-25 years
Solar power plants:	
- mechanical and electrical machinery	15-40 years
Public and artistic lighting:	
- public lighting installations	18-25 years
- artistic lighting installations	20-25 years
Transmission lines	20-50 years
Transformer stations	10-60 years
Distribution plants:	
- high-voltage lines	30-50 years
- primary transformer stations	10-60 years
- low- and medium-voltage lines	23-50 years
Meters:	
- electromechanical meters	2-27 years
- electricity balance measurement equipment	2-35 years
- electronic meters	10-20 years

The useful life of leasehold improvements is determined on the basis of the term of the lease or, if shorter, on the duration of the benefits produced by the improvements themselves.
Land is not depreciated as it has an undetermined useful life.

Assets recognized under property, plant and equipment are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net carrying amount of the derecognized assets.

Assets to be relinquished free of charge

The Group's plants include assets to be relinquished free of charge at the end of the concessions. These mainly regard major water diversion works and the public lands used for the operation of the thermal power plants. For Italy, the concessions terminate between 2020 and 2040.
Within the Italian regulatory framework in force until 2011, if the concessions are not renewed, at those dates all intake and governing works, penstocks, outflow channels and other assets on public lands were to be relinquished free of charge to the government in good operating condition. Accordingly, depreciation on assets to be relinquished was calculated over the shorter of the term of the concession and the remaining useful life of the assets.
In the wake of the legislative changes introduced with Law 134 of August 7, 2012, the assets previously classified as assets "to be relinquished free of charge" connected with the hydroelectric water diversion concessions are now considered in the same manner as other categories of "property, plant and equipment" and are therefore depreciated over the economic and technical life of the asset (where this exceeds the term of the concession), as discussed in the section above on the "Depreciable value of certain elements of Italian hydroelectric plants subsequent to enactment of Law 134/2012", which you are invited to consult for more details.

In accordance with Spanish laws 29/1985 and 46/1999, hydroelectric power stations in Spanish territory operate under administrative concessions at the end of which the plants will be returned to the government in good operating condition. The terms of the concessions extend up to 2067.
A number of generation companies that operate in Argentina, Brazil and Mexico hold administrative concessions with similar conditions to those applied under the Spanish concession system. These concessions will expire in the period between 2013 and 2088.

As regards the distribution of electricity, the Group is a concession holder in Italy for this service. The concession, granted by the Ministry for Economic Development, was issued free of charge and terminates on December 31, 2030. If the concession is not renewed upon expiry, the grantor is required to pay an indemnity. The amount of the indemnity will be determined by agreement of the parties using appropriate valuation methods, based on both the balance-sheet value of the assets themselves and their profitability.

In determining the indemnity, such profitability will be represented by the present value of future cash flows. The infrastructure serving the concessions is owned and available to the concession holder. It is recognized under "Property, plant and equipment" and is depreciated over the useful lives of the assets.

Enel also operates under administrative concessions for the distribution of electricity in other countries (including Spain and Romania). These concessions give the right to build and operate distribution networks for an indefinite period of time.

Infrastructure within the scope of "IFRIC 12 - *Service concession arrangements*"

Under a "public-to-private" service concession arrangement within the scope of "IFRIC 12 - *Service concession arrangements*" the operator acts as a service provider and, in accordance with the terms specified in the contract, it constructs/upgrades infrastructure used to provide a public service and operates and maintains that infrastructure for the period of the concession.

The Group, as operator, does not recognize the infrastructure within the scope of IFRIC 12 as property, plant and equipment and it accounts for revenue and costs relating to construction/upgrade services as discussed in the section "Construction contracts". In particular, the Group measures the consideration received or receivable for the construction/upgrading of infrastructure at its fair value and, depending on the characteristics of the service concession arrangement, it recognizes:

> a financial asset, if the operator has an unconditional contractual right to receive cash or another financial asset from the grantor (or from a third party at the direction of the grantor) and the grantor has little discretion to avoid payment. In this case, the grantor contractually guarantees to pay to the operator specified or determinable amounts or the shortfall between the amounts received from the users of the public service and specified or determinable amounts (defined by the contract), and such payments are not dependent on the usage of the infrastructure; and/or

> an intangible asset, if the operator receives the right (a license) to charge users of the public service provided. In such a case, the operator does not have an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.

If the Group (as operator) has a contractual right to receive an intangible asset (the right to charge users of the public service), borrowing costs are capitalized using the criteria specified in the section "Property, plant and equipment".

During the operating phase of concession arrangements, the Group accounts for operating service payments in accordance with criteria specified in the section "Revenue".

Leases

The Group holds property, plant and equipment and intangible assets for its various activities under lease contracts.

These contracts are analyzed on the basis of the circumstances and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases.

A finance lease is defined as a lease that transfers substantially all the risks and rewards incidental to ownership of the related asset to the lessee. All leases that do not meet the definition of a finance lease are classified as operating leases.

On initial recognition assets held under finance leases are recognized as property, plant and equipment and the related liability is recognized under long-term borrowings. At inception date finance leases are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments due, including the payment required to exercise any purchase option.

The assets are depreciated on the basis of their useful lives. If it is not reasonably certain that the Group will acquire the assets at the end of the lease, they are depreciated over the shorter of the lease term and the useful life of the assets.

Payment made under operating lease are recognized as a cost on a straight-line basis over the lease term.

Although not formally designated as lease agreements, certain types of contract can be considered as such if the fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and if the arrangement conveys a right to use such assets.

Investment property

Investment property consists of the Group's real estate held to earn rentals and/or for capital appreciation rather than for use in the production or supply of goods and services.

Investment property is measured at acquisition cost less any accumulated depreciation and any accumulated impairment losses.

Investment property, excluding land, is depreciated on a straight-line basis over the useful lives of the assets.

Impairment losses are determined on the basis of criteria discussed below.

The breakdown of the fair value of investment property is detailed in note 45 "Assets measured at fair value". Investment property is derecognized either at the time of its disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.

Intangible assets

Intangible assets are identifiable assets without physical substance controlled by the entity and capable of generating future economic benefits. They 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 expenses necessary to make the assets ready for their intended use.

Internal development costs are recognized as an intangible asset when both the Group is reasonably assured of the technical feasibility of completing the intangible asset and that the asset will generate future economic benefits and it has intention and ability to complete the asset and use or sell it.

Research costs are recognized as expenses.

Intangible assets with a finite useful life are reported net of accumulated amortization and any impairment losses.

Amortization is calculated on a straight-line basis over the item's estimated useful life, which is reassessed at least annually; any changes in amortization policies are reflected on a prospective basis. Amortization commences when the asset is ready for use. Consequently, intangible assets not yet available for use are not amortized, but are tested for impairment at least annually.

The Group's intangible assets have a definite useful life, with the exception of a number of concessions and goodwill.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is accounted for as a change in accounting estimate.

Intangible assets are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.

The estimated useful life of the main intangible assets, distinguishing between internally generated and acquired assets, is as follows:

Development costs:	
- internally generated	3-5 years
- acquired	3-5 years
Industrial patents and intellectual property rights:	
- internally generated	5 years
- acquired	3-25 years
Concessions, licenses, trademarks and similar rights:	
- internally generated	-
- acquired	2-60 years
Other:	
- internally generated	2-5 years
- acquired	-

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, as measured at fair value at the acquisition date, and the value of any non-controlling interests over the net fair value of the acquiree's identifiable assets and liabilities. After initial recognition, goodwill is not amortized, but is tested for recoverability at least annually using the criteria discussed in the section "Impairment of non-financial assets". For the purpose of impairment testing, goodwill is allocated, from the acquisition date, to each of the identified cash generating units.

Goodwill relating to equity investments in associates and joint ventures is included in their carrying amount.

Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is evidence of impairment. If such evidence exists, the recoverable amount of any involved asset is estimated. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

In order to determine the recoverable amount of property, plant and equipment, intangible assets and goodwill, the

Group generally adopts the value-in-use criterion.
The value in use is represented by the present value of the estimated future cash flows generated by the asset in question. Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset.
The future cash flows used to determine value in use are based on the most recent business plan, approved by the management, containing forecasts for volumes, revenue, operating costs and investments.
These projections cover the next five years. Consequently, cash flows related to subsequent periods are determined on the basis of a long-term growth rate that does not exceed the average long-term growth rate for the particular sector and country.
The recoverable amount of assets that do not generate independent cash flows is determined based on the cash generating unit to which the asset belongs.
If the carrying amount of an asset or of a cash generating unit to which it is allocated is higher than its recoverable amount, an impairment loss is recognized in profit or loss under "Depreciation, amortization and impairment losses".
Impairment losses of cash generating units are firstly charged against the carrying amount of any goodwill attributed to it and then against the other assets, in proportion to their carrying amount.
If the reasons for a previously recognized impairment loss no longer obtain, the carrying amount of the asset is restored through profit or loss, under "Depreciation, amortization and impairment losses", in an amount that shall not exceed the net carrying amount that the asset would have had if the impairment loss had not been recognized and depreciation or amortization had been performed. The original value of goodwill is not restored even if in subsequent years the reasons for the impairment no longer obtain.
The recoverable amount of goodwill and intangible assets with an indefinite useful life and intangible assets not yet available for use is tested for recoverability annually or more frequently if there is evidence suggesting that the assets may be impaired.
If certain specific identified assets owned by the Group are impacted by adverse economic or operating conditions that undermine their capacity to contribute to the generation of cash flows, they can be isolated from the rest of the assets of the cash generating unit, undergo separate analysis of their recoverability and are impaired where necessary.

Inventories

Inventories are measured at the lower of cost and net realizable value except for inventories involved in trading activities, which are measured at fair value with recognition through profit or loss. Cost is determined on the basis of average weighted cost, which includes related ancillary charges. Net estimated realizable value is the estimated normal selling price net of estimated costs to sell or, where applicable, replacement cost.
For the portion of inventories held to discharge sales that have already been made, the net realizable value is determined on the basis of the amount established in the contract of sale.
Inventories include environmental certificates (green certificates, energy efficiency certificates and CO_2 emissions allowances) that were not utilized for compliance in the reporting period. As regards CO_2 emissions allowances, inventories are allocated between the trading portfolio and the compliance portfolio, i.e. those used for compliance with greenhouse gas emissions requirements. Within the latter, CO_2 emissions allowances are allocated to sub-portfolios on the basis of the compliance year to which they have been assigned.
Inventories also include nuclear fuel stocks, use of which is determined on the basis of the electricity generated.
Materials and other consumables (including energy commodities) held for use in production are not written down if it is expected that the final product in which they will be incorporated will be sold at a price sufficient to enable recovery of the cost incurred.

Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue and contract costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period. Under this criteria, revenue, expenses and profit are attributed in proportion to the work completed.
When it is probable that total contract costs will exceed total contract revenue, the expected loss on the construction contract is recognized as an expense immediately, regardless of the stage of completion of the contract.
When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

The stage of completion of the contract in progress is determined, using the cost-to-cost method, as a ratio between costs incurred for work performed to the reporting date and the estimated total contract costs. In addition to initial amount of revenue agreed in the contract, contract revenue includes any payments in respect of variations, claims and incentives, to the extent that it is probable that they will result in revenue and can be reliably measured.
The amount due from customers for construction contract is presented as an asset; the amount due to customers for construction contract is presented as a liability.

Financial instruments

Financial instruments are recognized and measured in accordance with IAS 32 and IAS 39.
A financial asset or liability is recognized in the consolidated financial statements when, and only when, the Group becomes party to the contractual provisions of the instrument (the trade date).
Financial instruments are classified as follows under IAS 39:
> financial assets and liabilities at fair value through profit or loss;
> held-to-maturity financial assets;
> loans and receivables;
> available-for-sale financial assets;
> financial liabilities at amortized cost.

Financial assets and liabilities at fair value through profit or loss

This category includes: securities, equity investments in entities other than subsidiaries, associates and joint ventures and investment funds held for trading or designated as at fair value through profit or loss at the time of initial recognition.
Financial instruments at fair value through profit or loss are financial assets and liabilities:
> classified as held for trading because acquired or incurred principally for the purpose of selling or repurchasing at short term;
> designated as such upon initial recognition, under the option allowed by IAS 39 (the fair value option).
Such financial assets and liabilities are initially recognized at fair value with subsequent gains and losses from changes in their fair value recognized through profit or loss.

Held-to-maturity financial assets

This category comprises non-derivative financial assets with fixed or determinable payments and fixed maturity, quoted on an active market and not representing equity investments, for which the Group has the positive intention and ability to hold until maturity. They are initially recognized at fair value, including any transaction costs, and subsequently measured at amortized cost using the effective interest method.

Loans and receivables

This category mainly includes trade receivables and other financial receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted on an active market, other than those the Group intends to sell immediately or in the short term (which are classified as held for trading) and those that the Group, on initial recognition, designates as either at fair value through profit or loss or available for sale. Such assets are initially recognized at fair value, adjusted for any transaction costs, and are subsequently measured at amortized cost using the effective interest method, without discounting unless material.

Available-for-sale financial assets

This category mainly includes listed debt securities not classified as held to maturity and equity investments in other entities (unless classified as "designated as at fair value through profit or loss"). Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.
These financial instruments are measured at fair value with changes in fair value recognized in other comprehensive income.
At the time of sale, or when a financial asset available for sale becomes an investment in a subsidiary as a result of successive purchases, the cumulative gains and losses previously recognized in equity are reversed to the income statement.
When the fair value cannot be determined reliably, these assets are recognized at cost adjusted for any impairment losses.

Impairment of financial assets

At each reporting date, all financial assets classified as loans and receivables (including trade receivables), held to maturity or available for sale, are assessed in order to determine if there is objective evidence that an asset or a group of financial assets is impaired.
An impairment loss is recognized if and only if such evidence

exists as a result of one or more events that occurred after initial recognition and that have an impact on the future cash flows of the asset and which can be estimated reliably.

Objective evidence of an impairment loss includes observable data about, for example:

> significant financial difficulty of the issuer or obligor;
> a breach of contract, such as a default or delinquency in interest or principal payments;
> evidence that the borrower will enter bankruptcy or other form of financial reorganization;
> a measurable decrease in estimated future cash flows.

Losses that are expected to arise as a result of future events are not recognized.

For financial assets classified as loans and receivables or held to maturity, once an impairment loss has been identified, its amount is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted at the original effective interest rate. This amount is recognized in profit or loss. The carrying amount of trade receivable is reduced through use of an allowance account.

If the amount of a past impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the impairment is reversed through profit or loss.

Further factors are considered in case of impairment of available-for-sale equity investments, such as significant adverse changes in the technological, market, economic or legal environment.

A significant or prolonged decline in fair value constitutes objective evidence of impairment and, therefore, the fair value loss previously recognized in other comprehensive income is reclassified from equity to income.

The amount of the cumulative loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss. An impairment loss on an available-for-sale equity investment cannot be reversed.

If there is objective evidence of impairment for unquoted equity instruments measured at cost because fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the current rate of interest for a similar financial asset. Reversal of impairment are not permitted in these cases either.

The amount of the impairment loss on a debt instrument classified as available for sale, to be reclassified from equity, is the cumulative fair value loss recognized in other comprehensive income. Such impairment loss is reversed through profit or loss if the fair value of the debt instrument objectively increases as a result of an event that occurred after the impairment loss was recognized.

Cash and cash equivalents

This category includes deposits that are available on demand or at very short term, as well as highly liquid short-term financial investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

In addition, for the purpose of the consolidated statement of cash flows, cash and cash equivalents do not include bank overdrafts at period-end.

Financial liabilities at amortized cost

This category mainly includes borrowings, trade payables, finance lease obligations and debt instruments.

Financial liabilities other than derivatives are recognized when the Group becomes a party to the contractual clauses of the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

A derivative is a financial instrument or another contract:

> whose value changes in response to the changes in an underlying variable such as an interest rate, commodity or security price, foreign exchange rate, a price or rate index, a credit rating or other variable;
> that requires no initial net investment, or an initial net investment that is smaller than would be required for a contract with a similar response to changes in market factors;
> that is settled at a future date.

Derivative instruments are classified as financial assets or liabilities depending on whether their fair value is positive or negative and they are classified as "held for trading" and measured at fair value through profit or loss, except for those designated as effective hedging instruments.

For more details about hedge accounting, please see note 44 "Derivatives and hedge accounting".

All derivatives held for trading are classified as current assets or liabilities.

Derivatives not held for trading purposes but measured at fair value through profit or loss since they do not qualify for hedge accounting and derivatives designated as effective hedging instruments are classified as current or non-current on the basis of their maturity date and the Group's intention to hold the financial instrument until maturity or not.

Embedded derivatives

An embedded derivative is a derivative included in a "combined" contract (the so-called "hybrid instrument") that contains another non-derivative contract (the so-called "host contract") and gives rise to some or all of the combined contract's cash flows.

The main Group contracts that may contain embedded derivatives are contracts to buy or sell non-financial items with clauses or options that affect the contract price, volume or maturity.

Such contracts, which do not represent financial instruments to be measured at fair value, are analyzed in order to identify any embedded derivatives, which are to be separated and measured at fair value. This analysis is performed when the Group becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows. Embedded derivatives are separated from the host contract and accounted for as derivatives when:

- host contract is not a financial instrument measured at fair value through profit or loss;
- the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
- a separate contract with the same terms as the embedded derivative would meet the definition of a derivative.

Embedded derivatives that are separated from the host contract are recognized in the consolidated financial statements at fair value with changes recognized through profit or loss (except when the embedded derivative is part of a designated hedging relationship).

Contracts to buy or sell non-financial items

In general, contracts to buy or sell non-financial items that are entered into and continue to be held for receipt or delivery, in accordance with the Group's normal expected purchase, sale or usage requirements, do not fall within the scope of IAS 39 and are then recognized in accordance with the accounting treatment of such transactions (the "own use exemption").

Such contracts are recognized as derivatives and, as a consequence, at fair value through profit or loss only if:

- they can be settled net in cash; and
- they are not entered into in accordance with the Group's expected purchase, sale or usage requirements.

A contract to buy or sell non-financial items is classified as a "normal purchase or sale" if it is entered into:

- for the purpose of physical delivery;
- in accordance with the Group's expected purchase, sale or usage requirements.

The Group analyses all contracts to buy or sell non-financial assets, with a specific focus on forward purchases and sales of electricity and energy commodities, in order to determine if they should be classified and treated in accordance with IAS 39 or if they have been entered into for "own use".

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 Group 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 established by IAS 39 (the "pass through test");
- the Group 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 expired.

Offsetting financial assets and liabilities

The Group offsets financial assets and liabilities when:

- there is a legally enforceable right to set off the recognized amounts; and
- it has the intention of either settling on a net basis, or realizing the asset and settling the liability simultaneously.

Employee benefits

Liabilities related to employee benefits paid upon or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period 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 projected unit credit method). More specifically, the present value of the defined benefit obligation is calculated by using a discount rate determined on the basis of market yields at the end of the reporting period on high-quality corporate bonds.

The liability is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.

If the value of plan assets exceeds the present value of the related defined benefit obligation, the surplus (up to the limit of any cap) is recognized as an asset.

As regards the liabilities/(assets) of defined benefit plans, the cumulative actuarial gains and losses from the actuarial measurement of the liabilities, the return on the plan assets (net of the associated interest income) and the effect of the asset ceiling (net of the associated interest income) are recognized in other comprehensive income when they occur. For other long-term benefits, the related actuarial gains and losses are recognized through profit or loss.

In the event of a change being made to an existing defined benefit plan or the introduction of a new plan, any past service cost is recognized immediately in profit or loss.

Employees are also enrolled in defined contribution plans under which the Group pays fixed contributions to a separate entity (a fund) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Such plans are usually aimed to supplement pension benefits due to employees post-employment. The related costs are recognized in income statement on the basis of the amount of contributions paid in the period.

Termination benefits

Liabilities for benefits due to employees for the early termination of the employment relationship, both as a result of a decision by the Group or an employee's decision to accept voluntary redundancy in exchange for these benefits, are recognized at the earlier of the following dates:

> when the Group can no longer withdraw its offer of benefits; and
> when the Group recognizes a cost for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

The liabilities are measured on the basis of the nature of the employee benefits. More specifically, when the benefits represent an enhancement of other post-employment benefits, the associated liability is measured in accordance with the rules governing that type of benefit. Otherwise, if the termination benefits due to employees are expected to be settled wholly before 12 months after the end of the annual reporting period, the entity measures the liability in accordance with the requirements for short-term employee benefits; if they are not expected to be settled wholly before 12 months after the end of the annual reporting period, the entity measures the liability in accordance with the requirements for other long-term employee benefits.

Provisions for risks and charges

Provisions are recognized where there is a legal or constructive obligation as a result of a past event at the end of the reporting period, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is not immaterial, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability. If the provision is discounted, the periodic adjustment of the present value for the time factor is recognized as a financial expense.

When the Group expects some or all of the expenditure required to extinguish a liability will be reimbursed by a third party, the reimbursement is recognized as a separate asset if such reimbursement is virtually certain.

Where the liability relates to plant decommissioning and/or site restoration, the initial recognition of the provision is made against the related asset and the expense is then recognized in profit or loss through the depreciation of the asset involved.

Where the liability regards the treatment and storage of nuclear waste and other radioactive materials, the provision is recognized against the related operating costs.

In the case of contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it (onerous contracts), the Group recognizes a provision as the lower of the costs of fulfilling the obligation that exceed the economic benefits expected to be received under the contract and any compensation or penalty arising from failure to fulfil it.

Changes in estimates of accruals to the provision are recognized in the income statement in the period in which the changes occur, with the exception of those in respect of the costs of decommissioning, dismantling and/or restoration resulting from changes in the timetable and costs necessary to extinguish the obligation or from a change in the discount rate. These changes increase or decrease the value of the related

assets and are taken to the income statement through depreciation. Where they increase the value of the assets, it is also determined whether the new carrying amount of the assets is fully recoverable. If this is not the case, a loss equal to the unrecoverable amount is recognized in the income statement. Decreases in estimates are recognized up to the carrying amount of the assets. Any excess is recognized immediately in the income statement.
For more information on the estimation criteria adopted in determining liabilities for plant dismantling and site restoration, especially those associated with nuclear power plants or the storage of waste fuel and other radioactive materials, please see the section on the use of estimates.

Government grants

Government grants, including non-monetary grants at fair value, are recognized where there is reasonable assurance that they will be received and that the Group will comply with all conditions attaching to them as set by the government, government agencies and similar bodies whether local, national or international.
When loans are provided by governments at a below-market rate of interest, the benefit is regarded as a government grant. The loan is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying amount of the loan and the funds received. The loan is subsequently measured in accordance with the requirements for financial liabilities.
Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the costs that the grants are intended to compensate.
Where the Group receives government grants in the form of a transfer of a non-monetary asset for the use of the Group, it accounts for both the grant and the asset at the fair value of the non-monetary asset received at the date of the transfer.
Grants related to long-lived assets, including non-monetary grants at fair value, i.e. those received to purchase, build or otherwise acquire non-current assets (for example, an item of property, plant and equipment or an intangible asset), are recognized on a deferred basis under other liabilities and are credited to profit or loss on a straight-line basis over the useful life of the asset.

Environmental certificates

Some Group companies are affected by national regulations governing green certificates and energy efficiency certificates (so-called white certificates), as well as the European "Emissions Trading System".
Green certificates accrued in proportion to electricity generated by renewable energy plants and energy efficiency certificates accrued in proportion to energy savings achieved that have been certified by the competent authority are treated as non-monetary government operating grants and are recognized at fair value, under other revenue and income, with recognition of an asset under other non-financial assets, if the certificates are not yet credited to the ownership account, or under inventories, if the certificates have already been credited to that account. At the time the certificates are credited to the ownership account, they are reclassified from other assets to inventories.
Revenue from the sale of such certificates are recognized under revenue from sales and services, with a corresponding decrease in inventories.
For the purposes of accounting for charges arising from regulatory requirements concerning green certificates, energy efficiency certificates and CO_2 emissions allowances, the Group uses the "net liability approach".
Under this accounting policy, environmental certificates received free of charge and those self-produced as a result of Group's operations that will be used for compliance purposes are recognized at nominal value (nil). In addition, charges incurred for obtaining (in the market or in some other transaction for consideration) any missing certificates to fulfil compliance requirements for the reporting period are recognized through profit or loss on an accruals basis under other operating expenses, as they represent "system charges" consequent upon compliance with a regulatory requirement.

Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use.
This classification criteria is applicable only when non-current assets (or disposal groups) are available in their present condition for immediate sale and the sale is highly probable.
If the Group is committed to a sale plan involving loss of control of a subsidiary and the requirements provided for under IFRS 5 are met, all the assets and liabilities of that subsidiary are classified as held for sale when the classification criteria

are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.
The Group applies these classification criteria as envisaged in IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.
Non-current assets (or disposal groups) and liabilities of disposal groups classified as held for sale are presented separately from other assets and liabilities in the balance sheet.
The amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale are not reclassified or re-presented for prior periods presented.
Immediately before the initial classification of non-current assets (or disposal groups) as held for sale, the carrying amounts of such assets (or disposal groups) are measured in accordance with the IFRS-EU applicable to the specific assets or liabilities. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses for any initial or subsequent writedown of the assets (or disposal groups) to fair value less costs to sell and gains for their reversals are included in profit or loss from continuing operations.
Non-current assets are not depreciated (or amortized) while they are classified as held for sale or while they are part of a disposal group classified as held for sale.
If the classification criteria are no longer met, the Group ceases to classify non-current assets (or disposal group) as held for sale. In that case they are measured at the lower of:

- the carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and
- the recoverable amount, which is equal to the greater of its fair value net of costs of disposal and its value in use, as calculated at the date of the subsequent decision not to sell.

Any adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is included in profit or loss from continuing operations.
A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

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

The Group presents, in a separate line item of the income statement, a single amount comprising the total of:

- the post-tax profit or loss of discontinued operations; and
- the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

The corresponding amount is re-presented in the income statement for prior periods presented in the financial statements, so that the disclosures relate to all operations that are discontinued by the end of the current reporting period.
If the Group ceases to classify a component as held for sale, the results of the component previously presented in discontinued operations are reclassified and included in income from continuing operations for all periods presented.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount can be reliably measured. Revenue includes only the gross inflows of economic benefits received and receivable by the Group on its own account. Therefore, in an agency relationship, the amount collected on behalf of the principal are excluded from revenue.
Revenue is measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and volume rebates allowed by the Group.
When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue.
In arrangements under which the Group will perform multiple revenue-generating activities (a multiple-element arrangement), the recognition criteria are applied to the separately identifiable components of the transaction in order to reflect the substance of the transaction or to two or more transactions together when they are linked in such a way that the commercial effect cannot be understood without reference to the series of transactions as a whole.
More specifically, the following criteria are used depending on the type of transaction:

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer and their amount can be reliably determined;
- revenue from the sale of electricity and gas is recognized when these commodities are supplied to the customer and regard the quantities provided during the period, even if these have not yet been invoiced. It is determined using estimates as well as periodic meter readings. Where applicable, this revenue is based on the rates and related restrictions established by law or the Authority for Electricity, Gas and the Water System ("the Authority") and analogous foreign authorities during the applicable period;
- revenue from the transport of electricity is recognized when the services are rendered to distribution customers even if they have not yet been invoiced. That revenue is determined on the basis of the amounts that have actually transited along the distribution network, net of estimated losses. Where provided for in the specific local regulations, such revenue is adjusted to take account of the restrictions and mandatory rates established by the Authority in Italy or the equivalent national organizations in other countries. In particular, in setting restrictions and mandatory rates, each authority covers the costs incurred for investments in the network, the associated remuneration based on an appropriate rate of return on capital and the timing with which those amounts are incorporated in rates.
  Where the inclusion of the investments in rates, which gives rise to the operator's right to receive the amount, in the year in which they are carried out is already virtually certain, the revenue is recognized on an accrual basis, regardless of the financial mechanism used to pay it.
  These arrangements reflect the provision of Authority Resolution 654/2015 concerning the definition of the criteria for the new rate period for distribution and metering in force for the regulatory cycle (2016-2023). For more details on the changes introduced with that resolution, please see the report on operations;
- revenue from the rendering of services is recognized by reference to the stage of completion of services at the end of the reporting periods in which the services are rendered. The stage of completion of the transaction is determined based on an assessment of the service rendered as a percentage of the total services to be rendered or as costs incurred as a proportion of the estimated total costs of the transaction. When it is not possible to reliably determine the value of the revenue, it is recognized only to the extent of the expenses recognized that are recoverable;
- revenue associated with construction contracts is recognized as specified in the section "Construction contracts";
- revenue from monetary and in-kind fees for connection to the electricity distribution network is recognized in full upon completion of connection activities if the service supplied is identified. If more than one separately identifiable service is identified, the fair value of the total consideration received or receivable is allocated to each service and the revenue related to the service performed in the period is recognized; in particular, if any ongoing services (electricity distribution services) are identified, the related revenue is generally determined by the terms of the agreement with the customer or, when such an agreement does not specify a period, over a period no longer than the useful life of the transferred asset;
- revenue from rentals and operating leases is recognized on an accruals basis in accordance with the substance of the relevant agreement.

Financial income and expense from derivatives

Financial income and expense from derivatives includes:

- income and expense from derivatives measured at fair value through profit or loss on interest rate and exchange risks;
- income and expense from fair value hedge derivatives on interest rate risk;
- income and expense from cash flow hedge derivatives on interest rate and exchange risks.

Other financial income and expense

For all financial assets and liabilities measured at amortized cost and interest-bearing financial assets classified as available for sale, interest income and expense is recorded using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.
Interest income is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount can be reliably measured.
Other financial income and expense also includes changes in the fair value of financial instruments other than derivatives.

Income taxes

Current income taxes

Current income taxes for the period, which are recognized under "income tax payable" net of payments on account, or under "tax receivables" where there is a credit balance, are determined using an estimate of taxable income and in conformity with the applicable regulations.
In particular, such payables and receivables are determined using the tax rates and tax laws that are enacted or substantively enacted as at the end of the reporting period.
Current income taxes are recognized in profit or loss with the exception of current income taxes related to items recognized outside profit or loss that are recognized in equity.

Deferred tax items

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 enacted or substantively enacted as at end of the reporting period.
Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.
Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, 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.
Unrecognized deferred tax assets are re-assessed at each reporting date and they are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
Deferred taxes are recognized in profit or loss, with the exception of those in respect of items recognized outside profit or loss that are recognized in equity.
Deferred tax assets and deferred tax liabilities are offset against current tax liabilities relate to income taxes levied by the same taxation authority that arise at the time of reversal if a legally enforceable right to set-off exists.

Dividends

Dividends are recognized when the right to receive payment is established.
Dividends and interim dividends payable to a company's shareholders are recognized as changes in equity in the period in which they are approved by the shareholders' meeting and the board of directors, respectively.

3

Recently issued accounting standards

New accounting standards applied in 2015

The Group adopted the following interpretation and amendments to existing standards with effect as from January 1, 2015.

- "IFRIC 21 - *Levies*"; the interpretation addresses the accounting treatment of a liability in respect of the obligation to pay a levy that is not covered by another standard (for example, income taxes), other than fines or sanctions imposed for violations of the law, due to the government, whether local, national or international. More specifically, the interpretation established that the liability shall be recognized when the obligating event giving rise to the liability to pay the levy, as set out in the applicable law, occurs. If the obligating event occurs over a specified period of time (for example, the generation of revenue over a specified period of time), the liability shall be recognized gradually over that period. If the obligation to pay the levy is triggered upon reaching a given threshold (for example, upon reaching a minimum amount of revenue generated), the corresponding liability is recognized at the time the threshold is reached. The application of IFRIC 21 did not give rise, on an annual basis, to any restatement of comparative figures, although during the year it did give rise to a number of changes in the interim income statement.
- "Annual improvements to IFRSs 2011-2013 cycle"; the document contains formal modifications and clarifications

of existing standards. More specifically, the following standards were amended:

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

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

Accounting standards taking effect at a future date

The following new standards, amendments and interpretations take effect after December 31, 2015:

> "IFRS 9 - *Financial instruments*"; the final version was issued on July 24, 2014, replacing the existing "IAS 39 - *Financial instruments: recognition and measurement*" and supersedes all previous versions of the new standard. The standard will take effect as from January 1, 2018 and early application will permitted following endorsement.
The final version of IFRS 9 incorporates the results of the three phases of the project to replace IAS 39 concerning classification and measurement, impairment and hedge accounting.
As regards the classification of financial instruments, IFRS 9 provides for a single approach for all types of financial asset, including those containing embedded derivatives, under which financial assets are classified in their entirety, without the application of complex subdivision methods.
In order to determine how financial assets should be classified and measured, consideration must be given to the business model used to manage its financial assets and the characteristics of the contractual cash flows. If the objective of the business model is to collect contractual cash flows, financial assets are measured at amortized costs. If however the objective is to collect contractual cash flows and those from sales, they are measured at fair value through other comprehensive income (FVTOCI), which enables the recognition of interest calculated using the amortized cost method through profit or loss and the fair value of the financial asset through OCI. Financial assets at fair value through profit or loss (FVTPL) is now a residual category that comprises financial instruments that are not held under one of the two business models indicated above.
As regards the classification and measurement of financial liabilities, IFRS 9 maintains the accounting treatment envisaged in IAS 39, making limited amendments, for which most of such liabilities are measured at amortized cost. The standard does introduce new provisions for financial liabilities designated as fair value through profit or loss, under which in certain circumstances the portion of changes in fair value due to own credit risk shall be recognized through OCI rather than profit or loss. This part of the standard may be applied early, without having to apply the entire standard.
Finally, the standard proposes a new model that gives users of financial statements more information on "expected credit losses", adopting a single approach for all financial assets. It envisages:
a) the recognition of expected credit losses on an ongoing basis and the updating of the amount of such losses at the end of each reporting period, with a view to reflecting changes in the credit risk of the financial instrument;
b) the measurement of expected losses on the basis of reasonable information, obtainable without undue cost, about past events, current conditions and forecasts of future conditions;
c) an improvement of disclosures on expected losses and credit risk.
IFRS 9 also introduces a new approach to hedge accounting, enabling entities to reflect their risk management activities in the financial statements, extending the criteria for eligibility as hedged items to the risk components of non-financial elements, to net positions, to layer components and to aggregate exposures (e.g. a combi-

nation of a non-derivative exposure and a derivative). The most significant changes regarding hedging instruments compared with the hedge accounting approach used in IAS 39 involve the possibility of deferring the time value of an option, the forward element of forward contracts and currency basis spreads (i.e. "hedging costs") in OCI up until the time in which the hedged element impacts profit or loss. IFRS 9 also eliminates the requirement for testing effectiveness under which the results of the retrospective test needed to fall with a range of 80%-125%, allowing entities to rebalance the hedging relationship if risk management objectives have not changed.

The potential impact of the future application of IFRS 9 is still being assessed. The Group immediately established specific working groups to conduct the assessment.

- "IFRS 14 - *Regulatory deferral accounts*", issued in January 2014. The standard allows first-time adopters to continue to recognize rate-regulated amounts recognized under their previous GAAP at first-time adoption of the International Financial Reporting Standards. The standard may not be adopted by entities that already prepare their financial statements in accordance with the IFRS/IAS. In other words, an entity may not recognize rate-regulated assets and liabilities under IFRS 14 if its current GAAP do not permit such recognition or if the entity has not adopted such accounting treatment as permitted under its current GAAP. The standard shall take effect retrospectively, subject to endorsement, for periods beginning on or after January 1, 2016. The application of the standard will have no impact on the Group.
- "IFRS 15 - *Revenue from contracts with customers*", issued in May 2014, will replace "IAS 11 - *Construction contracts*", "IAS 18 - *Revenue*", "IFRIC 13 - *Customer loyalty programmes*", "IFRIC 15 - *Agreements for the construction of real estate*", "IFRIC 18 - *Transfers of assets from customers*" and "SIC 31 - *Revenue - Barter transactions involving advertising services*" and will apply to all contracts with customers, with a number of exceptions (for example, lease and insurance contracts, financial instruments, etc.). The new standard establishes a general framework for the recognition and measurement of revenue based on the principle that revenue shall be recognized in a manner that faithfully depicts the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The fundamental principle will be applied on the basis of five key phases: the entity must identify the contract with the customer; once the contract has been identified, it must identify the performance obligations in the contract, recognizing separable goods or services as separate obligations; the entity must then determine the transaction price, which is represented by the consideration that it expects to obtain; the entity must then allocate the transaction price to the individual obligations identified in the contract on the basis of the individual price of each separable good or service; revenue is recognized when (or if) each individual performance obligation is satisfied through the transfer of the good or service to the customer, i.e. when the customer obtains control of the good or service.

  IFRS 15 also requires complete disclosure concerning the nature, amount, timing and degree of uncertainty of the revenue and cash flows associated with contracts with customers.

  The standard shall take effect, subject to endorsement, for periods beginning on or after January 1, 2018. The Group is assessing the potential impact of the future application of the standard. The Group immediately established specific working groups to conduct the assessment.
- "IFRS 16 - *Leases*", issued in January 2016, replaces the previous standard governing leases, IAS 17, and the associated interpretations. It establishes the criteria for the recognition, measurement and presentation of leases for both the lessor and the lessee and the associated disclosures. Although IFRS 16 does not modify the definition of a lease contract set out in IAS 17, the main change is represented by the introduction of the concept of control within that definition. More specifically, in order to determine whether a contract represents a lease, IFRS 16 requires the lessee to determine whether it has the right to control the use of a given assets for a specified period of time. IFRS 16 eliminates the distinction between operating and finance leases, as required under IAS 17, introducing a single method for recognizing all leases. Under the new approach, the lessee must recognize:

  a) in the balance sheet, the assets and liabilities in respect of all leases with a term of more than 12 months, unless the underlying asset is of low value; and

  b) in the income statement, the depreciation of the assets involved in the lease contract separately from the interest connected with the associated liabilities.

  For lessors, IFRS 16 essentially retains the recognition requirements provided for under IAS 17. Accordingly, the lessor shall continue to classify and recognize leases as operating or finance leases. The standard will apply, subject to endorsement, for periods beginning on or after

January 1, 2019. The Group is assessing the potential impact of the future application of the standard.

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

  The amendments will take effect for periods beginning on or after January 1, 2016. The Group does not expect the future application of the amendments to have an impact.
- "Amendments to IAS 7 - *Disclosure initiative*", issued in January 2016. The amendments apply to liabilities and assets arising from financing activities, which are defined as liabilities and assets for which cash flows were, or will be, classified in the statement of cash flows as "cash flows from financing activities". The amendments require disclosure of changes in such liabilities/assets, distinguishing between cash flow changes and non-cash variations (i.e. variations arising from obtaining or losing control of a subsidiary or other businesses, the effect of changes in foreign exchange rates and changes in fair values). The IASB suggests providing such disclosure in a reconciliation between the opening and closing balances for the period for such liabilities/assets. The amendments will take effect for periods beginning on or after January 1, 2017. The Group does not expect the future application of the amendments to have an impact.
- "Amendments to IAS 12 - *Recognition of deferred tax assets for unrealised losses*", issued in January 2016. The amendments clarify the recognition of deferred tax assets in respect of debt instruments measured at fair value. More specifically, the amendments clarify the requirements for recognizing deferred tax assets for unrealized losses in order to eliminate differences in accounting treatment. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2017. Early application is permitted. The Group is assessing the potential impact of the future application of the amended standard.
- "Amendments to IAS 19 - *Defined benefit plans: employees contributions*", issued in November 2013. The amendments are intended to clarify how to recognize contributions from employees within a defined benefit plan. More specifically, contributions linked to service should be recognized as a reduction in service cost:
  - over the periods in which employees render their services, if the amount of the contributions is dependent on the number of years of service; or
  - in the period in which the service is rendered, if the amount of the contributions is independent of the number of years of service.

  The amendments will take effect for the Group as from January 1, 2016. The Group does not expect the future application of the amendments to have an impact.
- "Amendments to IAS 27 - *Equity method in separate financial statements*" issued in August 2014. The amendments permit the use of the equity method for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments also clarify a number of issues concerning investment entities. Specifically, when an entity ceases to be an investment entity, it must recognize investments in subsidiaries in accordance with IAS 27. Conversely, when an entity becomes and investment entity, it must recognize investments in subsidiaries at fair value through profit or loss in accordance with IFRS 9. The amendments will take effect for periods beginning on or after January 1, 2016. As the amendments regard the separate financial statements only, they are not expected to have an impact on the consolidated financial statements.
- "Amendments to IFRS 11 - *Accounting for acquisitions of interests in joint operations*", issued in May 2014. The amendments clarify the accounting treatment of the ac-

quisition of an interests in a joint operation that is business, pursuant to IFRS 3, requiring the application of all the accounting rules for business combinations under IFRS 3 and other applicable IFRS with the exception of those standards that conflict with the guidance on IFRS 11. Under the amendments, a joint operator that acquires such interests must measure the identifiable assets and liabilities at fair value; expense acquisition-related costs (with the exception of debt or equity issuance costs); recognize deferred taxes; recognize any goodwill or bargain purchase gain; perform impairment tests for the cash generating units to which goodwill has been allocated; and disclose information required for relevant business combinations. The amendments will take effect for periods beginning on or after January 1, 2016.

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

  The amendments will take effect prospectively for periods beginning on or after January 1, 2016. The Group is assessing the impact of the future application of the amendments.

> "Amendments to IAS 16 and IAS 41 - *Bearer plants*", issued in June 2014. The amendments change the accounting treatment of biological assets that meet the definition of "bearer plants", such as fruit trees, that currently fall within the scope of "IAS 16 - *Property, plant and equipment*". As a consequence, they will be subject to all of the provisions of that standard. Accordingly, for measurement subsequent to initial recognition, the entity may choose between the cost model and the revaluation model. The agricultural products produced by the bearer plants (e.g. fruit) will remain within the scope of "IAS 41 - *Agriculture*". The amendments will take effect for periods beginning on or after January 1, 2016. The Group does not expect the future application of the amendments to have an impact.

> "Amendments to IFRS 10 and IAS 28 - *Sale or contribution of assets between an investor and its associate or joint venture*", issued in September 2014. The amendments establish that in the case of the sale or contribution of assets to a joint venture or an associate, or the sale of an interest that gives rise to a loss of control while maintaining joint control or significant influence over the associate or joint venture, the amount of the gain or loss recognized shall depend on which of the assets or interest constitute a business in accordance with "IFRS 3 - *Business combinations*". More specifically, if the assets/interest constitute a business, any gain/(loss) shall be recognized in full; if the assets/interest does not constitute a business, any gain/(loss) shall only be recognized to the extent of the unrelated investors' interests in the associate or joint venture, who represent the counterparties in the transaction. The EFRAG has recommended that the European Commission postpone endorsement of the amendments until the IASB completes its project on the elimination of gains and losses on transactions between an entity and its associates or joint ventures.

> "Amendments to IFRS 10, IFRS 12 and IAS 28 - *Investment entities: applying the consolidation exception*", issued in December 2014. The amendments clarify that if a parent entity (or intermediate parent) prepares its financial statements in conformity with IFRS 10 (including the case of an investment entity that does not consolidate its investments in subsidiaries but rather measures them at fair value), the exemption from preparing consolidated financial statements is available to the subsidiaries of an investment entity that in turn qualify as investment entities. In addition, the amendments also clarify that a parent entity that qualifies as an investment entity must consolidate a subsidiary that provides services related to the parent's investment activities if the subsidiary is not itself an investment entity. The amendments also simplify application of the equity method for an entity that is not an investment entity but holds an interest in an associate or joint venture that is an investment entity. In particular, when applying the equity method, the entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016. The Group does not expect the future application of the amendments to have an impact.

- "Annual improvements to IFRSs 2010-2012 cycle", issued in December 2013; the document contains formal modifications and clarifications of existing standards applicable to the Group as from January 1, 2016 that are not expected to have a significant impact on the Group. More specifically, the following standards were amended:
  - "IFRS 2 - *Share-based payment*"; the amendment separates the definitions of "performance conditions" and "service conditions" from the definition of "vesting conditions" in order to clarify the description of each condition;
  - "IFRS 3 - *Business combinations*"; the amendment clarifies how to classify any contingent consideration agreed in a business combination. Specifically, the amendment establishes that if the contingent consideration meets the definition of financial instrument, it shall be classified as a financial liability or equity. In the former case, the liability shall be measured at fair value and changes in fair value shall be recognized in profit or loss in accordance with IFRS 9. Contingent consideration that does not meet the definition of financial instrument shall be measured at fair value and changes in fair value shall be recognized in profit or loss;
  - "IFRS 8 - *Operating segments*"; the amendments introduce new disclosure requirements in order to enable the users of financial statements to understand the judgments adopted by management in aggregating operating segments and the reasons for such aggregation. The amendments also clarify that the reconciliation of total segment assets and total assets of the entity is required only if provided periodically by management;
  - "IAS 16 - *Property, plant and equipment*"; the amendment clarifies that, when an item of property, plant and equipment is revalued, the gross carrying amount of that asset shall be adjusted in a manner consistent with the revaluation of the carrying amount. In addition, it also clarifies that the accumulated depreciation shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses;
  - "IAS 24 - *Related party disclosures*"; the amendment clarifies that a management entity, i.e. an entity providing key management personnel services to an entity, is a related party of that entity. Accordingly, in addition to fees for services paid or payable to the management entity, the entity must report other transactions with the management entity, such as loans, within the disclosures required under IAS 24 for related parties. The amendment also clarifies that if an entity obtains key management personnel services from a management entity, the entity is not required to disclose the compensation paid or payable by the management entity to those managers;
  - "IAS 38 - *Intangible assets*"; the amendment clarifies that when an intangible asset is revalued, its gross carrying amount shall be adjusted in a manner consistent with the revaluation of the carrying amount. In addition, it also clarifies that the accumulated amortization shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses.

  "Annual improvements to IFRSs 2010-2012 cycle" amended the Basis for Conclusions of "IFRS 13 - *Fair value measurement*" to clarify that short-term receivables and payables with no stated interest rate to apply to the invoice amount can still be measured without discounting, if the impact of discounting would not be material.
- "Annual improvements to IFRSs 2012-2014 cycle", issued in September 2014; the document contains formal modifications and clarifications of existing standards that are not expected to have a significant impact on the Group. More specifically, the following standards were amended:
  - "IFRS 5 - *Non-current assets held for sale and discontinued operations*"; the amendments clarify that the reclassification of an asset (or disposal group) from held for sale to held for distribution should not be considered as a new plan of sale but rather the continuation of the original plan. Accordingly, the reclassification does not give rise to any interruption in the application of the provisions of IFRS 5 or any change in the date of classification. The amendments will take effect for periods beginning on or after January 1, 2016;
  - "IFRS 7 - *Financial instruments: disclosures*"; as regards disclosures to be provided on any continuing involvement in assets that have been transferred and derecognized in their entirety, the amendments clarify that for disclosure purposes, a servicing contract that provides for the payment of a fee can represent a continuing involvement in the transferred asset. The entity must assess the nature of the fee and the servicing contract to determine when disclosure is required. The amendments also clarify that disclosures concerning the offsetting of financial assets and liabilities are not required in condensed interim financial statements.

The amendments will take effect for periods beginning on or after January 1, 2016;

- "IAS 19 - *Employee benefits*"; IAS 19 requires that the discount rate used to discount post-employment benefit obligations shall be determined by making reference to market yields on high quality corporate bonds or government bonds where there is not deep market in such high quality corporate bonds. The amendment to IAS 19 clarifies that the depth of the market in high quality corporate bonds must be assessed on the basis of the currency in which the bond is denominated and not the currency of the country in which the bond is issued. If there is no deep market in high quality corporate bonds in that currency, the corresponding market yield on government bonds shall be used. The amendments will take effect for periods beginning on or after January 1, 2016;
- "IAS 34 - *Interim financial reporting*"; the amendment establishes that the required disclosures for interim financial reports shall be provided in the interim financial statements or cross-referenced in the interim financial statements by way of a reference to another statement (e.g. a management risk report) that is available on the same terms and at the same time to users of the interim financial statements. The amendments will take effect for periods beginning on or after January 1, 2016.

4

Restatement of comparative disclosures

Newly applied accounting standards or newly adopted accounting policies did not give rise to the restatement of comparative disclosures at December 31, 2014.
More specifically, as a result of the application, starting from January 1, 2015 with retrospective effect, of the new standard "IFRIC 21 - *Levies*", under which a tax liability is recognized when the obligating event giving rise to the liability to pay the levy, as set out in the applicable law, occurs, a number of indirect taxes on real estate held in Spain were recognized in the full amount at the start of the period and no longer deferred over the course of the year. This approach simply involves the redistribution of the expenses among the various interim periods, but has no restatement impact on figures for performance and financial position as they regard the entire year ending and as at December 31, 2014.

In addition, as regards the structure of "cash flows from operating activities" in the consolidated statement of cash flows, whose overall value was unchanged, the items that compose cash flows from operating activities have been reported in greater detail, which led to the corresponding reclassification of certain items for 2014 in order to ensure the comparability of the figures.

As from the 2015 financial year, the new organizational model of the Enel Group can be considered fully operational. The future adoption of the model was first announced on July 31, 2014, at the time of the presentation of the new organizational structure.
In 2015, the new organization, based on a matrix that comprises Divisions (Global Generation, Global Infrastructure and Networks, Renewable Energy, Global Trading, Upstream Gas) and Regions/Countries (Italy, Iberian Peninsula, Latin America and Eastern Europe), represented the basis of planning, reporting and assessing the financial performance of the Group, both internally by top management and in relations with the financial community.
In view of these developments, it has also become necessary to review disclosures under "IFRS 8 - *Operating segments*", as reported in note 5 below, which have also been supplemented with restated comparative figures to ensure full comparability.

5

Main changes in the scope of consolidation

In the two periods under review, the scope of consolidation changed as a result of a number of transactions.

2014

> Loss of control, as from January 1, 2014, of SE Hydropower, under agreements signed in 2010 upon the acquisition of the company, providing for the change in governance structure as from that date. This resulted in the Enel Group no longer meeting the requirements for control of the company, which has instead become an entity under joint control. With these new governance arrangements, the investment was reclassified as a joint operation under IFRS 11;
> acquisition, on April 22, 2014, of 50% of Inversiones Gas Atacama, a company operating in the natural gas transport and electricity generation sector in Chile in which the Group already held 50%; therefore, as from that date the company is consolidated on a line-by-line basis rather than using equity method accounting;
> acquisition, on May 12, 2014, of 26% of Buffalo Dunes Wind Project, a company operating in the wind generation sector in the United States in which the Group already held 49%; therefore, following the acquisition of control the company is now consolidated on a line-by-line basis rather than using equity method accounting;
> acquisition, on July 22, 2014, of the remaining 50% of Enel Green Power Solar Energy, an Italian company operating in the development, design, construction and operation of photovoltaic plants, in which the Group had previously held 50%; therefore, the company is now consolidated on a line-by-line basis rather than using equity method accounting;
> acquisition, on September 17, 2014, of 100% of Osage Wind LLC, a company that owns a 150 MW wind development project in the United States. In October 2014, a stake of 50% in the company was sold. Consequently, the company, held as a joint venture, began to be accounted for using the equity method;
> disposal in December 2014 of the entire stake (36.2%) held in LaGeo, a geothermal generation company in El Salvador;
> disposal in December 2014 of 100% of Enel Green Power France, a renewables generator in France.

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

> acquisition, through a tender offer in effect between January 14, 2014 and May 16, 2014, of an additional 15.18% stake in Coelce, an electricity distribution company in Brazil, already under the Group's control prior to the tender offer;
> acquisition, on September 4, 2014, of the remaining 39% of Generandes Perú (previously controlled through a stake of 61%), a company that controls, with an interest of 54.20%, Edegel, a company operating in the power generation sector in Peru;
> disposal, on October 23, 2014, by Endesa (of which the Group holds 92.06%) to Enel Energy Europe, now Enel Iberoamérica (a wholly-owned subsidiary) of 100% of Endesa Latinoamérica (an investment holding company that owned 40.32% of Enersis) and 20.30% of Enersis, the parent company for operations in Latin America. The operation increased the Group's stake in Enersis by 4.81%;
> disposal, on November 21, 2014, of 21.92% of Endesa in a public offering.

2015

> Acquisition, on March 6, 2015, of the share not previously held by the Group, amounting to 66.7%, of 3Sun, a photovoltaic firm. Through this acquisition, the Group obtained control of the company, which is now consolidated on a line-by-line basis;
> acquisition, on September 24, 2015, acting through the subsidiary Enel Green Power, of a controlling interest of 68% in BLP Energy ("BLP"), a company operating in the renewables sector in India;
> acquisition, in September 2015, of the remaining 60% of the ENEOP Group, identified in a split agreement with the other participants in the venture, with the acquisition being settled with the concomitant transfer of the 40% that Enel Green Power held in the other two portfolios transferred to the other partners in the consortium;
> disposal, on November 26, 2015, of the ENEOP Group and other Portuguese companies in which Enel Green Power held an interest;

- full consolidation, following changes in shareholders' agreements, in December 2015, of Osage Wind LLC, a company 50% held by Enel Green Power North America, previously accounted for using the equity method;
- acquisition of a controlling interest of 78.6% in Erdwärme Oberland GmbH ("EO"), a company specialized in the development of geothermal projects in Germany;
- contribution, on December 31, 2015, of the former wholly-owned subsidiaries Altomonte, Enel Green Power San Gillio and Enel Green Power Strambino Solar to an equally held joint venture (Ultor) with the fund F2i accounted for using the equity method.

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

- disposal, on January 29, 2015, of SF Energy, a hydroelectric generation company in Italy;
- disposal, on March 31, 2015, of 49% of EGPNA Renewable Energy Partners, an electricity generation company in the United States. Since the Group has maintained control of the company, the transaction is one involving a non-controlling interest;
- disposal, on April 15, 2015, of SE Hydropower, a hydroelectric generation company in Italy;
- acquisition, on April 8, 2015, of the remaining 49% of Energia Eolica, a wind generation company operating in Italy in which the Group already held an interest of 51%.

Definitive allocation of the purchase price for the acquisition of 3Sun

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

As provided for under IFRS 3 Revised, the transaction qualifies as a step acquisition and, therefore, the fair value adjustments of the part of the net assets already held were recognized through profit or loss for the period.

Having completed the purchase price allocation process, the following table reports the definitive fair values of the assets acquired and liabilities and contingent liabilities assumed at the acquisition date.

Millions of euro	Definitive amounts recognized at the acquisition date
Property, plant and equipment	122
Intangible assets	7
Deferred tax assets	84
Other current and non-current assets	93
Total assets	**306**
Shareholders' equity attributable to the shareholders of the Parent Company	115
Financial debt	140
Trade payables	25
Deferred tax liabilities and other liabilities	26
Total liabilities and shareholders' equity	**306**

As shown in the following table, the transaction resulted in the recognition of negative goodwill of €76 million, but did not have an impact on cash flows.

Effects of the transaction

Millions of euro	
Transaction price	-
Net assets of acquiree following definitive allocation	115
Carrying amount of interest held previously	(1)
Remeasurement at fair value of interest held previously	40
Negative goodwill	**76**

Definitive allocation of the purchase price for the acquisition of a number of companies in South Africa

During 2015, the Group, acting through its subsidiary Enel Green Power, was awarded contracts for the start of new wind projects in South Africa for a total installed capacity of 705 MW in the fourth phase of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) tender.

This led to the acquisition of a number of projects representing businesses that were accounted for in accordance with the provisions of IFRS 3 Revised.

The consideration for each of those transactions includes a fixed component and contingent consideration depending on winning the tender. Accordingly, in 2015 the definitive fair values of the assets acquired and the liabilities and contingent liabilities assumed were determined.

The main adjustments essentially regard the adjustment of the value, net of tax effects, of a number of intangible assets.

The allocation of the total cost of the transaction led to the recognition of negative goodwill of €12 million.

Effects of the transaction

Millions of euro	Carrying amount at the acquisition date	Fair value adjustments	Amounts recognized at the acquisition date
Intangible assets	-	76	76
Other assets	-	-	-
Total assets	**-**	**76**	**76**
Deferred tax liabilities	-	21	21
Total liabilities	**-**	**21**	**21**
Total net assets of the acquiree	**-**	**55**	**55**

Millions of euro	
Transaction price	43
Net assets of acquiree following definitive allocation	55
Negative goodwill	**(12)**
Cash and cash equivalents acquired	-
Cash and cash equivalents paid	6
Cash flow impact	**(6)**

Disposal of interest in EGPNA Renewable Energy Partners

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

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

The disposal involved a total price of €458 million (collected in full), which, excluding transaction costs of €8 million, gave rise to a transaction value of €450 million, taking into account the value assigned to certain projects subject to conditions that had not yet been entirely met as of the date of this report.

The gain on the transaction, calculated as the difference between the net sale price and the percentage of shareholders' equity sold to non-controlling interests, is equal to €14 million and was allocated to an equity reserve for transactions in non-controlling interests, since the Group has maintained control over the company.

Effects of the transaction

Millions of euro	
Value of the transaction (1)	450
Net assets transferred	436
Reserve for transactions in non-controlling interests	14
- of which attributable to the shareholders of the Parent Company	10
- of which attributable to non-controlling shareholders	4

(1) Net of transaction costs.

Acquisition of 68% of BLP Energy

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

The process of allocating the purchase price to the fair values of the assets acquired and the liabilities and contingent liabilities assumed is not yet definitive and will be completed within 12 months of the acquisition date.

The non-controlling interest in the company was determined in proportion to the minority interest in the net identifiable assets of the acquiree.

Effects of the transaction

Millions of euro	Carrying amount at the acquisition date	Fair value adjustments	Amounts recognized at the acquisition date
Property, plant and equipment	76	16	92
Cash and cash equivalents	15	-	15
Goodwill	3	-	3
Other current and non-current assets	4	-	4
Total assets	**98**	**16**	**114**
Financial debt	62	-	62
Deferred tax liabilities	-	5	5
Other current and non-current liabilities	3	2	5
Total liabilities	**65**	**7**	**72**
Non-controlling interests	10	3	13
Total net assets acquired	**23**	**6**	**29**

Millions of euro	
Transaction price	29
Net assets acquired following provisional allocation	29
Goodwill	**-**
Cash and cash equivalents acquired	15
Cash and cash equivalents paid	29
Cash flow impact	**(14)**

Reallocation of assets to shareholders of the ENEOP consortium

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

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

Effects of the transaction

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

(1) Carried out to balance the exchange among the consortium participants.

Net of transaction costs, the transaction had a total impact on profit or loss of about €29 million as a result of the remeasurement at fair value (pursuant to IFRS 3 Revised) of the interest held previously.

Millions of euro	
Transaction price (including cash compensation)	96
Net assets of acquiree following provisional allocation	161
Carrying amount of interest held previously	36
Remeasurement at fair value of interest held previously	29
Goodwill	**-**

The completion of the split of ENEOP meets the condition precedent for the closing of the agreement signed in September 2015 with First State Wind Energy Investments for the sale of all renewables assets held in Portugal, which occurred in November 2015, as described in the next section.

Disposal of 100% of Finerge Gestão de Projectos Energéticos

On November 26, 2015, the Enel Green Power Group, acting through its subsidiary Enel Green Power España, completed the sale of all of the share capital of Finerge Gestão de Projectos Energéticos to the Portuguese company First

State Wind Energy Investments for a total of about €900 million. The transaction closed following completion of the split of ENEOP and gave rise to a capital gain, including the effects of consolidating ENEOP net of transaction costs, amounting to about €29 million.

Creation of an equally-held joint venture in the Italian photovoltaic industry

During the 4th Quarter of 2015, the Enel Green Power Group transferred part of its solar assets in Italy to a new equally held joint venture with F2i Energie Rinnovabili Srl under the provisions of the agreement signed on October 16, 2015, with effect from December 31, 2015.

The transaction, which involved the loss of control of those assets, had a fair value of €111 million (see note 22) and a total impact on profit or loss of €11 million, including the remeasurement at fair value (in accordance with IFRS 10) of the interest previously held and transferred to the new joint venture.

6

Segment information

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

On July 31, 2014, the Enel Group adopted a new organizational structure, based on a matrix of Divisions and geographical areas, focused on the industrial objectives of the Group, with clear specification of roles and responsibilities in order to pursue and maintain technological leadership in the sectors in which the Group operates, ensuring operational excellence, and to maximize the level of service offered to customers in local markets.

For more information on performance and financial developments during the year, please see the dedicated section in the report on operations.

Segment information for 2015 and 2014

Results for 2015 (1)

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenue from third parties	38,155	19,644	10,599	4,488	2,747	25	75,658
Revenue from transactions with other segments	1,489	461	28	343	264	(2,585)	-
Total revenue	**39,644**	**20,105**	**10,627**	**4,831**	**3,011**	**(2,560)**	**75,658**
Total costs	33,747	17,002	7,456	3,506	1,160	(2,342)	60,529
Net income/(expense) from commodity contracts measured at fair value	201	8	(4)	(17)	(25)	5	168
Depreciation and amortization	1,479	1,526	876	283	689	34	4,887
Impairment losses	583	409	69	1,539	259	119	2,978
Reversals of impairment losses	31	(221)	(19)	(15)	(1)	(28)	(253)
Operating income	**4,005**	**1,397**	**2,241**	**(499)**	**879**	**(338)**	**7,685**
Capital expenditure	**1,562** (2)	**985**	**1,819**	**229** (3)	**2,466**	**52**	**7,113**

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

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

(3) Does not include €648 million regarding units classified as "held for sale".

Results for 2014 restated [1] [2]

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenue from third parties	37,679	20,766	9,645	4,928	2,662	111	75,791
Revenue from transactions with other segments	710	186	3	371	259	(1,529)	-
Total revenue	**38,389**	**20,952**	**9,648**	**5,299**	**2,921**	**(1,418)**	**75,791**
Total costs	31,861	17,638	6,553	4,088	1,059	(1,390)	59,809
Net income/(expense) from commodity contracts measured at fair value	(185)	(111)	(3)	(1)	76	(1)	(225)
Depreciation and amortization	1,678	1,632	885	383	589	37	5,204
Impairment losses	2,748	556	658	3,540	228	3	7,733
Reversals of impairment losses	(1)	(225)	-	(37)	(3)	(1)	(267)
Operating income	**1,918**	**1,240**	**1,549**	**(2,676)**	**1,124**	**(68)**	**3,087**
Capital expenditure	**1,460**	**993**	**1,609**	**936**	**1,658**	**45**	**6,701**

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) The figures have been restated to enable comparison with the results for 2015, which are presented on the basis of the new organization of the Enel Group, which as from this year represents the basis for the planning, reporting and assessment of the performance and financial position of the Group, both internally by management and with respect to the financial community.

Financial position by segment

At December 31, 2015

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

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

At December 31, 2014 restated (1)

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	**Total**
Property, plant and equipment	22,518	23,865	11,950	6,702	11,765	171	76,971
Intangible assets	1,237	14,817	11,572	912	2,248	76	30,862
Trade receivables	7,832	2,185	1,656	409	440	(420)	12,102
Other	3,963	1,488	798	501	599	(350)	6,999
Operating assets	**35,550** (2)	**42,355** (4)	**25,976** (5)	**8,524** (6)	**15,052**	**(523)**	**126,934**
Trade payables	8,248	2,132	2,184	747	892	(493)	13,710
Sundry provisions	3,362	3,979	765	2,572	193	469	11,340
Other	6,054	2,852	1,317	1,304	560	(576)	11,511
Operating liabilities	**17,664** (3)	**8,963**	**4,266**	**4,623** (7)	**1,645**	**(600)**	**36,561**

(1) The figures have been restated to enable comparison with the results for 2015, which are presented on the basis of the new organization of the Enel Group, which as from this year represents the basis for the planning, reporting and assessment of the performance and financial position of the Group, both internally by management and with respect to the financial community.
(2) Of which €347 million regarding units classified as "held for sale".
(3) Of which €22 million regarding units classified as "held for sale".
(4) Of which €4 million regarding units classified as "held for sale".
(5) Of which €10 million regarding units classified as "held for sale".
(6) Of which €4,255 million regarding units classified as "held for sale".
(7) Of which €2,790 million regarding units classified as "held for sale".

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

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014
Total assets	**161,179**	**166,634**
Equity investments accounted for using the equity method	607	872
Non-current financial assets	3,274	3,645
Long-term tax receivables included in "Other non-current assets"	463	501
Current financial assets	2,381	3,984
Derivatives	7,416	6,835
Cash and cash equivalents	10,639	13,088
Deferred tax assets	7,386	7,067
Income tax receivables	636	788
Long-term tax receivables included in "Other current assets"	706	759
Financial and tax assets of "Assets held for sale"	2,621	2,161
Segment assets (1)	**125,050**	**126,934**
Total liabilities	**109,428**	**115,489**
Long-term borrowings	44,872	48,655
Short-term borrowings	2,155	3,252
Current portion of long-term borrowings	5,733	5,125
Current financial liabilities	1,063	1,177
Derivatives	7,027	7,882
Deferred tax liabilities	8,977	9,220
Income tax payable	585	253
Other tax payables	990	887
Financial and tax liabilities included in disposal groups classified as "held for sale"	3,033	2,477
Segment liabilities (1)	**34,993**	**36,561**

(1) The figures have been restated to enable comparison with the results for 2015, which are presented on the basis of the new organization of the Enel Group, which as from this year represents the basis for the planning, reporting and assessment of the performance and financial position of the Group, both internally by management and with respect to the financial community.

Revenue

7.a Revenue from sales and services - *€73,076 million*

Millions of euro

	2015	2014	Change	
Revenue from the sale of electricity	46,638	48,062	(1,424)	-3.0%
Revenue from the transport of electricity	9,911	9,142	769	8.4%
Fees from network operators	826	783	43	5.5%
Transfers from equalization funds, market operators and energy services operators	1,152	1,857	(705)	-38.0%
Revenue from the sale of natural gas	4,045	3,628	417	11.5%
Revenue from the transport of natural gas	509	459	50	10.9%
Revenue from fuel sales	7,104	5,659	1.445	25.5%
Connection fees to electricity and gas networks	829	843	(14)	-1.7%
Revenue from the sale of environmental certificates	343	1,238	(895)	-72.3%
Revenue from other sales and services	1,719	1,657	62	3.7%
Total	**73,076**	**73,328**	**(252)**	**-0.3%**

In 2015 "revenue from the sale of electricity" amounted to €46,638 million (€48,062 million in 2014) and included sales of electricity to end users amounting to €29,994 million (€29,933 million in 2014), sales of electricity to wholesale buyers totaling €13,355 million (€14,428 million in 2014) and revenue from electricity trading activities amounting to €3,289 million (€3,701 million in 2014). The decrease is mainly attributable to the decline in quantities sold on national electricity exchanges and to foreign wholesale buyers, as well as the effect of translating the ruble into euro following the former's significant depreciation.

"Revenue from the transport of electricity" amounted to €9,911 million in 2015, an increase of €769 million, largely due to the increase in revenue from transportation to end users connected to the Enel network (€258 million) and in revenue from other suppliers (€511 million). More specifically, the increase is essentially attributable to new regulation in Italy (Resolutions 654/2015 and 655/2014 of the Authority for Electricity, Gas and the Water System) which produced an increase in electricity transport rates and resolved the regulatory lag issue. The latter development will enable the recognition, as from the current year, of revenue in respect of the remuneration and regulatory amortization of eligible investments in the grid made during the year. That revenue will be recognized in rates as from 2016 and 2017. The overall impact of the recognition, which also led to the supplementary recognition of revenue for the entire previous regulatory period under the provisions of the temporary regime, amounted to €557 million, of which €100 million for 2015 investments. For more details on the regulatory changes, please see the appropriate section in note 2 "Accounting policies and measurement criteria".

In 2015, "transfers from equalization funds, market operators and energy services operators" amounted to €1,152 million, down €705 million compared with the previous year. This mainly reflected a decline in transfers in the extra-peninsular area of Spain, due to the increase in sales and the reduction in fuel prices.

"Revenue from the sale of natural gas" amounted to €4,045 million in 2015 (€3,628 million in 2014), an increase of €417 million, mainly reflecting the increase in sales in the Iberian Peninsula and on the domestic market, due to a sharp increase in volumes traded accompanied by falling average unit prices.

"Revenue from the transport of natural gas" amounted to €509 million, up €50 million (+10.9%), which matched the increase in gas sales.

"Revenue from fuel sales" amounted to €7,104 million, and in 2015 included sales of natural gas of €7,053 million (€5,536 million in 2014) and sales of other fuels amounting to €51 million (€123 million in 2014). The sharp rise with respect to the previous year reflects the increase in volumes traded.

"Revenue from the sale of environmental certificates" decreased by €895 million, largely due to a contraction in sales of environmental certificates and CO_2 emissions allowances.

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

Millions of euro

	2015	2014
Italy	28,705	28,567
Europe		
Iberian Peninsula	19,175	20,378
France	1,439	1,375
Switzerland	362	711
Germany	2,556	3,154
Austria	20	4
Slovenia	26	22
Slovakia	1,240	1,367
Romania	1,031	1,046
Greece	64	61
Bulgaria	9	8
Belgium	365	256
Czech Republic	679	813
Hungary	356	141
Russia	1,022	1,336
Netherlands	3,414	113
United Kingdom	1,214	3,105
Other European countries	67	179
Americas		
United States	463	455
Canada	11	-
Mexico	166	135
Brazil	2,864	3,100
Chile	3,377	2,820
Peru	1,226	1,034
Colombia	2,114	2,087
Argentina	588	453
Other South American countries	172	158
Other		
Africa	3	1
Asia	348	449
Total	**73,076**	**73,328**

7.b Other revenue and income - *€2,582 million*

Millions of euro

	2015	2014	Change	
Operating grants	8	13	(5)	-38.5%
Grants for environmental certificates	874	923	(49)	-5.3%
Capital grants (electricity and gas business)	17	12	5	41.7%
Sundry reimbursements	239	184	55	29.9%
Gains on disposal and negative goodwill on acquisitions of subsidiaries, associates, joint ventures, joint operations and non-current assets held for sale	313	292	21	7.2%
Gains on remeasurement at fair value after changes in control	80	82	(2)	-2.4%
Gains on disposal of property, plant and equipment and intangible assets	52	32	20	62.5%
Service continuity bonuses	65	76	(11)	-14.5%
Other revenue	934	849	85	10.0%
Total	**2,582**	**2,463**	**119**	**4.8%**

"Grants for environmental certificates" decreased by €49 million compared with the previous year. The item comprises incentives granted to renewable generation plants or for energy efficiency initiatives.

"Sundry reimbursements" regard sundry reimbursements from customers and suppliers totaling €110 million (€46 million in 2014) and insurance indemnities in the amount of €129 million (€86 million in 2014). The increase is due to more substantial insurance indemnities for damage to plants and to end-user reimbursements in Spain caused by fraudulent connections to the network.

Gains on disposal and negative goodwill amounted to €313 million in 2015, up €21 million on 2014, mainly due to the impact of the proceeds from the disposal of SE Hydropower (€141 million) and SF Energy (€15 million) and negative goodwill amounting to €76 million, from the acquisition of control of 3Sun. Gains in 2014 were mainly accounted for by the adjustment of the price for Artic Russia (€82 million), under the earn-out clause in the sale agreement with the buyer prior to the closing, and other gains in the renewables sector from the sale of LaGeo (€123 million) and Enel Green Power France (€31 million).

"Gains on remeasurement at fair value after changes in control" amounted to €80 million. They mainly include the remeasurement at fair value of the assets and liabilities pertaining to the Group (€40 million and €29 million) which Enel fully owned prior to the acquisition of full control of 3Sun and of the ENEOP consortium respectively. In 2014, this item reported remeasurement at fair value of the assets and liabilities pertaining to the Group: (i) remaining after the loss of control as from January 1, 2014, of SE Hydropower following changes in governance arrangements (€50 million); and (ii) already held by Enel prior to the acquisition of full control of Inversiones Gas Atacama (€29 million) and Buffalo Dunes Wind Project (€3 million).

The increase in "Other revenue" mainly reflects revenue recognized in 2015 that was generated by the application of regulatory amendments introduced in Argentina with *Resolución* 32/2015, which had a particular impact on Edesur with regard to the recognition of revenue and the *Mecanismo de Monitoreo de Costos*, with a total positive effect of €247 million, only partly offset by a reduction in other income registered by Enel Green Power, Endesa and other smaller companies amounting to about €162 million.

Costs

8.a Electricity, gas and fuel purchases - *€37,644 million*

Millions of euro

	2015	2014	Change	
Electricity	22,218	23,317	(1,099)	-4.7%
Gas	11,710	8,388	3,322	39.6%
Nuclear fuel	250	206	44	21.4%
Other fuels	3,466	5,017	(1,551)	-30.9%
Total	**37,644**	**36,928**	**716**	**1.9%**

Purchases of "electricity" comprise those from the Acquirente Unico (Single Buyer) in the amount of €3,695 million (€4,395 million in 2014) and purchases from the Energy Markets Operator (GME) in the amount of €1,553 million (€1,690 million in 2014). The decrease in the aggregate mainly regards the reduction in costs for electricity purchases on electricity exchanges and on national and international markets, essentially due to the decline in demand.

Purchases of "gas" increased by €3,322 million, largely due to an increase in intermediation activities on the fuel market. Purchases of "nuclear fuel" reflected the increase in price and greater quantities produced in Spain.

Purchases of "other fuels" diminished by €1,551 million, to €3,466 million in 2015, mainly due to the reduction in consumption in a context of falling prices.

8.b Services and other materials - *€16,457 million*

Millions of euro

	2015	2014	Change	
Transmission and transport	9,118	8,979	139	1.5%
Maintenance and repairs	1,213	1,301	(88)	-6.8%
Telephone and postal costs	209	221	(12)	-5.4%
Communication services	104	115	(11)	-9.6%
IT services	364	305	59	19.3%
Leases and rentals	577	609	(32)	-5.3%
Building services	137	133	4	3.0%
Insurance services	229	118	111	94.1%
Professional and technical services	190	186	4	2.2%
Fees and commissions	302	251	51	20.3%
Services and other expenditure connected with personnel	204	218	(14)	-6.4%
Materials and services for service concession arrangements	318	246	72	29.3%
Other services	2,414	2,222	192	8.6%
Other materials	1,078	2,275	(1,197)	-52.6%
Total	**16,457**	**17,179**	**(722)**	**-4.2%**

Costs for services and other materials amounted to €16,457 million in 2015, a decrease on 2014 due largely to a contraction in costs for the purchase of environmental certificates and to a larger change in stocks of CO_2 emissions allowances, environmental certificates and other materials, as reflected in the decrease of €1,197 million in costs for other materials.

This decrease was only partly offset by an increase in costs for wheeling and transport associated with the increase in electricity consumption in the main markets in which the Group operates.

8.c Personnel - *€5,313 million*

Millions of euro

	2015	2014	Change	
Wages and salaries	3,306	3,329	(23)	-0.7%
Social security contributions	953	931	22	2.4%
Deferred compensation benefits	125	111	14	12.6%
Other post-employment and long-term benefits	(831)	70	(901)	-
Early retirement incentives	1,601	313	1,288	-
Other costs	159	110	49	44.5%
Total	**5,313**	**4,864**	**449**	**9.2%**

Personnel costs amounted to €5,313 million in 2015, an increase of €449 million.
The workforce contracted by 1,047, reflecting the balance between hirings and terminations (a decrease of 1,316), only partially offset by the increase associated with the change in the scope of consolidation (an increase of 269 employees).

The increase in "other post-employment and long-term benefits" largely reflects the release (€902 million) of the provision for the electricity discount granted to retired employees in Italy, following the unilateral termination of that benefit in the 4th Quarter of 2015.
"Early retirement incentives" amounted to €1,601 million in 2015. The increase compared with 2014 is mainly attributable to new agreements for early retirement reached in Italy in December 2015, in accordance with Article 4 of Law 92/2012, and to the introduction of early retirement mechanisms in Spain ("*Acuerdo Voluntario de Salida*"), which produced an increase of €90 million in costs compared with 2014. For more details, please see the section concerning the provision for early retirement incentives in note 35 below.

The table below shows the average number of employees by category compared with the previous year, and the actual number of employees at December 31, 2015.

	Average number (1)			Headcount (1)
	2015	2014	Change	**at Dec. 31, 2015** (2)
Senior managers	1,457	1,552	(95)	1,465
Middle managers	10,177	14,263	(4,086)	10,387
Office staff	34,769	38,224	(3,455)	35,975
Blue collar	21,978	16,709	5,269	20,087
Total	**68,381**	**70,748**	**(2,367)**	**67,914**

(1) For companies consolidated on a proportionate basis, the headcount corresponds to Enel percentage share of the total.
(2) Of which 4,301 in units classified as "held for sale".

8.d Depreciation, amortization and impairment losses - *€7,612 million*

Millions of euro

	2015	2014	Change	
Property, plant and equipment	4,190	4,425	(235)	-5.3%
Investment property	8	8	-	-
Intangible assets	689	771	(82)	-10.6%
Impairment losses	2,978	7,733	(4,755)	-61.5%
Reversal of impairment losses	(253)	(267)	14	5.2%
Total	**7,612**	**12,670**	**(5,058)**	**-39.9%**

Depreciation and amortization decreased by €317 million in 2015 (comprising property, plant and equipment and intangible assets), due to the variation in exchange rates and the reduction in assets subject to depreciation (also caused by impairment losses posted in late 2014, which are discussed below).

Millions of euro

	2015	2014	Change	
Impairment losses:				
- property, plant and equipment	1,246	2,886	(1,640)	-56.8%
- investment property	5	18	(13)	-72.2%
- intangible assets	68	744	(676)	-90.9%
- goodwill	13	194	(181)	-93.3%
- trade receivables	1,058	997	61	6.1%
- assets classified as held for sale	574	2,878	(2,304)	-80.1%
- other assets	14	16	(2)	-12.5%
Total impairment losses	**2,978**	**7,733**	**(4,755)**	**-61.5%**
Reversals of impairment losses:				
- property, plant and equipment	(21)	(3)	(18)	-
- investment property	-	-	-	-
- intangible assets	-	-	-	-
- trade receivables	(230)	(250)	20	8.0%
- assets classified as held for sale	-	-	-	-
- other assets	(2)	(14)	12	85.7%
Total reversals of impairment losses	**(253)**	**(267)**	**14**	**5.2%**

"Impairment losses" decreased by €4,755 million on the previous year.

Impairment losses on property, plant and equipment in 2015 mainly regarded:

> power plants in Russia in the amount of €899 million (€205 million in 2014), in view of market forecasts for that country. The parameters used in the impairment test of the Enel Russia CGU are discussed in note 20 below;
> the property, plant and equipment of Enel Green Power Romania for €139 million and of 3Sun for €42 million. The parameters used in the impairment test of the associated CGUs are discussed in note 20 below;
> a number of mineral exploration assets in Algeria (attributable to the upstream gas area) totaling €132 million, due to the unfavorable fuel price situation.

In 2014 this item included (in addition to the factors noted above for comparison purposes) impairment losses on thermal plants in Italy in the amount of €2,096 million (due to the continuing economic crisis in Italy and the consequent negative impact on power generation from conventional resources), on leased assets in Slovakia – more specifically the Gabčíkovo hydroelectric plant – in the amount of €103 million (following the renegotiation which advanced the lease expiry to 2015, instead of the original expiry of 2036), as well as on the property, plant and equipment of Enel Green Power Hellas in the amount of €91 million.

Impairment losses on intangible assets in 2015 amounted to €68 million. They mainly regard:

- concessions and similar rights of Enel Longanesi in the amount of €27 million to adjust the value of Upstream Gas assets to their value in use;
- Enel Green Power North America in the amount of €26 million.

In 2014, this item included impairment losses on the water rights held by Endesa Chile to use the water of a number of rivers in the Aysén region of that country in the amount of €589 million, concessions and similar rights of Enel Green Power Hellas in the amount of €55 million, as well as a number of smaller concessions in Portugal (Hidromondego in the amount of €35 million) and Spain (Distribuidora Eléctrica del Puerto de la Cruz in the amount of €31 million).

Impairment losses on goodwill were recognized following impairment testing. More details are provided in note 20.

Finally, impairment losses on assets classified as held for sale amounted to €574 million in 2015 and to €2,878 million in 2014. They regard the net assets of Slovenské elektrárne. The impairment loss was determined in both periods to align the carrying amount of the assets with their fair value less costs to sell pending disposal, subsequently confirmed with the closing of an agreement with EPH in December 2015, although the effects are suspending pending receipt of the necessary antitrust clearance.

8.e Other operating expenses - *€2,654 million*

Millions of euro

	2015	2014	Change	
System charges - emissions allowances	340	341	(1)	-0.3%
System charges - energy efficiency certificates	315	105	210	-
System charges - green certificates	181	144	37	25.7%
Losses on disposal of property, plant and equipment and intangible assets	49	21	28	-
Taxes and duties	1,272	1,275	(3)	-0.2%
Other	497	476	21	4.4%
Total	**2,654**	**2,362**	**292**	**12.4%**

Other operating expenses amounted to €2,654 million, an increase of €292 million, mainly due to:

- an increase of €210 million in charges for white certificates, largely reflecting higher volumes of purchased certificates for compliance purposes and a change in regulations with Resolution 13/2014 of the Authority for Electricity, Gas and the Water System, which introduced a new cost reimbursement mechanism;
- an increase of €37 million in costs for the purchase of green certificates;
- the release of the nuclear fuel disposal provision in Slovakia in the amount of €550 million, based on a study conducted by independent experts, following the new regulations introduced in July 2015 by the Slovak government, who approved a new strategy for dealing with the "back end" of spent nuclear fuel; in 2014 another provision for the Slovakian plants had been released in the amount of €136 million;
- the release of €63 million of provisions for risks and charges in 2014 following the settlement agreement between Enel Distribuzione, A2A and A2A Reti Elettriche;
- an increase in provisions of €328 million to cover compensation for the unilateral termination of the residential electricity discount for the Group's retired employees in Italy as of December 31, 2015.

8.f Capitalized costs - *€(1,539) million*

Millions of euro

	2015	2014	Change	
Personnel	(746)	(719)	(27)	-3.8%
Materials	(433)	(391)	(42)	-10.7%
Other	(360)	(414)	54	13.0%
Total	**(1,539)**	**(1,524)**	**(15)**	**-1.0%**

Capitalized costs consist of €746 million in personnel costs and €433 million in materials costs (compared with €719 million and €391 million, respectively, in 2014).

9. Net income/(expense) from commodity contracts measured at fair value - *€168 million*

Net income from commodity contracts measured at fair value amounted to €168 million, the result of net unrealized expense on open positions in derivatives at December 31, 2015 in the amount of €304 million (€268 million in 2014) and net realized gains on positions closed during the year of €472 million (€43 million net in 2014).

Millions of euro

	2015	2014	Change	
Income:				
- unrealized on positions open at the end of the period	2,832	4,455	(1,623)	-36.4%
- realized on positions closed during the period	6,702	3,793	2,909	76.7%
Total income	**9,534**	**8,248**	**1,286**	**15.6%**
Expense:				
- unrealized on positions open at the end of the period	(3,136)	(4,723)	1,587	33.6%
- realized on positions closed during the period	(6,230)	(3,750)	(2,480)	-66.1%
Total expense	**(9,366)**	**(8,473)**	**(893)**	**-10.5%**
NET INCOME/(EXPENSE) FROM COMMODITY CONTRACTS MEASURED AT FAIR VALUE	**168**	**(225)**	**393**	**-**

10. Net financial income/(expense) from derivatives - *€950 million*

Millions of euro

	2015	2014	Change	
Income:				
- income from cash flow hedge derivatives	1,507	1,532	(25)	-1.6%
- income from derivatives at fair value through profit or loss	907	468	439	93.8%
- income from fair value hedge derivatives	41	78	(37)	-47.4%
Total income	**2,455**	**2,078**	**377**	**18.1%**
Expense:				
- expense on cash flow hedge derivatives	(330)	(434)	104	24.0%
- expense on derivatives at fair value through profit or loss	(1,145)	(476)	(669)	-
- expense on fair value hedge derivatives	(30)	(6)	(24)	-
Total expense	**(1,505)**	**(916)**	**(589)**	**-64.3%**
TOTAL FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	**950**	**1,162**	**(212)**	**-18.2%**

Net income from cash flow hedge derivatives amounted to €1,177 million, while derivatives at fair value through profit or loss posted net expense of €238 million.
By contrast, the net performance of fair value hedge derivatives produced net income of €11 million.

For more details on derivatives, please see note 44 "Derivatives and hedge accounting".

11. Net other financial income/(expense) - *€(3,406) million*

Other financial income

Millions of euro

	2015	2014	Change	
Interest income from financial assets (current and non-current):				
- interest income at effective rate on non-current securities and receivables	85	43	42	97.7%
- interest income at effective rate on short-term financial investments	180	217	(37)	-17.1%
Total interest income at the effective interest rate	**265**	**260**	**5**	**1.9%**
Financial income on non-current securities at fair value through profit or loss	**5**	**6**	**(1)**	**-16.7%**
Exchange gains	**882**	**529**	**353**	**66.7%**
Income on equity investments	**11**	**4**	**7**	**-**
Other income	**400**	**449**	**(49)**	**-10.9%**
TOTAL OTHER FINANCIAL INCOME	**1,563**	**1,248**	**315**	**25.2%**

Other financial income amounted to €1,563 million, an increase of €315 million compared with the previous year. The reduction reflects:

> an increase in "exchange gains", reflecting the impact of

developments in exchange rates on net financial debt denominated in currencies other than the euro, as well as the recognition, under the terms of the associated contract, by the Argentine authorities of the conversion of receivables for the construction of the Vuelta de Obligado plant into US dollars, given that it is essentially completed (about €258 million);

> a slight increase in "income on equity investments" and "interest income at the effective rate", respectively amounting to €11 million and €265 million in 2015;
> a decrease in "other income", mainly due to effect of the increase in the same item in 2014 following the settlement agreement on Costanera's payables to Mitsubishi.

Other financial expense

Millions of euro

	2015	2014	Change	
Interest expense on financial debt (current and non-current):				
- interest expense on bank borrowings	371	360	11	3.1%
- interest expense on bonds	2,314	2,476	(162)	-6.5%
- interest expense on other borrowings	143	116	27	23.3%
Total interest expense	**2,828**	**2,952**	**(124)**	**-4.2%**
Expense on securities at fair value through profit or loss	**-**	-	**-**	**-**
Exchange losses	**1,738**	**1,814**	**(76)**	**-4.2%**
Accretion of post-employment and other employee benefits	**101**	**139**	**(38)**	**-27.3%**
Accretion of other provisions	**210**	**258**	**(48)**	**-18.6%**
Charges on equity investments	**3**	**3**	**-**	**-**
Other charges	**89**	**374**	**(285)**	**-76.2%**
TOTAL OTHER FINANCIAL EXPENSE	**4,969**	**5,540**	**(571)**	**-10.3%**

Other financial expense amounted to €4,969 million, a decrease of €571 million on 2014. The change reflects the following factors:

> a decrease in interest expense, largely owing to an average decrease in gross financial debt compared with 2014;
> a decrease of €76 million in "exchange losses", attributable to the fluctuation of the euro against the other currencies in which bonds are issued. This factor was essentially offset by an increase in income on cash flow hedge derivatives on exchange rates;
> a decrease of €38 million in charges from "accretion of post-employment and other employee benefits" (see note 34 for details), including other charges from accretion of other provisions in the amount of €48 million, mainly ascribable to the accretion of the provision for early retirement incentives;
> a decrease of €285 million in "other charges" (€89 million in 2015 and €374 million in 2014), essentially reflecting the effect of the downward adjustment in 2014 of financial assets (€92 million) associated with service concession arrangements in Brazil and the impairment loss recognized in 2014 on the financial receivables from Elcogas, as well as an increase of about €63 million in capitalized interest, partly due to the rise in investment.

12. Share of income/(losses) of equity investments accounted for using the equity method - *€52 million*

Millions of euro

	2015	2014	Change	
Share of income of associates	152	229	(77)	-33.6%
Share of losses of associates	(100)	(87)	(13)	-14.9%
Impairment losses	-	(177)	177	-
Total	**52**	**(35)**	**87**	**-**

The share of income and losses of equity investments accounted for using the equity method increased by €87 million compared with the previous year. The rise is attributable to impairment losses posted in 2014 in the amount of €177 million on the joint venture in Centrales Hidroeléctricas de Aysén (as a result of uncertainty about permitting for the development of the project to build a hydroelectric plant in Chile) and on Enel Green Power Hellas CGU with regard to the "Elica 2" equity-accounted investments as a result of the persistent adverse economic climate. These factors were only partly offset by a decline in income from associates posted in 2015 (€77 million), which was mostly due to the effect of changes in the scope of consolidation during the periods under consideration.

13. Income taxes - *€1,909 million*

Millions of euro

	2015	2014	Change	
Current taxes	2,061	1,968	93	4.7%
Adjustments for income taxes related to prior years	(19)	(119)	100	84.0%
Total current taxes	**2,042**	**1,849**	**193**	**10.4%**
Deferred tax liabilities	(125)	(961)	836	87.0%
Deferred tax assets	(8)	(1,738)	1,730	-
TOTAL	**1,909**	**(850)**	**2,759**	**-**

Income taxes for 2015 amounted to €1,909 million, compared with a credit position of €850 million in 2014.
Income taxes therefore increased by €2,759 million compared with the previous year, as a result of the sharp increase in income before taxes and of the following non-recurring factors:

> adjustment of net deferred tax assets in Italy totaling €197 million, as a result of the Stability Act passed in December 2015, reducing the IRES rate from 27.5% to 24% as from January 1, 2017;

> the recognition of deferred tax assets in 2014 in the amount of €1,392 million in respect of Enel Iberoamérica (formerly Enel Energy Europe) following the distribution of dividends associated with a number of non-recurring corporate transactions;

> a reduction in taxes in the period on non-recurring transactions subject to non-standard tax rates, in particular the effect of remeasurements at fair value and the negative goodwill on 3Sun and the gains from the sale of SE Hydropower;

> a reduction of €50 million in IRAP due to changes in the deductibility of personnel costs for IRAP purposes;

> the effect of the change in tax rates on deferred taxation, mainly in Chile, Colombia, Peru and Spain, recognized in 2014, which had produced a net benefit of €146 million: in 2015, the changes in tax rates in the above countries began to impact current income taxes.

Note that in 2014 an increase of €366 million in taxes was recognized as a result of an adjustment of deferred taxation

in Italy following a court ruling that the IRES surtax (the so-called Robin Hood Tax) was unconstitutional after a lengthy administrative proceeding.
The following table reconciles the theoretical tax rate with the effective tax rate. Please note that the estimated taxes of Group companies outside of Italy in 2015 – including the effect of deferred taxation – were a negative €751 million (compared with €1,885 million in 2014).

Millions of euro

	2015		2014	
Income before taxes	5,281		(78)	
Theoretical taxes	1,452	27.5%	(21)	27.5%
Change in tax effect on impairment losses, capital gains and negative goodwill	(51)		245	
Tax credit from distribution of Endesa dividends	-		(1,392)	
Impact on deferred taxation of changes in tax rates	197		(146)	
IRES surtax (Decree Law 112/2008)	-		188	
IRAP	250		320	
Other differences, effect of different foreign tax rates, and minor items	61		(44)	
Total	**1,909**		**(850)**	

14. Basic and diluted earnings per share

Both metrics are calculated on the basis of the average number of ordinary shares in the period, equal to 9,403,357,795 shares, adjusted for the diluting effect of outstanding stock options (none in both periods).

	2015	2014	Change	
Net income from continuing operations attributable to shareholders of the Parent Company (millions of euro)	2,196	517	1,679	-
Net income from discontinued operations attributable to shareholders of the Parent Company (millions of euro)	-	-	-	-
Net income attributable to shareholders of the Parent Company (millions of euro)	2,196	517	1,679	-
Number of ordinary shares	9,403,357,795	9,403,357,795	-	-
Dilutive effect of stock options	-	-	-	-
Basic and diluted earnings per share (euro)	0.23	0.05	0.18	-
Basic and diluted earnings from continuing operations per share (euro)	0.23	0.05	0.18	-
Basic and diluted earnings from discontinued operations per share (euro)	-	-	-	-

15. Property, plant and equipment - *€73,307 million*

The breakdown of and changes in property, plant and equipment for 2015 are shown below.

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment
Cost	558	8,711	144,890	386
Accumulated depreciation	-	4,902	83,970	312
Balance at Dec. 31, 2014	**558**	**3,809**	**60,920**	**74**
Capital expenditure	67	59	1,014	21
Assets entering service	44	377	4,463	5
Exchange rate differences	(20)	6	(723)	-
Change in scope of consolidation	2	56	(171)	8
Disposals	(1)	(16)	(87)	(1)
Depreciation	-	(135)	(3,789)	(18)
Impairment losses	-	(303)	(712)	(8)
Reversal of impairment losses	-	1	20	-
Other changes	13	(25)	169	(4)
Total changes	**105**	**20**	**184**	**3**
Cost	663	8,788	147,014	400
Accumulated depreciation	-	4,959	85,910	323
Balance at Dec. 31, 2015	**663**	**3,829**	**61,104**	**77**

Other assets	Leased assets	Leasehold improvements	Assets under construction and advances	**Total**
1,332	1,091	332	6,442	163,742
1,042	226	201	-	90,653
290	**865**	**131**	**6,442**	**73,089**
46	11	10	5,125	6,353
37	-	29	(4,955)	-
(13)	(4)	-	(391)	(1,145)
-	(15)	(5)	249	124
(1)	-	(1)	(6)	(113)
(76)	(48)	(26)	-	(4,092)
(2)	-	-	(221)	(1,246)
-	-	-	-	21
(27)	(37)	2	225	316
(36)	**(93)**	**9**	**26**	**218**
1,289	1,030	364	6,468	166,016
1,035	258	224	-	92,709
254	**772**	**140**	**6,468**	**73,307**

"Plant and machinery" includes assets to be relinquished free of charge with a net carrying amount of €8,516 million (€8,269 million at December 31, 2014), largely regarding power plants in the Iberian Peninsula and Latin America amounting to €5,155 million (€4,820 million at December 31, 2014) and the electricity distribution network in Latin America totaling €2,998 million (€3,027 million at December 31, 2014).

For more information on "leased assets", please see note 17 below.

The table below summarizes capital expenditure in 2015 by category. These expenditures, totaling € 6,353 million, increased by €334 million on 2014.

Millions of euro

	2015	2014
Power plants:		
- thermal	757	884
- hydroelectric	807	656
- geothermal	197	169
- nuclear	128	787
- alternative energy resources	1,900	1,256
Total power plants	**3,789**	**3,752**
Electricity distribution networks	2,466	2,115
Land, buildings and other assets and equipment	98	152
TOTAL	**6,353**	**6,019**

Capital expenditure on power plants amounted to €3,789 million, an increase of €37 million on the previous year, essentially reflecting increased investment in renewable generation plants (mainly wind plants totaling €1,233 million and photovoltaic plants amounting to €628 million) and in hydroelectric facilities by the Renewable Energy Division.
Capital expenditure for the electricity distribution network amounted to €2,446 million, up €351 million compared with the previous year. The increase is essentially attributable to greater investment in the medium and low-voltage grids in Italy and Latin America.

The "change in scope of consolidation" for the period mainly concerned the acquisitions of control of 3Sun, in the 1st Quarter of 2015, the acquisition of 68% of BLP Energy, an Indian company operating in the renewables generation sector, and the full consolidation of Osage Wind, which had previously been accounted for using the equity method. These effects were partly offset by the disposal of the Portuguese companies and the deconsolidation of the Italian solar assets of the Renewable Energy Division.

"Impairment losses" on property, plant and equipment amounted to €1,246 million. For a more detailed analysis, please see note 8.d.

At December 31, 2015, testing was conducted of the recoverability of the value of the assets of a number of CGUs (Enel Russia, Enel Green Power Hellas and Enel Produzione) that showed evidence of impairment, following which it was determined that the values were essentially recoverable.
In order to verify the robustness of the value in use identified for those CGUs, sensitivity analyses were conducted for the main value drivers, and in particular WACC, the long-term growth rate and EBITDA, assuming individual changes in each assumption of up to 5% of the value used in the tests.
For the Enel Produzione CGU, the analysis found that in the case of changes in EBITDA or WACC within the range noted above and holding the other assumptions unchanged, the value in use would not exceed the carrying amount. Accordingly, in view of this evidence and confirming the impairment indicators already identified last year, no write-back of its value was performed.

"Other changes" include, among other items, the effect of the capitalization of interest on specific loans for capital expenditure in the amount of €208 million (€196 million in 2014), as detailed in the following table.

Millions of euro

	2015	% rate	2014	% rate	Change	
Renewable Energy	80	5.2%	59	4.8%	21	35.6%
Latin America	104	23.7%	75	14.8%	29	38.7%
Eastern Europe (1)	-	-	41	2.6%	(41)	-
Iberian Peninsula	7	2.7%	6	3.0%	1	16.7%
Italy	17	4.2%	15	5.0%	2	13.3%
Total	**208**		**196**		**12**	**6.1%**

(1) The figure does not include €51 million regarding units classified as "held for sale".

At December 31, 2015, contractual commitments to purchase property, plant and equipment amounted to €424 million.

16. Infrastructure within the scope of "IFRIC 12 - *Service concession arrangements*"

Service concession arrangements, which are recognized in accordance with IFRIC 12, regard certain infrastructure serving concessions for electricity distribution in Brazil. The following table summarizes the salient details of those concessions.

Millions of euro

	Grantor	Activity	Country	Concession period	Concession period remaining	Renewal option	**Amount recognized among financial assets at Dec. 31, 2015**	**Amount recognized among intangible assets at Dec. 31, 2015**
Ampla Energia e Serviços	Brazilian government	Electricity distribution	Brazil	1997-2026	11 years	Yes	425	810
Companhia Energética do Ceará	Brazilian government	Electricity distribution	Brazil	1998-2028	12 years	Yes	206	692
Total							**631**	**1,502**

The value of the assets at the end of the concessions classified under financial assets has been measured at fair value. For more details, please see note 45 "Assets measured at fair value".

17. Leases

The Group, in the role of lessee, has entered into finance lease agreements. They include certain assets which the Group is using in Spain, France, Greece, Italy and Latin America. More specifically, in Spain the assets relate to a 25-year "tolling" contract for which an analysis pursuant to IFRIC 4 identified an embedded finance lease, under which Endesa has access to the generation capacity of a combined cycle plant for which the toller, Elecgas, has undertaken to transform gas into electricity in exchange for a toll at a rate of 9.62%. The other lease agreements regard wind plants that the Group uses in Italy (with a term of 18 years expiring in 2030-2031) and a discount rate of between 4.95% and 5.5%.

In Latin America, the assets relate to leased power transmission lines and plant (Ralco-Charrúa), with a residual term of eight years on the lease at a 6.5% rate, a lease of a combined-cycle plant (Talara) with a term of nine years at a fixed rate of 5.8%, as well as a number of combined-cycle plants in Peru (residual lease term of one year bearing a floating rate).

The carrying amount of assets held under finance leases is reported in the following table.

Millions of euro

	2015	2014	Change	
Property, plant and equipment	772	865	(93)	-10.8%
Intangible assets	-	-	-	-
Total	**772**	**865**	**(93)**	**-10.8%**

The following table reconciles total future minimum lease payments and the present value, broken down by maturity.

Millions of euro	Future minimum payments	Present value of future minimum payments	Future minimum payments	Present value of future minimum payments
	at Dec. 31, 2015		at Dec. 31, 2014	
Periods:				
- 2016	97	58	102	62
- 2017-2020	322	199	398	250
- Beyond 2020	696	498	750	526
Total	**1,115**	**755**	**1,250**	**838**
Finance charges	(360)		(412)	
Present value of minimum lease payments	**755**		**838**	

The Group, in the role of lessee, has entered also into operating lease agreements regarding the use of certain assets for industrial purposes. The associated lease payments are expensed under "Services and other materials".

Costs for operating leases are broken down in the following table into minimum payments, contingent rents and sublease payments.

Millions of euro

	2015
Minimum lease payments	2,002
Contingent rents	-
Sublease payments	3
Total	**2,005**

The future minimum lease payments due by the Group under such leases break down by maturity as follows.

Millions of euro

	2015
Periods:	
- within 1 year	216
- beyond 1 year and within 5 years	841
- beyond 5 years	945
Total	**2,002**

18. Investment property - *€144 million*

Investment property at December 31, 2015 amounted to €144 million, essentially unchanged on the previous year.

Millions of euro

	2015
Cost	173
Accumulated depreciation and impairment	30
Balance at Dec. 31, 2014	**143**
Entry into service	-
Depreciation	(8)
Impairment losses	(5)
Other changes	14
Total change	**1**
Cost	187
Accumulated depreciation and impairment	43
Balance at Dec. 31, 2015	**144**

The Group's investment property consists of properties in Italy, Spain and Chile, which are free of restrictions on the realizability of the investment property or the remittance of income and proceeds of disposal. In addition, the Group has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

For more details on the valuation of investment property, please see notes 45 "Assets measured at fair value" and 45.1 "Fair value of other assets".

19. Intangible assets - *€15,235 million*

A breakdown of and changes in intangible assets for 2015 are shown below.

Millions of euro	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Service concession arrangements	Other	Assets under development and advances	**Total**
Cost	26	2,735	14,515	3,774	1,656	622	23,328
Accumulated amortization and impairment	17	2,231	1,392	1,836	1,240	-	6,716
Balance at Dec. 31, 2014	**9**	**504**	**13,123**	**1,938**	**416**	**622**	**16,612**
Capital expenditure	8	118	7	318	18	291	760
Assets entering service	1	239	3	-	22	(265)	-
Exchange rate differences	(2)	(5)	(820)	(500)	14	4	(1,309)
Change in scope of consolidation	-	-	(14)	-	111	17	114
Disposals	(1)	-	-	(9)	-	(17)	(27)
Amortization	(2)	(275)	(162)	(158)	(95)	-	(692)
Impairment losses	-	(1)	(20)	-	(8)	(39)	(68)
Other changes	(3)	1	25	(87)	(52)	(39)	(155)
Total changes	**1**	**77**	**(981)**	**(436)**	**10**	**(48)**	**(1,377)**
Cost	28	2,999	13,394	2,972	1,642	574	21,609
Accumulated amortization and impairment	18	2,418	1,252	1,470	1,216	-	6,374
Balance at Dec. 31, 2015	**10**	**581**	**12,142**	**1,502**	**426**	**574**	**15,235**

"Industrial patents and intellectual property rights" relate mainly to costs incurred in purchasing software and open-ended software licenses. The most important applications relate to invoicing and customer management, the development of Internet portals and the management of company systems. Amortization is calculated on a straight-line basis over the asset's residual useful life (on average between three and five years).
"Concessions, licenses, trademarks and similar rights" include costs incurred by the gas companies and the foreign electricity distribution companies to acquire customers. Amortization is calculated on a straight-line basis over the average duration of the relationships with the customers acquired or the concessions.

The following table reports service concession arrangements that do not fall within the scope of IFRIC 12.

Millions of euro

	Grantor	Activity	Country	Concession period	Period remaining	Renewal option	**at Dec. 31, 2015**	Initial fair value
Endesa Distribución Eléctrica	-	Electricity distribution	Spain	Indefinite	Indefinite		5,679	5,673
Codensa	Republic of Colombia	Electricity distribution	Colombia	Indefinite	Indefinite		1,568	1,839
Chilectra	Republic of Chile	Electricity distribution	Chile	Indefinite	Indefinite		1,566	1,667
Empresa de Distribución Eléctrica de Lima Norte	Republic of Peru	Electricity distribution	Peru	Indefinite	Indefinite		641	548
Enel Distributie Muntenia	Romanian Ministry for the Economy	Electricity distribution	Romania	2005-2054	38 years	Yes	155	191

The item includes assets with an indefinite useful life in the amount of €9,454 million (€9,848 million at December 31, 2014), essentially accounted for by concessions for distribution activities in Spain (€5,679 million), Colombia (€1,568 million), Chile (€1,566 million) and Peru (€641 million), for which there is no statutory or currently predictable expiration date. On the basis of the forecasts developed, cash flows for each CGU, with which the various concessions are associated, are sufficient to recover the carrying amount. The change during the year is essentially attributable to changes in exchange rates. For more information on "Service concession arrangements", please see note 24.

The "change in scope of consolidation" for the period mainly regards acquisitions and disposals of the Renewable Energy Division, as well as the acquisition of residential customers connected with the supply of gas in Spain.

"Impairment losses" amounted to €68 million in 2015; for more details, please see note 8.d.

At December 31, 2015, contractual commitments for the acquisition of intangible assets amounted to €16 million.

20. Goodwill - *€13,824 million*

"Goodwill" amounted to €13,824 million, a decrease of €203 million for the year.

Millions of euro	at Dec. 31, 2014			Change in the scope of consolidation
	Cost	Accumulated impairment	**Net carrying amount**	
Endesa	10,999	(2,392)	8,607	-
Latin America	3,285	-	3,285	-
Enel Green Power Group (1)	990	(119)	871	(241)
Enel Energia	579	-	579	-
Enel Distributie Muntenia	546	-	546	-
Enel Energie Muntenia	113	-	113	-
Nuove Energie	26	-	26	-
Total	**16,538**	**(2,511)**	**14,027**	**(241)**

(1) Enel Green Power España, Enel Green Power Latin America, Enel Green Power North America, Enel Green Power Hellas, Enel Green Power Romania, Enel Green Power Bulgaria and Enel Green Power Italia.

The "change in scope of consolidation" mainly regards the disposal of the Portuguese companies of the Renewable Energy Division, only partly offset by a number of minor acquisitions the Division made in Mexico.

The criteria used to identify the cash generating units (CGUs) 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, as well as on the level of reporting monitored by management.

The recoverable value of the goodwill recognized was estimated by calculating the value in use of the CGUs 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.

Cash flows were determined on the basis of the best information available at the time of the estimate and drawn:

- for the explicit period, from the 5-year business plan approved by the Board of Directors of the Parent Company containing forecasts for volumes, revenues, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices. The explicit period of cash flows considered in impairment testing differs in accordance with the specific features and business cycles of the various CGUs being tested. These differences are generally associated with the different average times needed to build and bring into service the plant and other works that characterize the investments of the specific businesses that make up the CGU (conventional thermal generation, nuclear power, renewables, distribution, etc.);
- for subsequent years, from assumptions concerning long-

Exchange differences	Impairment losses	at Dec. 31, 2015		
		Cost	Accumulated impairment	**Net carrying amount**
-	-	10,999	(2,392)	**8,607**
-	-	3,285	-	**3,285**
49	(13)	798	(132)	**666**
-	-	579	-	**579**
2	-	548	-	**548**
-	-	113	-	**113**
-	-	26	-	**26**
51	**(13)**	**16,348**	**(2,524)**	**13,824**

term developments in the main variables that determine cash flows, the average residual useful life of assets or the duration of the concessions.

More specifically, the terminal value was calculated as a perpetuity or annuity with a nominal growth rate equal to the long-term rate of growth in electricity and/or inflation (depending on the country and business involved) and 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, with the exceptions discussed below.

In order to verify the robustness of the value in use of the CGUs, sensitivity analyses were conducted for the main drivers of the values, in particular WACC, the long-term growth rate and margins, the outcomes of which fully supported that value.

The table below reports the composition of the main goodwill values according to the company to which the CGU belongs, along with the discount rates applied and the time horizon over which the expected cash flows have been discounted.

Millions of euro	Amount	Growth rate [1]	Discount rate pre-tax WACC [2]	Explicit period of cash flows	Terminal value [3]
	at Dec. 31, 2015				
Endesa - Iberian Peninsula [4]	8,607	1.77%	7.90%	5 years	Perpetuity
Endesa - Latin America	3,285	3.12%	8.42%	5 years	Perpetuity
Enel Russia	-	4.00%	15.31%	5 years	Perpetuity
Enel Romania [5]	660	2.30%	7.65%	5 years	Perpetuity
Enel Energia	579	0.16%	11.92%	5 years	15 years
Enel Green Power España	157	2.00%	7.63%	5 years	12 years
Enel Green Power Latin America	350	3.34%	8.16%	5 years	21 years
Enel Green Power North America	131	2.20%	9.27%	5 years	19 years
Enel Green Power Hellas	-	-	-	-	-
Nuove Energie	26	0.20%	9.94%	9 years	16 years
Enel Green Power Italia	23	2.00%	8.50%	5 years	Perpetuity/17 years [6]
Enel Green Power Romania	-	2.30%	8.08%	5 years	16 years
Enel Green Power Bulgaria	5	2.20%	8.09%	5 years	14 years

(1) Perpetual growth rate of cash flows after explicit period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield for the years indicated in the column.
(4) Goodwill includes the portion of goodwill in respect of Enel Green Power España pertaining to it.
(5) Includes all companies operating in Romania.
(6) The terminal value for Enel Green Power Italia was estimated on the basis of a perpetuity for the hydroelectric and geothermal plants and an expected annuity with a rising yield for a period of 17 years for other renewables technologies (wind, solar, biomass).

At December 31, 2015, impairment testing of the CGUs to which goodwill had been allocated found an impairment loss of €155 million on the Enel Green Power Romania CGU, of which €13 million attributed to goodwill, while the remainder was allocated among the generation assets. The loss is attributable to market forecasts and the regulatory situation in the country.

At December 31, 2014 an impairment loss of €365 million had been recognized on the Enel Russia CGU (formerly Enel OGK-5) and €269 million on the Enel Green Power Hellas CGU.

Amount	Growth rate [1]	Discount rate pre-tax WACC [2]	Explicit period of cash flows	Terminal value [3]
at Dec. 31, 2014				
8,607	1.92%	7.92%	5 years	Perpetuity
3,285	2.67%	8.48%	5 years	Perpetuity
-	0.97%	14.99%	5 years	Perpetuity
659	2.07%	7.90%	5 years	Perpetuity
579	0.13%	11.98%	5 years	15 years
404	2.00%	7.90%	5 years	13 years
308	3.45%	8.53%	5 years	22 years
117	2.17%	7.46%	5 years	20 years
-	-	18.69%	5 years	21 years
26	0.29%	8.98%	10 years	16 years
24	2.00%	8.15%	5 years	Perpetuity/14 years
13	2.07%	8.26%	5 years	17 years
5	2.50%	8.27%	5 years	15 years

21. Deferred tax assets and liabilities - *€7,386 million and €8,977 million*

The following table details changes in deferred tax assets and liabilities by type of timing difference and calculated based on the tax rates established by applicable regulations. The table also reports the amount of deferred tax assets that, where allowed, can be offset against deferred tax liabilities.

Millions of euro	at Dec. 31, 2014	Increase/(Decrease) taken to income statement	Increase/(Decrease) taken to equity
Deferred tax assets:			
- differences in the value of intangible assets, and property, plant and equipment	2,239	(357)	2
- accruals to provisions for risks and charges and impairment losses with deferred deductibility	1,166	341	-
- tax loss carried forward	105	(36)	-
- measurement of financial instruments	659	5	195
- employee benefits	995	(210)	(166)
- other items	1,903	253	7
Total	**7,067**	**(4)**	**38**
Deferred tax liabilities:			
- differences on non-current and financial assets	6,765	(208)	8
- measurement of financial instruments	453	(26)	16
- other items	2,002	88	(1)
Total	**9,220**	**(146)**	**23**
Non-offsettable deferred tax assets			
Non-offsettable deferred tax liabilities			
Excess net deferred tax liabilities after any offsetting			

At December 31, 2015, "deferred tax assets" totaled €7,386 million (€7,067 million at December 31, 2014).

The increase during the year amounted to €319 million, mainly reflecting the tax effect of income components not recognized for tax purposes, only partly offset by the reduction associated with the expected decrease in the IRES rate in Italy from 27.5% to 24% as from 2017.

It should also be noted that no deferred tax assets were recorded in relation to prior tax losses in the amount of €1,051 million because, on the basis of current estimates of future taxable income, it is not certain that such assets will be recovered.

"Deferred tax liabilities" amounted to €8,977 million at December 31, 2015 (€9,220 million at December 31, 2014). They essentially include the determination of the tax effects of the value adjustments to assets acquired as part of the final allocation of the cost of acquisitions made in the various years and the deferred taxation in respect of the differences between depreciation charged for tax purposes, including accelerated depreciation, and depreciation based on the estimated useful lives of assets.

Change in scope of consolidation	Other changes	Exchange rate differences	Reclassification from/to “Assets held for sale”	
				at Dec. 31, 2015
-	140	(26)	-	1,998
-	(11)	(40)	-	1,456
-	71	5	-	145
1	(35)	(1)	-	824
-	17	(16)	-	620
(1)	187	(6)	-	2,343
-	**369**	**(84)**	**-**	**7,386**
(28)	408	(339)	-	6,606
-	(8)	(2)	-	433
11	(102)	(31)	(29)	1,938
(17)	**298**	**(372)**	**(29)**	**8,977**
				2,149
				3,310
				430

22. Equity investments accounted for using the equity method - *€607 million*

Investments in joint arrangements and associated companies accounted for using the equity method are as follows.

Millions of euro		% holding	Income effect	Change in scope of consolidation
	at Dec. 31, 2014			
Joint arrangements				
Hydro Dolomiti Enel	218	49.0%	20	-
Tejo Energia Produção e Distribuição de Energia Eléctrica	61	38.9%	8	-
Empresa de Energía Cundinamarca	34	40.4%	2	-
RusEnergoSbyt	29	49.5%	37	-
Energie Electrique de Tahaddart	29	42.5%	6	-
Electrogas	15	50.0%	7	-
Transmisora Eléctrica de Quillota	9	50.0%	2	-
Centrales Hidroeléctricas de Aysén	8	51.0%	(3)	-
PowerCrop	5	50.0%	(1)	-
Nuclenor	-	50.0%	(58)	-
Associates				
Ultor	-	-	-	72
Elica 2	50	30.0%	-	-
CESI	39	42.7%	-	-
Altomonte FV	-	-	-	39
Tecnatom	30	45.0%	2	-
GNL Quinteros	21	20.0%	6	-
Suministradora Eléctrica de Cádiz	17	33.5%	3	-
Terrae	15	20.0%	(3)	-
Compañía Eólica Tierras Altas	13	35.6%	1	-
ENEOP - Eólicas de Portugal	60	36.0%	8	(68)
Eevm - Empreendimentos Eólicos do Vale do Minho	18	50.0%	11	(23)
Other	201		4	(108)
Total	**872**		**52**	**(88)**

The "change in scope of consolidation" item includes the impact of the deconsolidation of solar assets in Italy following the agreement of October 16, 2015 concerning the companies Ultor and Altomonte, as well as the effects of the full consolidation of Osage and the disposal of a number of Portuguese companies of the Renewable Energy Division.

The application of the equity method to the investments in RusEnergoSbyt and PowerCrop incorporates implicit goodwill of €28 million and €9 million, respectively.

"Reclassification from/to 'Assets held for sale'" regard the investment held in Hydro Dolomiti Enel, which in view of the decisions taken by management meets the require-

Dividends	Reclassification from/to "Assets held for sale"	Other changes		% holding
			at Dec. 31, 2015	
(49)	(189)	-	-	49.0%
(6)	-	-	63	38.9%
-	-	(7)	29	40.4%
(49)	-	15	32	49.5%
(5)	-	-	30	42.5%
(6)	-	-	16	50.0%
-	-	(1)	10	50.0%
-	-	3	8	51.0%
-	-	-	4	50.0%
-	-	58	-	50.0%
-	-	(1)	71	50.0%
-	-	-	50	30.0%
-	-	-	39	42.7%
-	-	-	39	50.0%
-	-	1	33	45.0%
(6)	-	1	22	20.0%
(3)	-	-	17	33.5%
-	-	-	12	20.0%
-	-	-	14	35.6%
-	-	-	-	
(6)	-	-	-	
6	-	15	118	
(124)	**(189)**	**84**	**607**	

ments of IFRS 5 for classification as assets held for sale at December 31, 2015.

The following table provides a summary of financial information for each joint arrangement and associate of the Group not classified as held for sale in accordance with IFRS 5.

Millions of euro	Non-current assets		Current assets		Total assets	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Joint arrangements						
Centrales Hidroeléctricas de Aysén	20	9	1	12	21	21
RusEnergoSbyt	4	2	108	105	112	107
Tejo Energia Produção e Distribuição de Energia Eléctrica	326	378	140	139	466	517
Empresa de Energía Cundinamarca	147	169	19	18	166	187
Energie Electrique de Tahaddart	120	132	32	34	152	166
PowerCrop	41	41	16	12	57	53
Nuclenor	69	74	79	99	148	173
Associates						
Ultor	77	-	20	-	97	-
Elica 2	5	6	2	3	7	9
Altomonte FV	212	-	19	-	231	-
Tecnatom	77	72	69	63	146	135
Suministradora Eléctrica de Cádiz	76	77	16	19	92	96
Compañía Eólica Tierras Altas	40	44	4	7	44	51

Non-current liabilities		Current liabilities		Total liabilities		Equity	
at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
-	-	4	5	5	5	16	16
-	-	104	98	104	98	8	9
214	261	90	101	304	362	162	155
72	81	21	22	93	103	73	84
26	43	33	32	59	75	93	91
1	-	33	27	34	27	23	26
98	108	69	86	167	194	(19)	(21)
-	-	-	-	-	-	97	-
-	-	-	-	-	-	7	9
147	-	6	-	153	-	78	-
28	26	46	42	74	68	72	67
24	26	17	19	41	45	51	51
2	12	4	3	6	15	38	36

Millions of euro	Total revenue		Income before tax		Net income from continuing operations	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Joint arrangements						
Centrales Hidroeléctricas de Aysén	-	-	(7)	(14)	(7)	(2)
RusEnergoSbyt	2,019	1,834	94	87	76	68
Tejo Energia Produção e Distribuição de Energia Eléctrica	221	195	29	22	21	16
Empresa de Energía Cundinamarca	119	108	10	13	4	8
Energie Electrique de Tahaddart	55	52	26	23	18	16
PowerCrop	2	3	(2)	(3)	(2)	(2)
Nuclenor	8	25	(42)	(113)	(46)	(112)
Associates						
Ultor	-	-	-	-	-	-
Elica 2	-	-	-	-	-	-
Altomonte FV	10	-	2	-	2	-
Tecnatom	5	97	5	3	5	3
Suministradora Eléctrica de Cádiz	15	16	8	8	8	8
Compañía Eólica Tierras Altas	11	10	3	-	3	-

23. Derivatives

Millions of euro	Non-current		Current	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Derivative financial assets	2,343	1,335	5,073	5,500
Derivative financial liabilities	1,518	2,441	5,509	5,441

For more information on derivatives classified as non-current financial assets, please see note 44 for hedging derivatives and trading derivatives.

24. Other non-current financial assets - *€3,274 million*

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Equity investments in other companies measured at fair value	181	157	24	15.3%
Equity investments in other companies	56	56	-	-
Receivables and securities included in net financial debt (see note 24.1)	2,335	2,701	(366)	-13.6%
Service concession arrangements	631	669	(38)	-5.7%
Non-current prepaid financial expense	71	62	9	14.5%
Total	**3,274**	**3,645**	**(371)**	**-10.2%**

"Other non-current financial assets" decreased by €371 million on 2014. In particular, the decline reflected a reduction of receivables included in net financial debt, as discussed in note 24.1.
"Equity investments in other companies" includes companies whose market value cannot be readily determined and so, in the absence of plans to sell them, are carried at cost adjusted for any impairment losses.

Equity investments in other companies measured at fair value and at cost break down as follows.

Millions of euro

		% holding		% holding	
	at Dec. 31, 2015		at Dec. 31, 2014		Change
Bayan Resources	175	10.0%	147	10.0%	28
Echelon	2	7.1%	4	7.1%	(2)
Galsi	17	17.6%	15	15.6%	2
Other	43		47		(4)
Total	**237**		**213**		**24**

The change on the previous year essentially reflects the increase in the fair value of Bayan Resources, an Indonesian company that operates in the coal extraction industry, as based on market prices for its stock.

"Service concession arrangements" regard amounts due from the grantor for the construction and/or improvement of infrastructure used to provide public services on a concession basis and recognized in application of IFRIC 12.

24.1 Other non-current financial assets included in net financial debt - *€2,335 million*

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Securities held to maturity	117	139	(22)	-15.8%
Financial investments in funds or portfolio management products at fair value through profit or loss	45	40	5	12.5%
Financial receivables in respect of Spanish electrical system deficit	2	-	2	-
Other financial receivables	2,171	2,522	(351)	-13.9%
Total	**2,335**	**2,701**	**(366)**	**-13.6%**

"Other financial receivables" decreased by €351 million in 2015 compared with the previous year. The change mainly reflects the following factors:

> the reclassification to short term of €48 million of receivables in respect of the Electricity Equalization Fund, totaling €386 million at December 31, 2015 (€434 million at December 31, 2014), regarding the reimbursement of non-recurring charges connected with the early replacement of electromechanical meters;

> the reclassification to short term of €57 million of the receivable in respect of the reimbursement, provided for by the Authority for Electricity, Gas and the Water System in Italy with Resolution 157/2012, of costs incurred with the termination of the Electrical Worker Pension Fund in the total amount of €336 million at December 31, 2015 (€393 million at December 31, 2014);

> a decrease of €259 million as a result of the collection of the financial receivable in respect of ENEOP (accounted for using the equity method in 2014) following its disposal in 2015;

> a decrease of €126 million in the receivable of the Argentine generation companies in respect of the wholesale electricity market deposited with the FONINVEMEM (*Fondo Nacional de Inversión Mercado Eléctrico Mayorista*);

> a decrease of €96 million in the receivable for CO_2 emissions allowances connected with "new entrant" plants;

> an increase of €308 million following recognition by the Argentine authority of the transformation into US dollars of the receivable for the construction of the Vuelta de Obligado plant after essentially being completed.

25. Other non-current assets - *€877 million*

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Receivables due from equalization funds, market operators and energy services operators	67	59	8	13.6%
Other receivables	810	826	(16)	-1.9%
Total	**877**	**885**	**(8)**	**-0.9%**

At December 31, 2015, "other receivables" mainly regard tax receivables in the amount of €463 million (€501 million at December 31, 2014), advances to suppliers in the amount of €141 million (€141 million at December 31, 2014) and non-monetary grants to be received in respect of green certificates totaling €78 million (€46 million at December 31, 2014).

26. Inventories - *€2,904 million*

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Raw materials, consumables and supplies:				
- fuel	1,212	1,533	(321)	-20.9%
- materials, equipment and other inventories	819	759	60	7.9%
Total	**2,031**	**2,292**	**(261)**	**-11.4%**
Environmental certificates:				
- CO_2 emissions allowances	680	623	57	9.1%
- green certificates	78	294	(216)	-73.5%
- white certificates	1	3	(2)	-66.7%
Total	**759**	**920**	**(161)**	**-17.5%**
Buildings available for sale	68	76	(8)	-10.5%
Payments on account	46	46	-	-
TOTAL	**2,904**	**3,334**	**(430)**	**-12.9%**

Raw materials, consumables and supplies consist of fuel inventories to cover the requirements of the generation companies and trading activities, as well as materials and equipment for the operation, maintenance and construction of plants and distribution networks. The decrease for the year is mainly attributable to the decline in stocks of gas and other fuels, primarily reflecting a decline in average prices, and in stocks of white certificates. The contraction was only partly offset by an increase in inventories of green certificates and other materials and equipment. The buildings available for sale are related to remaining units from the Group's real estate portfolio and are primarily civil buildings.

27. Trade receivables - *€12,797 million*

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Customers:				
- sale and transport of electricity	9,603	8,361	1,242	14.9%
- distribution and sale of natural gas	1,755	1,679	76	4.5%
- other activities	1,396	1,920	(524)	-27.3%
Total customer receivables	**12,754**	**11,960**	**794**	**6.6%**
Trade receivables due from associates and joint arrangements	43	62	(19)	-30.6%
TOTAL	**12,797**	**12,022**	**775**	**6.4%**

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled €2,085 million at the end of the year, compared with an opening balance of €1,662 million. More specifically, the increase for the period mainly reflects an increase in revenue from the transport of qualifying electricity following Resolution 654/2015 of the Authority for Electricity, Gas and the Water System, as discussed in greater detail in note 7.a above.

The decrease in other activities reflects an increase in collections in 2015 in respect of fuel sales.

For more details on trade receivables, please see note 41 "Financial instruments".

28. Other current financial assets - *€2,381 million*

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Current financial assets included in net financial position	2,241	3,860	(1,619)	-41.9%
Other	140	124	16	12.9%
Total	**2,381**	**3,984**	**(1,603)**	**-40.2%**

28.1 Other current financial assets included in net financial debt - *€2,241 million*

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Short-term portion of long-term financial receivables	769	1,566	(797)	-50.9%
Receivables for factoring	147	177	(30)	-16.9%
Securities held to maturity	1	-	1	-
Financial receivables and cash collateral	1,020	1,654	(634)	-38.3%
Other	304	463	(159)	-34.3%
Total	**2,241**	**3,860**	**(1,619)**	**-41.9%**

The change in "short-term portion of long-term financial receivables" is mainly accounted for by a decrease in financial receivables in respect of the deficit of the Spanish electrical system following the collections received (€2,145 million including the effect of reimbursements for extra-peninsular generation) and net of new receivables accrued in 2015 totaling €1,263 million (also including new receivables for extra-peninsular generation). The decrease was only partly offset by the reclassification of the short-term portion of the receivable from the Electricity Equalization Fund in respect of the reimbursement of non-recurring charges, which were mentioned in note 24.1.

29. Other current assets - *€2,898 million*

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Receivables due from equalization funds, market operators and energy services operators	765	1,010	(245)	-24.3%
Advances to suppliers	219	166	53	31.9%
Receivables due from employees	26	33	(7)	-21.2%
Receivables due from others	960	1,272	(312)	-24.5%
Sundry tax receivables	706	759	(53)	-7.0%
Accrued operating income and prepaid expenses	174	184	(10)	-5.4%
Receivables for construction contracts	48	41	7	17.1%
Total	**2,898**	**3,465**	**(567)**	**-16.4%**

"Receivables due from equalization funds, market operators and energy services operators" include receivables in respect of the Italian system in the amount of €664 million (€896 million at December 31, 2014) and the Spanish system in the amount of €101 million (€114 million at December 31, 2014). Including the portion of receivables classified as long-term in the amount of €67 million (€59 million in 2014), receivables due from equalization funds, market operators and energy services operators at December 31, 2015 totaled €832 million (€1,069 million at December 31, 2014), with payables of €5,122 million (€4,005 million at December 31, 2014).

30. Assets classified as held for sale - *€6,854 million*

Changes in assets held for sale during the year are reported in the following table.

Millions of euro

	at Dec. 31, 2014	Reclassification from/to current and non-current assets	Disposals and change in scope of consolidation	Impairment losses	Other changes	**at Dec. 31, 2015**
Property, plant and equipment	3,882	-	(94)	(574)	530	3,744
Intangible assets	224	-	(212)	-	(5)	7
Deferred tax assets	1,066	-	(8)	-	8	1,066
Equity investments accounted for using the equity method	18	189	-	-	2	209
Non-current financial assets	976	5	-	-	85	1,066
Other non-current assets	18	-	-	-	-	18
Cash and cash equivalents	27	111	(12)	-	24	150
Current financial assets	42	-	-	-	69	111
Inventories, trade receivables and other current assets	525	-	(43)	-	1	483
Total	**6,778**	**305**	**(369)**	**(574)**	**714**	**6,854**

Assets held for sale amounted to €6,854 million at December 31, 2015. They largely include the assets of Slovenské elektrárne (€6,549 million), Hydro Dolomiti Enel (€189 million), Compostilla RE (€111 million) and other smaller companies, which in view of the decisions taken by management meet the requirements of IFRS 5 for classification as assets held for sale.

"Disposals and change in scope of consolidation" mainly include the disposals of SF Energy and SE Hydropower in the 1st half of 2015.

"Impairment losses" at December 31, 2015 amounted to €574 million and regarded Slovenské elektrárne; for more details, please see note 8.d.

31. Liabilities included in disposal groups classified as held for sale - *€5,364 million*

Liabilities held for sale at December 31, 2015 amounted to €5,364 million. They largely included the liabilities of Slovenské elektrárne (€5,335 million), Compostilla RE (€29 million) and other smaller companies.

Changes in liabilities held for sale during the year are as follows.

Millions of euro

	at Dec. 31, 2014	Reclassification from/to current and non-current liabilities	Disposals and change in scope of consolidation	Other changes	**at Dec. 31, 2015**
Long-term borrowings	1,422	-	(15)	294	1,701
Employee benefits	67	-	(1)	2	68
Non-current portion of provisions for risks and charges	2,305	-	(4)	(434)	1,867
Deferred tax liabilities	669	29	(82)	23	639
Non-current financial liabilities	148	-	-	83	231
Other non-current liabilities	1	-	-	1	2
Short-term borrowings	191	-	(8)	156	339
Other current financial liabilities	47	-	-	64	111
Current portion of provisions for risks and charges	43	-	-	(24)	19
Trade payables and other current liabilities	397	-	(22)	12	387
Total	**5,290**	**29**	**(132)**	**177**	**5,364**

The change in liabilities held for sale compared with December 31, 2014 largely reflects the classifications and disposals made under this item during 2015.

For a summary of the fair value balances, broken down by measurement criteria, please see notes 45 and 46 on IFRS 13 disclosures.

32. Shareholders' equity - *€51,751 million*

32.1 Equity attributable to the shareholders of the Parent Company - *€32,376 million*

Share capital - *€9,403 million*

At December 31, 2015 (as at December 31, 2014), the share capital of Enel SpA – considering that there were no approved stock option plans (and thus no options exercised) – amounted to €9,403,357,795 fully subscribed and paid up, represented by 9,403,357,795 ordinary shares with a par value of €1.00 each.

At the same date, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, no shareholders held more than 2% of the total share capital, apart from the Ministry for the Economy and Finance, which holds 25.50%, Norges Bank (with 2.018% of share capital, a stake that fell below 2% on January 8, 2016) and CNP Assurances (which held 2.87% as at June 23, 2015 for asset management purposes).

Other reserves - *€3,352 million*

Share premium reserve - *€5,292 million*

Pursuant to Article 2431 of the Italian Civil Code, the share premium reserve contains, in the case of the issue of shares at a price above par, the difference between the issue price of the shares and their par value, including those resulting from conversion from bonds. The reserve, which is a capital reserve, may not be distributed until the legal reserve has reached the threshold established under Article 2430 of the Italian Civil Code.

Legal reserve - *€1,881 million*

The legal reserve is formed of the part of net income that, pursuant to Article 2430 of the Italian Civil Code, cannot be distributed as dividends.

Other reserves - *€2,262 million*

These include €2,215 million related to the remaining portion of the value adjustments carried out when Enel was transformed from a public entity to a joint-stock company.

Pursuant to Article 47 of the Uniform Income Tax Code (*Testo Unico Imposte sul Reddito*), this amount does not constitute taxable income when distributed.

Reserve from translation of financial statements in currencies other than euro - *€(1,956) million*

The decrease for the year, equal to €635 million, is due to the net appreciation of the functional currency against the foreign currencies used by subsidiaries.

Reserve from measurement of cash flow hedge financial instruments - *€(1,341) million*

This includes the net charges recognized in equity from the measurement of cash flow hedge derivatives. The cumulative tax effect is equal to €405 million.

Reserve from measurement of financial instruments available for sale - *€130 million*

This includes net unrealized income from the measurement at fair value of financial assets.

There is no cumulative tax effects associated with the reserve, taking account of the tax systems of the countries in which those financial instruments are held.

Reserve from equity investments accounted for using the equity method - *€(54) million*

The reserve reports the share of comprehensive income to be recognized directly in equity of companies accounted for using the equity method. The cumulative tax effect is equal to €13 million.

Reserve from remeasurement of net defined benefit plan liabilities/(assets) - *€(551) million*

The reserve includes all actuarial gains and losses, net of tax effects. The change is attributable to the increase in net actuarial losses recognized during the period. The cumulative tax effect is equal to €83 million.

Reserve from disposal of equity interests without loss of control - *€(2,115) million*

This item reports:

> the gain posted on the public offering of Enel Green Power shares, net of expenses associated with the disposal and the related taxation;

> the sale of minority interests recognized as a result of the Enersis capital increase;

> the capital loss, net of expenses associated with the disposal and the related taxation, from the public offering of 21.92% of Endesa.

The change for the period, a negative €2 million, represents the net balance between the capital loss recognized following the exercise of the bonus share option by the minority shareholders of Endesa, which resulted in the disposal of 0.04% of that company, and the income from the disposal of minority interests in Enel Green Power North America Renewable Energy Partners.

Reserve from transactions in non-controlling interests - *€(196) million*

The reserve reports the amount by which the purchase price in purchases from third parties of additional stakes in companies already controlled in Latin America (generated in previous years by the purchase of additional stakes in Ampla Energia e Serviços, Ampla Investimentos e Serviços, Eléctrica Cabo Blanco, Coelce, Generandes Perú, Enersis and Endesa Latinoamérica) exceeds the value of the equity acquired. The change for the period, a negative €3 million, regards the difference between the purchase price and the associated share of equity acquired from non-controlling shareholders of Energia Eolica.

Retained earnings and loss carried forward - *€19,621 million*

The reserve reports earnings from previous years that have not been distributed or allocated to other reserves.

The table below shows the changes in gains and losses recognized directly in other comprehensive income, including non-controlling interests, with specific reporting of the related tax effects.

Millions of euro

	at Dec. 31, 2014			Changes						**at Dec. 31, 2015**		
	Total	*Of which shareholders of the Parent Company*	*Of which non-controlling interests*	Gains/ (Losses) recognized in equity for the year	Released to income statement	Taxes	**Total**	*Of which shareholders of the Parent Company*	*Of which non-controlling interests*	**Total**	*Of which shareholders of the Parent Company*	*Of which non-controlling interests*
Reserve from translation of financial statements in currencies other than euro	**(3,112)**	*(1,321)*	*(1,791)*	(1,743)	-	-	**(1,743)**	*(635)*	*(1,108)*	**(4,855)**	*(1,956)*	*(2,899)*
Reserve from measurement of cash flow hedge financial instruments	**(2,056)**	*(1,806)*	*(250)*	29	101	229	**359**	*465*	*(106)*	**(1,697)**	*(1,341)*	*(356)*
Reserve from measurement of financial instruments available for sale	**104**	*105*	*(1)*	25	-	-	**25**	*25*	*-*	**129**	*130*	*(1)*
Share of OCI of equity investments accounted for using the equity method	**(73)**	*(74)*	*1*	23	8	(2)	**29**	*20*	*9*	**(44)**	*(54)*	*10*
Remeasurements of net employee benefit liabilities/ (assets)	**(872)**	*(671)*	*(201)*	344	-	(160)	**184**	*120*	*64*	**(688)**	*(551)*	*(137)*
Total gains/ (losses) recognized in equity	**(6,009)**	***(3,767)***	***(2,242)***	**(1,322)**	**109**	**67**	**(1,146)**	***(5)***	***(1,141)***	**(7,156)**	***(3,772)***	***(3,383)***

32.2 Dividends

	Amount distributed (millions of euro)	Net dividend per share (euro)
Net dividends paid in 2014		
Dividends for 2013	1,222	0.13
Interim dividends for 2014	-	-
Extraordinary dividends	-	-
Total dividends paid in 2014	**1,222**	**0.13**
Net dividends paid in 2015		
Dividends for 2014	1,316	0.14
Interim dividends for 2015	-	-
Extraordinary dividends	-	-
Total dividends paid in 2015	**1,316**	**0.14**

The dividend for 2015, equal to €0.16 per share, for a total of €1,627 million, was proposed to the Shareholders' Meeting called for May 26, 2016. These financial statements do not reflect the impact of the distribution of the dividend for 2015 to shareholders.

Capital management

The Group's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Group seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.

In this context, the Group manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2015.

To this end, the Group constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2015 and 2014 is summarized in the following table.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Non-current financial position	44,872	48,655	(3,783)
Net current financial position	(4,992)	(8,571)	3,579
Non-current financial receivables and long-term securities	(2,335)	(2,701)	366
Net financial debt	**37,545**	**37,383**	**162**
Equity attributable to the shareholders of the Parent Company	32,376	31,506	870
Non-controlling interests	19,375	19,639	(264)
Shareholders' equity	**51,751**	**51,145**	**606**
Debt/equity ratio	**0.73**	**0.73**	**-**

32.3 Non-controlling interests - *€19,375 million*

The following table reports the composition of non-controlling interests by Division.

Millions of euro	**Non-controlling interests**		**Net income attributable to non-controlling interests**	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Endesa Group	6,742	6,648	280	116
Enel Latinoamérica Group	8,052	8,690	1,032	464
EIH Group	803	1,134	(275)	31
Slovenské Group	386	385	(3)	(523)
Enel Green Power Group	3,392	2,782	142	167
Total	**19,375**	**19,639**	**1,176**	**255**

33. Borrowings

Millions of euro	Non-current		Current	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Long-term borrowings	44,872	48,655	5.733	5,125
Short-term borrowings	-	-	2.155	3,252
Total	**44,872**	**48,655**	**7,888**	**8,377**

For more details on the nature of borrowings, please see note 41 “Financial instruments”.

34. Employee benefits - *€2,284 million*

The Group provides its employees with a variety of benefits, including deferred compensation benefits, additional months' pay for having reached age limits or eligibility for old-age pension, loyalty bonuses for achievement of seniority milestones, supplemental retirement and healthcare plans, residential electricity discounts (which for companies in Italy only regarded certain retired employees) and similar benefits. More specifically:

> for Italy, the item "pension benefits" regards estimated accruals made to cover benefits due under the supplemental retirement schemes of retired executives and the benefits due to personnel under law or contract at the time the employment relationship is terminated. For the foreign companies, the item reports post-employment benefits;
> the item "electricity discount" comprises benefits regarding electricity supply associated with foreign companies. For Italy, that benefit, which was granted until the end of 2015 to retired employees only, was unilaterally cancelled;
> the item "health insurance" reports benefits for current or retired employees covering medical expenses;
> the item "other benefits" mainly regard the loyalty bonus, which for Italy is represented by the estimated liability for the benefit entitling employees covered by the electricity workers national collective bargaining agreement to a bonus for achievement of seniority milestones (25th and 35th year of service). It also includes other incentive plans, which provide for the award to certain Company managers of a monetary bonus subject to specified conditions.

Outside of Italy, major pension plans include those of Endesa, in Spain, which break down into three types that differ on the basis of employee seniority and company. In general, under the framework agreement of October 25, 2000, employees participate in a specific defined-contribution pension plan and, in cases of disability or death of employees in service, a defined benefit plan which is covered by appropriate insurance policies. In addition, the group has two other limited-enrollment plans: (i) for current and retired Endesa employees covered by the electricity industry collective bargaining agreement prior to the changes introduced with the framework agreement noted earlier; and (ii) for employees of the former Catalan companies (Fecsa/Enher/HidroEmpordà). Both are defined benefit plans and benefits are fully ensured, with the exception of the former plan for benefits in the event of the death of a retired employee.
Finally, the Brazilian companies have also established defined benefit plans.

The following table reports changes in the defined benefit obligation for post-employment and other long-term employee benefits at December 31, 2015 and December 31, 2014, respectively, as well as a reconciliation of that obligation with the actuarial liability.

Millions of euro	2015				
	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
CHANGES IN ACTUARIAL OBLIGATION					
Actuarial obligation at the start of the year	**2,458**	**1,927**	**223**	**263**	**4,871**
Current service cost	24	6	5	54	**89**
Interest expense	106	41	10	8	**165**
Actuarial (gains)/losses arising from changes in demographic assumptions	1	-	-	-	**1**
Actuarial (gains)/losses arising from changes in financial assumptions	(124)	(66)	(8)	4	**(194)**
Experience adjustments	10	(196)	2	4	**(180)**
Past service cost	(43)	-	-	(5)	**(48)**
(Gains)/Losses arising from settlements	1	(902)	-	-	**(901)**
Exchange differences	(157)	(1)	(17)	(6)	**(181)**
Employer contributions	-	-	-	-	**-**
Employee contributions	1	-	-	-	**1**
Benefits paid	(154)	(88)	(13)	(39)	**(294)**
Other changes	4	3	-	2	**9**
Liabilities classified as held for sale	(1)	-	-	-	**(1)**
Actuarial obligation at year-end (A)	**2,126**	**724**	**202**	**285**	**3,337**
CHANGES IN PLAN ASSETS					
Fair value of plan assets at the start of the year	**1,252**	**-**	**-**	**-**	**1,252**
Interest income	68	-	-	-	**68**
Expected return on plan assets excluding amounts included in interest income	(30)	-	-	-	**(30)**
Exchange differences	(125)	-	-	-	**(125)**
Employer contributions	98	88	13	24	**223**
Employee contributions	1	-	-	-	**1**
Benefits paid	(154)	(88)	(13)	(24)	**(279)**
Other payments	-	-	-	-	**-**
Change in scope of consolidation	-	-	-	-	**-**
Fair value of plan assets at year-end (B)	**1,110**	**-**	**-**	**-**	**1,110**
EFFECT OF ASSET CEILING					
Asset ceiling at the start of the year	**68**	**-**	**-**	**-**	**68**
Interest income	5	-	-	-	**5**
Changes in asset ceiling	2	-	-	-	**2**
Exchange differences	(18)	-	-	-	**(18)**
Change in scope of consolidation	-	-	-	-	**-**
Asset ceiling at year-end (C)	**57**	**-**	**-**	**-**	**57**
Net liability in balance sheet (A-B+C)	**1,073**	**724**	**202**	**285**	**2,284**

2014				
Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
2,366	**1,848**	**209**	**362**	**4,785**
17	6	4	48	**75**
125	60	11	10	**206**
1	1	-	1	**3**
270	173	9	(7)	**445**
(24)	(39)	5	(17)	**(75)**
(4)	(36)	(2)	(24)	**(66)**
8	-	-	-	**8**
(4)	-	(1)	(18)	**(23)**
-	-	-	-	**-**
1	-	-	-	**1**
(237)	(88)	(13)	(89)	**(427)**
5	2	1	(2)	**6**
(66)	-	-	(1)	**(67)**
2,458	**1,927**	**223**	**263**	**4,871**
1,187	**-**	**-**	**-**	**1,187**
82	-	-	-	**82**
28	-	-	-	**28**
4	-	-	-	**4**
186	88	13	22	**309**
1	-	-	-	**1**
(237)	(88)	(13)	(22)	**(360)**
-	-	-	-	**-**
-	-	-	-	**-**
1,251	**-**	**-**	**-**	**1,251**
58	**-**	**-**	**-**	**58**
7	-	-	-	**7**
2	-	-	-	**2**
-	-	-	-	**-**
-	-	-	-	**-**
67	**-**	**-**	**-**	**67**
1,274	**1,927**	**223**	**263**	**3,687**

Millions of euro

	2015	2014
(Gains)/Losses charged to profit or loss		
Service cost and past service cost	(5)	(26)
Net interest expense	102	131
(Gains)/Losses arising from settlements	(901)	8
Actuarial (gains)/losses on other long-term benefits	46	34
Other changes	1	7
Total	**(757)**	**154**

Millions of euro

	2015	2014
Change in (gains)/losses in OCI		
Return on plan assets excluding amounts included in interest income	30	(28)
Actuarial (gains)/losses on defined benefit plans	(374)	366
Changes in asset ceiling excluding amounts included in interest income	2	2
Other changes	(2)	-
Total	**(344)**	**340**

The change in cost recognized through profit or loss is mainly attributable to the cancellation (with effect from the end of December 2015), for the Italian companies only, of the electricity discount benefit, which involved the reversal of the associated liability.
In addition, the supplemental provisions of the union agreements implementing the new plan under Article 4 of the Fornero Act established in December 2015 prompted an adjustment of the liability in respect of other employee benefit plans, with a positive impact in respect of past service cost of €48 million.
The liability recognized in the balance sheet at the end of the year is reported net of the fair value of plan assets, entirely accounted for by the Enersis Group and the Endesa Group, amounting to €1,110 million at December 31, 2015.
The plan assets break down as follows:

	2015	2014
Investment quoted in active markets		
Equity instruments	4%	5%
Fixed-income securities	25%	29%
Investment property	4%	5%
Other	1%	-
Unquoted investments		
Assets held by insurance undertakings	-	-
Other	67%	61%
Total	**100%**	**100%**

The main actuarial assumptions used to calculate the liabilities in respect of employee benefits and the plan assets, which are consistent with those used the previous year, are set out in the following table.

	Italy	Iberian Peninsula	Latin America	Other	Italy	Iberian Peninsula	Latin America	Other
	2015				2014			
Discount rate	0.5%-2.15%	1.17%-2.56%	4.95%-14.21%	2.03%-9.72%	0.50%-2.15%	0.87%-2.11%	4.60%-12.52%	1.60%-13.89%
Inflation rate	1.60%	2.00%	3.00%-6.50%	1.50%-5.50%	1.60%	2.30%	3.00%-6.00%	1.75%-5.00%
Rate of wage increases	1.60%-3.60%	2.00%	3.00%-9.69%	2.00%-5.50%	1.60%-3.60%	2.30%	3.00%-9.18%	1.75%-5.00%
Rate of increase in healthcare costs	2.60%	3.20%	4.20%-9.69%	-	2.60%	3.50%	3.50%-8.66%	-
Expected rate of return on plan assets	-	2.54%	4.18%-14.21%	-	-	2.06%	12.52%	-

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the defined benefit obligation of changes reasonably possible at the end of the year in the actuarial assumptions used in estimating the obligation.

Millions of euro	Pension benefits	Electricity discount	Health insurance	Other benefits	Pension benefits	Electricity discount	Health insurance	Other benefits
	at Dec. 31, 2015				at Dec. 31, 2014			
Decrease of 0.5% in discount rate	131	60	12	4	156	58	11	5
Increase of 0.5% in discount rate	(116)	(54)	(12)	(10)	(134)	(120)	(13)	(6)
Increase of 0.5% in inflation rate	33	59	8	4	31	137	8	5
Decrease of 0.5% in inflation rate	(26)	(38)	(9)	(7)	-	-	-	-
Increase of 0.5% in remuneration	8	-	-	2	27	-	-	7
Increase of 0.5% in pensions currently being paid	11	-	-	(3)	52	-	-	-
Increase of 1% in healthcare costs	-	-	20	-	-	-	24	-
Increase of 1 year in life expectancy of active and retired employees	47	24	3	(2)	17	81	11	1

The sensitivity analysis used an approach that extrapolates the effect on the defined benefit obligation of reasonable changes in an individual actuarial assumption, leaving the other assumptions unchanged.

The contributions expected to be paid into defined benefit plans in the subsequent year amount to €16 million.

The following table reports expected benefit payments in the coming years for defined benefit plans.

Millions of euro	at Dec. 31, 2015	at Dec. 31, 2014
Within 1 year	201	265
In 1-2 years	211	257
In 2-5 years	601	801
More than 5 years	944	1,406

35. Provisions for risks and charges - *€6,822 million*

Millions of euro

	at Dec. 31, 2015		at Dec. 31, 2014	
	Non-current	**Current**	Non-current	Current
Provision for litigation, risks and other charges:				
- nuclear decommissioning	528	-	566	1
- retirement, removal and site restoration	611	11	594	5
- litigation	762	47	810	40
- environmental certificates	-	19	-	43
- taxes and duties	290	20	309	7
- other	819	1,062	693	581
Total	**3,010**	**1,159**	**2,972**	**677**
Provision for early retirement incentives	2,182	471	1,079	510
TOTAL	**5,192**	**1,630**	**4,051**	**1,187**

Millions of euro	at Dec. 31, 2014	Accrual	Reversal	Utilization	Unwinding of interest	Change in scope of consolidation	Translation adjustment	Other	**at Dec. 31, 2015**
Provision for litigation, risks and other charges:									
- nuclear decommissioning	567	-	-	-	8	-	-	(47)	528
- retirement, removal and site restoration	599	14	(28)	(26)	9	(4)	(3)	61	622
- litigation	850	231	(140)	(101)	41	-	(51)	(21)	809
- environmental certificates	43	18	(38)	(4)	-	-	-	-	19
- taxes and duties	316	43	(11)	(34)	6	(1)	(5)	(4)	310
- other	1,274	683	4	(209)	33	1	(47)	142	1,881
Total	**3,649**	**989**	**(213)**	**(374)**	**97**	**(4)**	**(106)**	**131**	**4,169**
Provision for early retirement incentives	1,589	1,630	(52)	(526)	15	-	-	(3)	2,653
TOTAL	**5,238**	**2,619**	**(265)**	**(900)**	**112**	**(4)**	**(106)**	**128**	**6,822**

Nuclear decommissioning provision

At December 31, 2015, the provision reflected solely the costs that will be incurred at the time of decommissioning of nuclear plants by Enresa, a Spanish public enterprise responsible for such activities in accordance with Royal Decree 1349/2003 and Law 24/2005. Quantification of the costs is based on the standard contract between Enresa and the electricity companies approved by the Ministry for the Economy in September 2001, which regulates the retirement and closing of nuclear power plants. The time horizon envisaged, three years, corresponds to the period from the termination of power generation to the transfer of plant management to Enresa (so-called post-operational costs) and takes account, among the various assumptions used to estimate the amount, of the quantity of unused nuclear fuel expected at the date of closure of each of the Spanish nuclear plants on the basis of the provisions of the concession agreement.

Non-nuclear plant retirement and site restoration provision

The provision for "non-nuclear plant retirement and site restoration" represents the present value of the estimated cost for the retirement and removal of non-nuclear plants where there is a legal or constructive obligation to do so.

Litigation provision

The "litigation" provision covers contingent liabilities in respect of pending litigation and other disputes. It includes an estimate of the potential liability relating to disputes that arose during the period, as well as revised estimates of the potential costs associated with disputes initiated in prior periods. The estimates are based on the opinions of internal and external legal counsel. The balance for litigation mainly regards distribution companies in Brazil (€135 million) and Spain (€154 million). It primarily regards disputes concerning service quality and disputes with employees or end users.

The change for the year essentially reflects developments in a number of disputes, especially in Spain, that arose following disciplinary proceedings in the distribution area and disputes with suppliers (€110 million). These were accompanied by an increase in provisions for litigation in Brazil (€41 million). The balance of the provision decreased despite accruals for the period, mainly due to reversals to profit or loss and uses, especially by Endesa Distribución and the Brazilian companies.

Provision for environmental certificates

The provision for "environmental certificates" covers costs in respect of shortfalls in the environmental certificates need for compliance with national or supranational environmental protection requirements.

Other provisions

"Other" provisions cover various risks and charges, mainly in connection with regulatory disputes and disputes with local authorities regarding various duties and fees or other charges. In particular in 2015 the item increased significantly as a result of the provision recognized by the Italian companies for the lump-sum charge for one-off payments to retired employees, totaling an estimated €328 million, following the Group's unilateral decision to cancel the electricity discount benefit, as well as the provision of €92 million recognized by Enel Re in respect of potential charges for insurance settlements and the provision for the abandonment of the Girabolhos project by Hidromondego of €46 million.

"Other" changes include €142 million for environmental costs to be incurred in the construction of the El Quimbo plant in Colombia, recognized as a direct increase in the value of the asset.

In addition, the balance for other provisions for risks and charges also includes the provision for current and potential disputes concerning local property tax (whether the *Imposta Comunale sugli Immobili* ("ICI") or the new *Imposta Municipale Unica* ("IMU")) in Italy, the Group has taken due account of the criteria introduced with circular 6/2012 of the Public Land Agency (which resolved interpretive issues concerning the valuation methods for movable assets considered relevant for property registry purposes, including certain assets typical to generation plants, such as turbines) in estimating the liability for such taxes, both for the purposes of quantifying the probable risk associated with pending litigation and generating a reasonable valuation of probable future charges on positions that have not yet been assessed by Land Agency offices and municipalities.

Provision for early retirement incentives

The "provision for early retirement incentives" includes the estimated charges related to binding agreements for the voluntary termination of employment contracts in response to organizational needs. The change for the year reflects, among other factors, uses for incentive provisions established in Spain and Italy in previous years, the latter largely associated with the union-company agreements signed on September 6, 2013, implementing, for a number of companies in Italy, the mechanism provided for under Article 4, paragraphs 1-7 *ter*, of Law 92/2012 (the Fornero Act). In December 2015, a new agreement was signed in Italy under the provisions of Article 4 of the Fornero Act. It envisages the voluntary termination of about 6,100 employees in 2016-2020 and prompted an additional accrual to the provision of about €1,196 million. In addition, during 2015 the *Acuerdo de Salida Voluntaria* (ASV) introduced in Spain in 2014 was expanded, with an additional provision of about €390 million (for about 612 employees). The ASV mechanism was agreed in Spain in connection with Endesa's restructuring and reorganization plan, which provides for the suspension of the employment contract with tacit annual renewal. With regard to that plan, on December 30, 2014, the company had signed an agreement with union representatives in which it undertook to not exercise the option to request a return to work at subsequent annual renewal dates for the employees participating in the mechanism. The provision last year amounted to €349 million for 473 employees.

36. Other non-current liabilities - *€1,549 million*

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Accrued operating expenses and deferred income	966	952	14	1.5%
Other items	583	512	71	13.9%
Total	**1,549**	**1,464**	**85**	**5.8%**

At December 31, 2015, this item essentially consisted of revenue for electricity and gas connections and grants received for specific assets.

37. Trade payables - *€11,775 million*

The item amounted to €11,775 million (€13,419 million in 2014) and includes payables in respect of electricity supplies, fuel, materials, equipment associated with tenders and other services.

More specifically, trade payables falling due in less than 12 months amounted to €11,261 million (€12,923 million in 2014), while those falling due in more than 12 months amounted to €514 million (€496 million in 2014).

38. Other current financial liabilities - *€1,063 million*

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Deferred financial liabilities	957	1,063	(106)	-10.0%
Other items	106	114	(8)	-7.0%
Total	**1,063**	**1,177**	**(114)**	**-9.7%**

"Deferred financial liabilities" regard accrued expense on bonds. It is broadly unchanged on the previous year.

39. Net financial position and long-term financial receivables and securities - *€37,545 million*

The following table shows the net financial position and long-term financial receivables and securities on the basis of the items on the consolidated balance sheet.

Millions of euro

	Notes	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Long-term borrowings	41	44,872	48,655	(3,783)	-7.8%
Short-term borrowings	41	2,155	3,252	(1,097)	-33.7%
Current portion of long-term borrowings	41	5,733	5,125	608	11.9%
Non-current financial assets included in debt	24	(2,335)	(2,701)	366	-13.6%
Current financial assets included in debt	28	(2,241)	(3,860)	1,619	-41.9%
Cash and cash equivalents		(10,639)	(13,088)	2,449	-18.7%
Total		**37,545**	**37,383**	**162**	**0.4%**

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2015, and December 31, 2014, reconciled with net financial debt as provided for in the presentation methods of the Enel Group.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Cash and cash equivalents on hand	582	758	(176)	-23.2%
Bank and post office deposits	10,057	12,330	(2,273)	-18.4%
Securities	1	140	(139)	-
Liquidity	**10,640**	**13,228**	**(2,588)**	**-19.6%**
Short-term financial receivables	1,324	1,977	(653)	-33.0%
Factoring receivables	147	177	(30)	-16.9%
Short-term portion of long-term financial receivables	769	1,566	(797)	-50.9%
Current financial receivables	**2,240**	**3,720**	**(1,480)**	**-39.8%**
Short-term bank debt	(180)	(30)	(150)	-
Commercial paper	(213)	(2,599)	2,386	91.8%
Short-term portion of long-term bank debt	(844)	(824)	(20)	-2.4%
Bonds issued (short-term portion)	(4,570)	(4,056)	(514)	-12.7%
Other borrowings (short-term portion)	(319)	(245)	(74)	-30.2%
Other short-term financial payables	(1,762)	(623)	(1,139)	-
Total short-term financial debt	**(7,888)**	**(8,377)**	**489**	**5.8%**
Net short-term financial position	**4,992**	**8,571**	**(3,579)**	**-41.8%**
Debt to banks and financing entities	(6,863)	(7,022)	159	2.3%
Bonds	(35,987)	(39,749)	3,762	9.5%
Other borrowings	(2,022)	(1,884)	(138)	-7.3%
Long-term financial position	**(44,872)**	**(48,655)**	**3,783**	**7.8%**
NET FINANCIAL POSITION as per CONSOB instructions	**(39,880)**	**(40,084)**	**204**	**0.5%**
Long-term financial receivables and securities	**2,335**	**2,701**	**(366)**	**-13.6%**
NET FINANCIAL DEBT	**(37,545)**	**(37,383)**	**(162)**	**-0.4%**

There are no transactions with related parties for these items.

40. Other current liabilities - *€11,222 million*

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	
Payables due to customers	1,567	1,599	(32)	-2.0%
Payables due to equalization funds, market operators and energy services operators	4,879	4,005	874	21.8%
Payables due to employees	459	496	(37)	-7.5%
Other tax payables	990	887	103	11.6%
Payables due to social security institutions	216	216	-	-
Contingent consideration	36	46	(10)	-21.7%
Payables for put options granted to minority shareholders	793	789	4	0.5%
Current accrued expenses and deferred income	294	285	9	3.2%
Payables for acquisition of equity investments	-	33	(33)	-
Liabilities for construction contracts	347	317	30	9.5%
Other	1,641	2,154	(513)	-23.8%
Total	**11,222**	**10,827**	**395**	**3.6%**

"Payables due to customers" include €1,066 million (€1,096 million at December 31, 2014) in security deposits related to amounts received from customers in Italy as part of electricity and gas supply contracts. Following the finalization of the contract, deposits for electricity sales, the use of which is not restricted in any way, are classified as current liabilities given that the Company does not have an unconditional right to defer repayment beyond 12 months.

"Payables due to equalization funds, market operators and energy services operators" include payables arising from the application of equalization mechanisms to electricity purchases on the Italian market amounting to €3,439 million (€2,449 million at December 31, 2014) and on the Spanish market amounting to €1,392 million (€1,556 million at December 31, 2014) while the remainder regards Latin America. The increase in the item is mainly attributable to the change in the methods for determining certain rate components (A and UC) to be paid by Enel Distribuzione.

"Contingent consideration" regards a number of investees held by the Group in North America whose fair value was determined on the basis of the terms and conditions of the contractual agreements between the parties.

The item "Payables for put options granted to minority shareholders" at December 31, 2015 includes the liability in respect of Enel Distributie Muntenia and Enel Energie Muntenia in the total amount of €778 million (unchanged on December 31, 2014).

In 2014, "payables for acquisition of equity investments" regarded the residual amounts to pay for the acquisition of a number of companies in North America.

41. Financial instruments

This note provides disclosures necessary for users to assess the significance of financial instruments for the Company's financial position and performance.

41.1 Financial assets by category

The following table reports the carrying amount for each category of financial asset provided for under IAS 39, broken down into current and non-current financial assets, showing hedging derivatives and derivatives measured at fair value through profit or loss separately.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Loans and receivables	41.1.1	**2,173**	**2,522**	**25,676**	**28,830**
Available-for-sale financial assets	41.1.2	**868**	**882**	**-**	**140**
Financial assets held to maturity	41.1.3	**117**	**139**	**1**	**-**
Financial assets at fair value through profit or loss					
Financial assets designated upon initial recognition (fair value option)	41.1.4	45	40	-	-
Derivative financial assets at FVTPL	41.1.5	13	5	4,466	4,930
Total financial assets at fair value through profit or loss		**58**	**45**	**4,466**	**4,930**
Derivative financial assets designated as hedging instruments					
Fair value hedge derivatives	41.1.5	46	55	-	-
Cash flow hedge derivatives	41.1.5	2,284	1,275	607	570
Total derivative financial assets designated as hedging instruments		**2,330**	**1,330**	**607**	**570**
TOTAL		**5,546**	**4,918**	**30,750**	**34,470**

For more information on fair value measurement, please see note 45 “Assets measured at fair value”.

41.1.1 Loans and receivables

The following table shows loans and receivables by nature, broken down into current and non-current financial assets.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014
Cash and cash equivalents	30	-	-	30	10,639	13,088
Trade receivables	27	-	-	27	12,797	12,022
Short-term portion of long-term financial receivables	28	-	-	28	769	1,566
Receivables for factoring	28	-	-	28	147	177
Cash collateral	28	-	-	28	1,020	1,654
Other financial receivables	24	2,173	2,522	28	304	323
Total		**2,173**	**2,522**		**25,676**	**28,830**

Trade receivables from customers at December 31, 2015 amounted to €12,797 million (€12,022 million at December 31, 2014) and are recognized net of allowances for impairment losses, which amounted to €2,085 million at the end of the year, up from the opening balance of €1,662 million.

The table below shows impairment losses on trade receivables:

Millions of euro	at Dec. 31, 2015	at Dec. 31, 2014
Trade receivables		
Gross value	14,882	13,684
Allowances for impairment	(2,085)	(1,662)
Net value	**12,797**	**12,022**

The table below shows changes in these allowances during the year.

Millions of euro	
Opening balance at Jan. 1, 2014	**1,472**
Charge for the year	864
Utilized	(529)
Unused amounts reversed	(120)
Other changes	(25)
Closing balance at Dec. 31, 2014	**1,662**
Opening balance at Jan. 1, 2015	**1,662**
Charge for the year	992
Utilized	(546)
Unused amounts reversed	(178)
Other changes	155
Closing balance at Dec. 31, 2015	**2,085**

Note 42 "Risk management" provides additional information on the ageing of receivables past due but not impaired.

41.1.2 Available-for-sale financial assets

The following table shows available-for-sale financial assets by nature, broken down into current and non-current financial assets.

Millions of euro	Non-current			Current		
	Notes	at Dec. 31, 2015	at Dec. 31, 2014	Notes	at Dec. 31, 2015	at Dec. 31, 2014
Equity investments in other companies	24	237	213	24	-	-
Available-for-sale securities	28.1	-	-	28.1	-	140
Service concession arrangements	24	631	669		-	-
Total		**868**	**882**		**-**	**140**

Changes in financial assets available for sale

Millions of euro	Non-current	Current
Opening balance at Jan. 1, 2015	882	140
Increases	129	-
Decreases	(51)	(140)
Changes in fair value through OCI	16	-
Reclassifications	85	-
Other changes	(193)	-
Closing balance at Dec. 31, 2015	**868**	**-**

41.1.3 Financial assets held to maturity

At December 31, 2015 financial assets held to maturity amounted to €117 million, down €22 million compared with the previous year. The item reports non-current securities held by Enel Insurance.

41.1.4 Financial assets at fair value through profit or loss

The following table shows financial assets at fair value through profit or loss by nature, broken down into current and non-current financial assets.

Millions of euro	Non-current			Current		
	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014
Derivatives at FVTPL	41.4	**13**	**5**	41.4	**4,466**	**4,930**
Financial investments in funds		45	40		-	-
Total financial assets designated upon initial recognition (fair value option)		**45**	**40**		**-**	**-**
TOTAL		**58**	**45**		**4,466**	**4,930**

41.1.5 Derivative financial assets

For more information on derivative financial assets, please see note 44 "Derivatives and hedge accounting".

41.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liability provided for under IAS 39, broken down into current and non-current financial liabilities, showing hedging derivatives and derivatives measured at fair value through profit or loss separately.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Financial liabilities measured at amortized cost	41.2.1	**44,872**	**48,655**	**19,663**	**21,796**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities at FVTPL	41.4	41	35	4,734	4,971
Total financial liabilities at fair value through profit or loss		**41**	**35**	**4,734**	**4,971**
Derivative financial liabilities designated as hedging instruments					
Fair value hedge derivatives	41.4	-	-	-	-
Cash flow hedge derivatives	41.4	1,477	2,406	775	470
Total derivative financial liabilities designated as hedging instruments		**1,477**	**2,406**	**775**	**470**
TOTAL		**46,390**	**51,096**	**25,172**	**27,237**

For more information on fair value measurement, please see note 46 "Liabilities measured at fair value".

41.2.1 Financial liabilities measured at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014
Long-term borrowings	41	44,872	48,655	41	5,733	5,125
Short-term borrowings	41	-	-	41	2,155	3,252
Trade payables	37	-	-	37	11,775	13,419
Total		**44,872**	**48,655**		**19,663**	**21,796**

41.3 Borrowings

41.3.1 Long-term borrowings (including the current portion due within 12 months) - *€50,605 million*

The following table reports the carrying amount and fair value for each category of debt, including the portion falling due within 12 months. For listed debt instruments, the fair value is given by official prices, while for unlisted debt instruments fair value is determined using valuation techniques appropriate for each category of financial instrument and the associated market data at the reporting date, including the credit spreads of Enel SpA.

The table reports the situation of long-term borrowings and repayment schedules at December 31, 2015, broken down by type of borrowing and interest rate.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Changes in carrying amount
	at Dec. 31, 2015					at Dec. 31, 2014					
Bonds:											
- listed, fixed rate	30,250	29,809	3,351	26,458	34,897	32,155	31,897	2,561	29,336	37,847	(2,088)
- listed, floating rate	4,098	4,076	1,155	2,921	4,190	5,722	5,692	1,432	4,260	5,982	(1,616)
- unlisted, fixed rate	5,479	5,436	-	5,436	6,186	4,926	4,885	-	4,885	5,808	551
- unlisted, floating rate	1,236	1,236	64	1,172	1,193	1,331	1,331	63	1,268	1,263	(95)
Total bonds	**41,063**	**40,557**	**4,570**	**35,987**	**46,466**	**44,134**	**43,805**	**4,056**	**39,749**	**50,900**	**(3,248)**
Bank borrowings:											
- fixed rate	1,169	1,147	137	1,010	1,256	945	926	47	879	1,170	221
- floating rate	6,555	6,529	707	5,822	6,812	6,861	6,839	708	6,131	7,026	(310)
- use of revolving credit lines	31	31	-	31	31	81	81	69	12	70	(50)
Total bank borrowings	**7,755**	**7,707**	**844**	**6,863**	**8,099**	**7,887**	**7,846**	**824**	**7,022**	**8,266**	**(139)**
Non-bank borrowings:											
- fixed rate	2,012	2,012	250	1,762	2,012	1,723	1,723	186	1,537	1,824	289
- floating rate	329	329	69	260	341	406	406	59	347	420	(77)
Total non-bank borrowings	**2,341**	**2,341**	**319**	**2,022**	**2,353**	**2,129**	**2,129**	**245**	**1,884**	**2,244**	**212**
Total fixed-rate borrowings	**38,910**	**38,404**	**3,738**	**34,666**	**44,351**	**39,749**	**39,431**	**2,794**	**36,637**	**46,649**	**(1,027)**
Total floating-rate borrowings	**12,249**	**12,201**	**1,995**	**10,206**	**12,567**	**14,401**	**14,349**	**2,331**	**12,018**	**14,761**	**(2,148)**
TOTAL	**51,159**	**50,605**	**5,733**	**44,872**	**56,918**	**54,150**	**53,780**	**5,125**	**48,655**	**61,410**	**(3,175)**

The balance for bonds regards, net of €808 million, the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019", which the Parent Company holds in portfolio, while Enel Insurance holds bonds issued by Enel SpA totaling €15 million.

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

Long-term financial debt by currency and interest rate

Millions of euro	Carrying amount	Nominal value	Carrying amount	Nominal value	Current average nominal interest rate	Current effective interest rate
	at Dec. 31, 2015		at Dec. 31, 2014		**at Dec. 31, 2015**	
Euro	**31,059**	**31,433**	**35,221**	**35,424**	**3.8%**	**4.1%**
US dollar	9,552	9,636	8,485	8,559	6.3%	6.6%
Pound sterling	5,775	5,845	5,437	5,508	6.1%	6.2%
Colombian peso	1,358	1,358	1,663	1,663	9.5%	9.5%
Brazilian real	875	880	1,149	1,157	14.8%	15.1%
Swiss franc	534	535	606	607	3.1%	3.1%
Chilean peso/UF	445	456	458	470	10.4%	12.6%
Peruvian sol	410	410	363	363	6.3%	6.3%
Russian ruble	124	124	69	69	12.1%	12.1%
Japanese yen	240	240	237	238	2.4%	2.5%
Other currencies	233	242	92	92		
Total non-euro currencies	**19,546**	**19,726**	**18,559**	**18,726**		
TOTAL	**50,605**	**51,159**	**53,780**	**54,150**		

Long-term financial debt denominated in currencies other than the euro increased by €987 million. The change is largely attributable to new borrowing in US dollars by the companies operating in the renewable energy sector in the United States and Latin America, as well as adverse exchange differences registered during the year.

Change in the nominal value of long-term debt

Millions of euro	Nominal value	Repayments	Change in own bonds	Change in scope of consolidation	Exchange offer	New financing	Exchange differences	Reclassification from/to assets/(liabilities) held for sale	Nominal value
	at Dec. 31, 2014								**at Dec. 31, 2015**
Bonds	44,134	(4,065)	(31)	-	33	172	820	-	41,063
Bank borrowings	7,887	(1,035)	-	55	-	901	(53)	-	7,755
Other borrowings	2,129	(372)	-	160	-	401	23	-	2,341
Total financial debt	**54,150**	**(5,472)**	**(31)**	**215**	**33**	**1,474**	**790**	**-**	**51,159**

Compared with December 31, 2014, the nominal value of long-term debt at December 31, 2015 decreased by €2,991 million, the net effect of €5,472 million in repayments, €1,474 million in new borrowings, €790 million in exchange losses and €215 million due to the change in scope of consolidation. The latter development essentially regarded the acquisition of a number of companies in the renewable generation sector in the United States that had previously entered into tax partnership agreements.

The main repayments in 2015 concerned bonds in the amount of €4,065 million, bank borrowings totaling €1,035 million and other borrowings for €372 million.

More specifically, the main bonds maturing in 2015 included:
- €1,000 million in respect of a fixed-rate bond issued by Enel SpA, maturing in January 2015;
- €1,300 million in respect of a floating-rate bond issued by Enel SpA, maturing in January 2015;
- €1,195 million in respect of a fixed-rate bond issued by Enel Finance International, maturing in June 2015;
- the equivalent of €333 million in respect of bonds issued by a number of Latin American companies, maturing during the course of 2015.

The main repayments of bank borrowings in the year included the following:

- €147 million in respect of floating-rate bank loans of Endesa, of which €66 million in subsidized loans;
- €338 million in respect of repayments of subsidized loans by Enel Produzione and Enel Distribuzione;
- the equivalent of €170 million in respect of repayments of bank loans by companies in Latin America;
- the equivalent of €267 million in respect of repayments of loans by companies belonging to the Enel Green Power Group;
- the equivalent of €104 million in respect of loans of Enel Russia.

The main repayments of non-bank borrowings in the year included the following:

- the equivalent of €166 million in respect of loans in Latin America;
- the equivalent of €124 million in respect of loans of Enel Green Power North America.

In January 2015, following a non-binding exchange offer, the subsidiary Enel Finance International carried out the repurchase and concomitant issue of a senior fixed-rate bond maturing in January 2025 (the "exchange offer"). The amount repurchased (€1,429 million) and that issued (€1,462 million) generated a net cash inflow of €33 million. From an accounting standpoint, taking account of the characteristics of the instruments exchanged and the quantitative limits set by the applicable accounting standard, the exchange offer did not give rise to the extinguishment of the pre-existing financial liability. As the non-binding exchange offer was subscribed by only part of the original bondholders, the previous issue remains in circulation on the market in the total notional amount of €4,114 million, maturing between 2016 and 2021.
The main new borrowing carried out in 2015 involved bonds in the amount of €172 million, bank borrowings of €901 million and other borrowings totaling €401 million.
The table below shows the main characteristics of financial transactions carried out in 2015.

	Issuer/grantor	Issue/grant date	Amount in millions of euro	Currency	Interest rate	Interest rate type	Maturity
Bonds:							
Local bond	Edelnor	07/16/2015	19	PEN	6.12%	Fixed rate	07/16/2019
Local bond	Enel Russia	06/04/2015	62	RUR	12.10%	Fixed rate	05/31/2018
Local bond	Enel Russia	10/02/2015	62	RUR	12.10%	Fixed rate	09/29/2018
Total bonds			**143**				
Bank borrowings:							
	Enel Green Power Chile	01/29/2015	69	USD	USD LIBOR 6M + 265 bp	Floating rate	12/03/2021
	Enel Green Power RSA	04/01/2015	11	ZAR	JIBAR 6M + 125 bp	Floating rate	06/30/2032
	Enel Green Power RSA	04/01/2015	35	ZAR	JIBAR 6M + 270 bp	Floating rate	06/30/2022
	Enel Green Power RSA	08/27/2015	30	EUR	EURIBOR 6M + 115 bp	Floating rate	06/30/2029
	Endesa	09/25/2015	300	EUR	EURIBOR 3M + 46.4 bp	Floating rate	09/25/2027
Total bank borrowings			**445**				
Non-bank borrowings:							
	Enel Green Power North America	12/23/2015	80	USD	7.50%	Fixed rate	12/23/2025
	Enel Green Power North America	12/18/2015	190	USD	7.57%	Fixed rate	12/18/2025
Total non-bank borrowings			**270**				

The main financing contracts finalized in 2015 include:

> on February 11, Enel SpA renegotiated the forward starting revolving credit facility of about €9.4 billion obtained on February 11, 2013, reducing its cost and extending its term until 2020 from its original maturity of April 2018. The facility was undrawn at December 31, 2015;

> on July 16, 2015, a €450 million credit facility was agreed between Enel SpA and UniCredit SpA with a term of 60 months, replacing the €400 million facility terminating in July 2016. The facility was undrawn at December 31, 2015;

> during the year, Endesa renegotiated part of its credit lines for a total of €300 million.

The Group's main long-term financial liabilities are governed by covenants that are commonly adopted in international business practice. These liabilities primarily regard the bond issues carried out within the framework of the Global Medium-Term Notes Program, issues of subordinated unconvertible hybrid bonds and loans granted by banks and other financial institutions (including the European Investment Bank and Cassa Depositi e Prestiti SpA).

The main covenants regarding bond issues carried out within the framework of the Global Medium-Term Notes Program of (i) Enel and Enel Finance International NV and of (ii) Endesa Capital SA and International Endesa BV can be summarized as follows:

> negative pledge clauses under which the issuer and the guarantor may not establish or maintain mortgages, liens or other encumbrances on all or part of its assets or revenue to secure certain financial liabilities, unless the same encumbrances are extended equally or pro rata to the bonds in question;

> pari passu clauses, under which the bonds and the associated security constitute a direct, unconditional and unsecured obligation of the issuer and the guarantor and are issued without preferential rights among them and have at least the same seniority as other present and future unsubordinated and unsecured bonds of the issuer and the guarantor;

> cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the issuer, the guarantor or, in some cases, "significant" subsidiaries constitutes a default in respect of the liabilities in question, which become immediately repayable.

The main covenants covering Enel's hybrid bonds can be summarized as follows:

> subordination clauses, under which each hybrid bond is subordinate to all other bonds issued by the company and

has the same seniority with all other hybrid financial instruments issued, being senior only to equity instruments;
- prohibition on mergers with other companies, the sale or leasing of all or a substantial part of the company's assets to another company, unless the latter succeeds in all obligations of the issuer.

The main covenants envisaged in the loan contracts of Enel and Enel Finance International NV and the other Group companies can be summarized as follows:

- negative pledge clauses, under which the borrower and, in some cases, the guarantor are subject to limitations on the establishment of mortgages, liens or other encumbrances on all or part of their respective assets, with the exception of expressly permitted encumbrances;
- disposals clauses, under which the borrower and, in some cases, the guarantor may not dispose of their assets or operations, with the exception of expressly permitted disposals;
- pari passu clauses, under which the payment undertakings of the borrower have the same seniority as its other unsecured and unsubordinated payment obligations;
- change of control clauses, under which the borrower and, in some cases, the guarantor could be required to renegotiate the terms and conditions of the financing or make compulsory early repayment of the loans granted;
- rating clauses, which provide for the borrower or the guarantor to maintain their rating above a certain specified level;
- cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the issuer or, in some cases, the guarantor constitutes a default in respect of the liabilities in question, which become immediately repayable.

All the financial borrowings considered specify "events of default" typical of international business practice, such as, for example, insolvency, bankruptcy proceedings or the entity ceases trading.

In some cases the covenants are also binding for the significant subsidiaries of the obligated parties or for their subsidiaries.

In addition, the guarantees issued by Enel in the interest of Enel Distribuzione for certain loans to Enel Distribuzione from Cassa Depositi e Prestiti require that at the end of each six-month measurement period Enel's net consolidated financial debt shall not exceed 4.5 times annual consolidated EBITDA.

Furthermore, many of these agreements also contain cross-acceleration clauses that are triggered by specific circumstances, certain government actions, insolvency or judicial expropriation of assets.

In addition to the foregoing, a number of loans provide for early repayment in the case of a change of control over Endesa or the subsidiaries.

The following table reports the impact on gross long-term debt of hedges established to mitigate exchange risk.

Long-term financial debt by hedged currency

Millions of euro	at Dec. 31, 2015					
	Initial debt structure			Impact of hedge	Debt structure after hedging	
	Carrying amount	Nominal amount	%			
Euro	**31,059**	**31,433**	**61.4%**	**12,770**	**44,203**	**86.4%**
US dollar	9,552	9,636	18.8%	(6,660)	2,976	5.8%
Pound sterling	5,775	5,845	11.4%	(5,845)	-	-
Colombian peso	1,358	1,358	2.7%	57	1,415	2.8%
Brazilian real	875	880	1.7%	28	908	1.8%
Swiss franc	534	535	1.0%	(535)	-	-
Chilean peso/UF	445	456	0.9%	230	686	1.3%
Peruvian sol	410	410	0.8%	(58)	352	0.7%
Russian ruble	124	124	0.2%	235	359	0.7%
Japanese yen	240	240	0.5%	(240)	-	-
Other currencies	233	242	0.5%	18	260	0.5%
Total non-euro currencies	**19,546**	**19,726**	**38.6%**	**(12,770)**	**6,956**	**13.6%**
TOTAL	**50,605**	**51,159**	**100.0%**	**-**	**51,159**	**100.0%**

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.

Millions of euro	2015				2014			
	Pre-hedge	%	Post-hedge	%	Pre-hedge	%	Post-hedge	%
Floating rate	14,405	27.0%	11,055	20.7%	17,656	30.8%	13,396	23.3%
Fixed rate	38,910	73.0%	42,260	79.3%	39,749	69.2%	44,009	76.7%
Total	**53,315**		**53,315**		**57,405**		**57,405**	

At December 31, 2015, 27% of financial debt was floating rate (31% at December 31, 2014). Taking account of hedges of interest rates considered effective pursuant to the IFRS–EU, 21% of net financial debt (23% at December 31, 2014) was exposed to interest rate risk. Including interest rate derivatives treated as hedges for management purposes but ineligible for hedge accounting, 79% of net financial debt was hedged (77% hedged at December 31, 2014).

These results are in line with the limits established in the risk management policy.

at Dec. 31, 2014

Initial debt structure			Impact of hedge	Debt structure after hedging	
Carrying amount	Nominal amount	%			
35,221	**35,424**	**65.4%**	**11,787**	**47,211**	**87.2%**
8,485	8,559	15.8%	(5,972)	2,587	4.8%
5,437	5,508	10.2%	(5,508)	-	-
1,663	1,663	3.1%	-	1,663	3.1%
1,149	1,157	2.1%	-	1,157	2.1%
606	607	1.1%	(607)	-	-
458	470	0.9%	206	676	1.2%
363	363	0.7%	-	363	0.7%
69	69	0.1%	332	401	0.7%
237	238	0.4%	(238)	-	-
92	92	0.2%	-	92	0.2%
18,559	**18,726**	**34.6%**	**(11,787)**	**6,939**	**12.8%**
53,780	**54,150**	**100.0%**	**-**	**54,150**	**100.0%**

41.3.2 Short-term borrowings - *€2,155 million*

At December 31, 2015 short-term borrowings amounted to €2,155 million, a decrease of €1,097 million on December 31, 2014. They break down as follows.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Short-term bank borrowings	180	30	150
Commercial paper	213	2,599	(2,386)
Cash collateral and other financing on derivatives	1,698	457	1,241
Other short-term borrowings	64	166	(102)
Short-term borrowings	**2,155**	**3,252**	**(1,097)**

Short-term bank borrowings amounted to €180 million. The payables represented by commercial paper relate to issues outstanding at the end of December 2015 in the context of the €6,000 million program launched in November 2005 by Enel Finance International and guaranteed by Enel SpA, which was renewed in April 2010, as well as the €3,000 million program of International Endesa BV and the $400 million (equal to €367 million) program of Enersis.

At December 31, 2015 issues under these programs totaled €213 million, of which €96 million pertaining to Enel Finance International and €117 million to International Endesa BV.

41.4 Derivative financial liabilities

For more information on derivative financial liabilities, please see note 44 "Derivatives and hedge accounting".

41.5 Net gains and losses

The following table shows net gains and losses by category of financial instruments, excluding derivatives.

Millions of euro	**2015**	
	Net gains/(losses)	Of which impairment/ reversal of impairment
Available-for-sale financial assets measured at fair value	-	-
Available-for-sale financial assets measured at amortized cost	8	-
Financial assets held to maturity	7	-
Loans and receivables	149	-
Financial assets at FVTPL		
Financial assets held for trading	-	-
Financial assets designated upon initial recognition (fair value option)	5	-
Total financial assets at FVTPL	**5**	**-**
Financial liabilities measured at amortized cost	(3,900)	-
Financial liabilities at FVTPL		
Financial liabilities held for trading	-	-
Financial liabilities designated upon initial recognition (fair value option)	-	-
Total financial liabilities at FVTPL	**-**	**-**

For more details on net gains and losses on derivatives, please see note 10 "Net financial income/(expense) from derivatives".

42. Risk management

Financial risk management objectives and policies

As part of its operations, the Enel Group is exposed to a variety of financial risks, notably market risks (including interest rate risk, exchange risk and commodity risk), credit risk and liquidity risk.

The Group's governance arrangements for financial risk envisage:

> specific internal committees, formed of members of the Group's top management and chaired by the CEO, which are responsible for strategic policy-making and oversight of risk management;
> the establishment of specific policies set at both the Group level and at the level of individual Regions/Countries/global business lines, which define the roles and responsibilities for those involved in managing, monitoring and controlling risks, ensuring the organizational separation of units involved in managing the Group's business and those responsible for managing risk;
> the specification of operational limits at both the Group level and at the level of individual Regions/Countries/global business lines for the various types of risk. These limits are monitored periodically by the risk management units.

Market risks

Market risk is the risk that the expected cash flows or the fair value of financial and non-financial assets and liabilities could change owing to changes in market prices.
Market risks are essentially composed of interest rate risk, exchange risk and commodity price risk.

Interest rate risk and exchange risk are primarily generated by the presence of financial instruments.
The main financial liabilities held by the Company include bonds, bank borrowings, other borrowings, commercial paper, derivatives, cash collateral for derivatives transactions, liabilities for construction contracts and trade payables.
The main purpose of those financial instruments is to finance the operations of the Group.
The main financial assets held by the Group include financial receivables, factoring receivables, derivatives, cash collateral for derivatives transactions, cash and cash equivalents, receivables for construction contracts and trade receivables.
For more details, please see note 41 "Financial instruments".
The sources of exposure to interest rate risk and exchange risk did not change with respect to the previous year.

The nature of the financial risks to which the Group is exposed is such that changes in interest rates can cause an increase in net financial expense or adverse changes in the value of assets/liabilities measured at fair value.
The Group is also exposed to the risk that changes in the exchange rates between the euro and the main foreign currencies could have an adverse impact on the value in euro of performance and financial aggregates denominated in foreign currencies, such as costs, revenue, assets and liabilities, as well as the consolidation values of equity investments denominated in currencies other than the euro (translation risk). As with interest rates, changes in exchange rates can cause variations in the value of financial assets and liabilities measured at fair value.

The Group's policies for managing market risks provide for the mitigation of the effects on performance of changes in interest rates and exchange rates with the exclusion of translation risk. This objective is achieved both at the source of the risk, through the strategic diversification of the nature of financial assets and liabilities, and by modifying the risk profile of specific exposures with derivatives entered into on over-the-counter (OTC) markets.

The risk of fluctuations in commodity prices is generated by the volatility of those prices and existing structural correlations between them, which creates uncertainty about the margin on transactions in fuels and energy. Price developments are observed and analyzed in order to develop the Group's industrial, financial and commercial strategies and policies.
In order to contain the effects of such fluctuations and stabilize margins, Enel develops, in accordance with the Group's policies and risk governance limits, strategies that impact the various stages of the industrial process associated with the production and sale of electricity and gas, such as advance

sourcing and hedging, and plans and techniques for hedging financial risks with derivatives. The Group companies develop strategies for hedging the price risk arising from trading in commodities and, using financial instruments, reduce or eliminate market risk, sterilizing the variable components of price. If authorized, they can also engage in proprietary trading in the energy commodities used by the Group in order to monitor and enhance their understanding of the most relevant markets.
The organizational structure provides for a single entity to operate on behalf of the entire Group in sourcing fuels and selling electricity and gas on wholesale markets, as well as centralizing trading with the direct control of the units involved in that business, which as they also operate at the local level can maintain effective relationships with the markets. The global business line cooperates with units of the holding company designated to steer, monitor and integrate global performance. In order to manage and control market risks associated with energy commodities, strengthening an integrated vision of our business and a geographical awareness of sales and trading operations is consistent with the global environment in which the Group operates, creating opportunities for improvement in both maximizing margins and governing risks.
As part of its governance of market risks, the Company regularly monitors the size of the OTC derivatives portfolio in relation to the threshold values set by regulators for the activation of clearing obligations (EMIR - European Market Infrastructure Regulation 648/2012 of the European Parliament). During 2015, no overshoot of those threshold values was detected.

Interest rate risk

Interest rate risk is the risk that the fair value or expected cash flows of a financial instrument will fluctuate because of changes in market interest rates.
The main source of interest rate risk for the Enel Group is the presence of financial instruments. It manifests itself primarily as a change in the flows associated with interest payments on floating-rate financial liabilities, a change in financial terms and conditions in negotiating new debt instruments or as an adverse change in the value of financial assets/liabilities measured at fair value, which are typically fixed-rate debt instruments.
For more information, please see note 41 "Financial instruments".

The Enel Group manages interest rate risk through the definition of an optimal financial structure, with the dual goal of stabilizing borrowing costs and containing the cost of funds.
This goal is pursued through the strategic diversification of the portfolio of financial liabilities by contract type, maturity and interest rate, and modifying the risk profile of specific exposures using OTC derivatives, mainly interest rate swaps and interest rate options. The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the hedged position.
Proxy hedging techniques may be used in a number of residual circumstances, when the hedging instruments for the risk factors are not available on the market or are not sufficiently liquid. For the purpose of EMIR compliance, in order to test the actual effectiveness of the hedging techniques adopted, the Group subjects its hedge portfolios to periodic statistical assessment.

Using interest rate swaps, the Enel Group agrees with the counterparty to periodically exchange floating-rate interest flows with fixed-rate flows, both calculated on the same notional principal amount.
Floating-to-fixed interest rate swaps transform floating-rate financial liabilities into fixed-rate liabilities, thereby neutralizing the exposure of cash flows to changes in interest rates.
Fixed-to-floating interest rate swaps transform fixed-rate financial liabilities into floating-rate liabilities, thereby neutralizing the exposure of their fair value to changes in interest rates.
Floating-to-floating interest rate swaps permit the exchange of floating-rate interest flows based on different indexes.
Some structured borrowings have multi-stage interest flows hedged by interest rate swaps that at the reporting date, and for a limited time, provide for the exchange of fixed-rate interest flows.

Interest rate options involve the exchange of interest differences calculated on a notional principal amount once certain thresholds (strike prices) are reached. These thresholds specify the effective maximum rate (cap) or the minimum rate (floor) on the debt as a result of the hedge.
Hedging strategies can also make use of combinations of

options (collars) that establish the minimum and maximum rates at the same time. In this case, the strike prices are normally set so that no premium is paid on the contract (zero cost collars).

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

The following table reports the notional amount of interest rate derivatives at December 31, 2015 and December 31, 2014 broken down by type of contract.

Millions of euro	Notional amount	
	2015	2014
Floating-to-fixed interest rate swaps	10,910	5,043
Fixed-to-floating interest rate swaps	853	889
Fixed-to-fixed interest rate swaps	-	100
Floating-to-floating interest rate swaps	180	180
Interest rate options	50	50
Total	**11,993**	**6,262**

For more details on interest rate derivatives, please see note 44 "Derivatives and hedge accounting".

Interest rate risk sensitivity analysis

The Group analyses the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact on profit or loss and on equity of market scenarios that would cause a change in the fair value of derivatives or in the financial expense associated with unhedged gross debt.

These scenarios are represented by parallel increases and decreases in the yield curve as at the reporting date.

There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the Group's profit before tax would be affected by a change in the level of interest rates as follows.

Millions of euro		**2015**			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**	
	Basis points	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term floating-rate debt after hedging	25	28	(28)	-	-
Change in fair value of derivatives classified as non-hedging instruments	25	7	(7)	-	-
Change in fair value of derivatives designated as hedging instruments					
Cash flow hedges	25	-	-	183	(183)
Fair value hedges	25	(8)	8	-	-

Exchange risk

Exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates.

For the companies of the Enel Group, the main source of exchange risk is the presence of financial instruments and cash flows denominated in a currency other than its currency of account and/or functional currency.

More specifically, exchange risk is mainly generated with the following transaction categories:

- debt denominated in currencies other than the currency of account or the functional currency entered into by the holding company or the individual subsidiaries;
- cash flows in respect of the purchase or sale of fuel or electricity on international markets;
- cash flows in respect of investments in foreign currency, dividends from unconsolidated foreign companies or the purchase or sale of equity investments.

The sources of exposure to exchange risk did not change with respect to the previous year.

For more details, please see note 41 "Financial instruments".

In order to minimize this risk, the Group normally uses a variety of over-the-counter (OTC) derivatives such as cross currency interest rate swaps, currency forwards and currency swaps.

The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts offsets the corresponding change in the fair value and/or cash flows of the hedged position.

Cross currency interest rate swaps are used to transform a long-term financial liability in foreign currency into an equivalent liability in the currency of account or functional currency of the company holding the exposure.

Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards). In the latter case, the strike rate and/or the spot rate may be determined as averages of the rates observed in a given period.

Currency swaps are contracts in which the counterparties enter into two transactions of the opposite sign at different future dates (normally one spot, the other forward) that provide for the exchange of principal denominated in different currencies.

The following table reports the notional amount of transactions outstanding at December 31, 2015 and December 31, 2014, broken down by type of hedged item.

Millions of euro	Notional amount	
	2015	2014
Cross currency interest rate swaps (CCIRSs) hedging debt denominated in currencies other than the euro	15,812	14,801
Currency forwards hedging exchange risk on commodities	4,334	4,942
Currency forwards hedging future cash flows in currencies other than the euro	4,330	3,552
Currency swaps hedging commercial paper	-	148
Currency forwards hedging loans	181	224
Other currency forwards	11	-
Total	**24,668**	**23,667**

More specifically, these include:

- CCIRSs with a notional amount of €15,812 million to hedge the exchange risk on debt denominated in currencies other than the euro (€14,801 million at December 31, 2014);
- currency forwards with a total notional amount of €8,664 million used to hedge the exchange risk associated with purchases and sales of natural gas, purchases of fuel and expected cash flows in currencies other than the euro (€8,494 million at December 31, 2014);
- currency forwards with a total notional amount of €181 million used to hedge the exchange risk associated with loans in currencies other than the euro (€224 million at December 31, 2014).

At December 31, 2015, 39% (35% at December 31, 2014) of Group long-term debt was denominated in currencies other than the euro.

Taking account of hedges of exchange risk, the percentage of debt not hedged against that risk amounted to 14% at December 31, 2015 (13% at December 31, 2014).

Exchange risk sensitivity analysis

The Group analyses the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact on profit or loss and equity of market scenarios that would cause a change in the fair value of derivatives or in the financial expense associated with unhedged gross medium/long-term debt.

These scenarios are represented by the appreciation/depreciation of the euro against all of the foreign currencies compared with the value observed as at the reporting date.

There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the profit before tax would be affected as follows:

Millions of euro		2015			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**	
	Exchange rate	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term debt denominated in currencies other than the euro after hedging	10%	-	-	-	-
Change in fair value of derivatives classified as non-hedging instruments	10%	182	(223)	-	-
Change in fair value of derivatives designated as hedging instruments					
Cash flow hedges	10%	-	-	(1,951)	2,385
Fair value hedges	10%	-	-	-	-

Commodity risk

The Group is exposed to the risk of fluctuations in the price of commodities mainly associated with the purchase of fuel for power plants and the purchase and sale of natural gas under indexed contracts, as well as the purchase and sale of electricity at variable prices (indexed bilateral contracts and sales on the electricity spot market).

The exposures on indexed contracts are quantified by breaking down the contracts that generate exposure into the underlying risk factors.

As regards electricity sold by the Group, Enel mainly uses fixed-price contracts in the form of bilateral physical contracts and financial contracts (e.g. contracts for differences, VPP contracts, etc.) in which differences are paid to the counterparty if the market electricity price exceeds the strike price and to Enel in the opposite case. The residual exposure in respect of the sale of energy on the spot market not hedged with such contracts is aggregated by uniform risk factors that can be managed with hedging transactions on the market. Proxy hedging techniques may be used for the industrial portfolios when the hedging instruments for the risk factors generating the exposure are not available on the market or are not sufficiently liquid, while portfolio hedging techniques can be used to assess opportunities for netting intercompany flows.

The Group mainly uses plain vanilla derivatives for hedging (more specifically, forwards, swaps, options on commodities, futures, contracts for differences).

Enel also engages in proprietary trading in order to maintain a presence in the Group's reference energy commodity markets. These operations, which are performed only by Group companies expressly authorized to do so under corporate policies, consist in taking on exposures in energy commodities (oil products, gas, coal, CO_2 certificates and electricity in the main European countries) using financial derivatives and physical contracts traded on regulated and over-the-counter markets, exploiting profit opportunities through arbitrage transactions carried out on the basis of expected market developments.

The commodity risk management processes established at the Group level are designed to constantly monitor developments in risk over time and to determine whether the risk levels, as observed for specific analytical dimensions (for example, geographical areas, organizational structures, business lines, etc.), comply with the thresholds consistent with the risk appetite established by top management. These operations are conducted within the framework of formal governance rules that establish strict risk limits. Compliance with the limits is verified daily by units that are independent of those undertaking the transactions. Positions are monitored monthly, assessing the Profit at Risk, in the case of industrial portfolios, and daily, calculating Value at Risk, in the case of the trading book.

The risk limits for Enel's proprietary trading are set in terms of Value at Risk over a 1-day time horizon and a confidence level of 95%; the sum of the limits for 2015 is equal to about €39 million.

The following table reports the notional amount of outstanding transactions at December 31, 2015 and December 31, 2014, broken down by type of instrument.

Millions of euro	Notional amount	
	2015	2014
Forward and futures contracts	30,791	26,671
Swaps	5,904	9,359
Options	340	401
Embedded derivatives	-	-
Total	**37,035**	**36,431**

For more details, please see note 44 "Derivatives and hedge accounting".

Sensitivity analysis of commodity risk

The following table presents the results of the analysis of sensitivity to a reasonably possible change in the commodity prices underlying the valuation model used in the scenario at the same date, with all other variables held constant. The analysis assesses the impact of shifts in the commodity price curve of +10% and -10%.

The impact on pre-tax profit is mainly attributable to the change in the prices of gas and oil commodities. The impact on equity is almost entirely due to changes in the prices of gas and coal. The Group's exposure to changes in the prices of other commodities is not material.

Millions of euro	2015				
		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Commodity price	Increase	Decrease	Increase	Decrease
Change in fair value of trading derivatives on commodities	10%	(21)	27	-	-
Change in fair value of derivatives on commodities designated as hedging instruments	10%	-	-	135	(134)

Credit risk

The Group's commercial, commodity and financial operations expose it to credit risk, i.e. the possibility that an unexpected change in the creditworthiness of a counterparty could have an effect on the creditor position, in terms of insolvency (default risk) or changes in its market value (spread risk).

In recent years, in view of the instability and uncertainty that have affected the financial markets and an economic crisis of global proportions, average collection times have trended upwards. In order to minimize credit risk, credit exposures are managed at the Region/Country/business line level by different units, thereby ensuring the necessary segregation of risk management and control activities. Monitoring the consolidated exposure is carried out by Enel SpA.

In particular, the policy for managing credit and the associated risks provides for the assessment of the creditworthiness of the main counterparties, the adoption of risk mitigation tools, such as secured and unsecured guarantees and standardized contractual frameworks in specific business areas, and the analysis of credit exposures.

In addition, at the Group level the policy provides for the use of uniform criteria in all the main Regions/Countries/global business lines and at the consolidated level in measuring commercial credit exposures in order to promptly identify any deterioration in the quality of outstanding receivables and any mitigation actions to be taken.

As regards the credit risk associated with commodity transactions, a uniform counterparty assessment system is used at the Group level, with local level implementation. Risk limits defined by the appropriate units of the Regions/Countries/global business lines have been applied and monitored.

For the credit risk generated by financial transactions, including those in derivatives, risk is minimized by selecting counterparties with high standing from among leading national and international financial institutions, diversifying the portfolio, entering into margin agreements that call for the exchange of cash collateral and/or using netting arrangements. An internal assessment system was used again in 2015 to apply and monitor operational limits for credit risk, approved by the Group Risk Committee in respect of financial counterparties at the Region/Country/global business line level and at the consolidated level.

To manage credit risk even more effectively, for a number of years the Group has carried out non-recourse assignments of receivables, which have mainly involved specific segments of the commercial portfolio and, to a lesser extent, invoiced receivables and receivables to be invoiced of companies operating in other segments of the electricity industry than retail sales.

All of the above transactions are considered non-recourse transactions for accounting purposes and therefore involved the full derecognition of the corresponding assigned assets from the balance sheet, as the risks and rewards associated with them have been transferred.

Concentration of customer credit risk

Trade receivables are generated by the Group's operations in many regions and countries (Italy, Spain, Romania, Latin America, Russia, France, North America, etc.) with a base of customers and counterparties that is highly diversified, whether geographically, sectorally (industrial companies, energy companies, enterprises in retail trade, tourism, communications, government entities, etc.) or by size (large corporate, small and medium-sized enterprises, residential customers). Through its subsidiaries, Enel has about 60 million customers or counterparties with whom it has generally granular credit exposures.

Financial assets past due but not impaired

Millions of euro	2015
Impaired trade receivables	**2,085**
Not past due and not impaired trade receivables	**8,520**
Past due but not impaired trade receivables:	**4,277**
- less than 3 months	1,696
- from 3 months to 6 months	505
- from 6 months to 12 months	588
- from 12 months to 24 months	386
- more than 24 months	1,102
Total	**14,882**

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The objectives of liquidity risk management policies are:

> ensuring an appropriate level of liquidity for the Group, minimizing the associated opportunity cost;

> maintaining a balanced debt structure in terms of the maturity profile and funding sources.

In the short term, liquidity risk is mitigated by maintaining an appropriate level of unconditionally available resources, including liquidity and short-term deposits, available committed credit lines and a portfolio of highly liquid asset.

In the long term, liquidity risk is mitigated by maintaining a balanced maturity profile for our debt, access to a range of sources of funding on different markets, in different currencies and with diverse counterparties.

The Group holds the following undrawn lines of credit:

Millions of euro	**at Dec. 31, 2015**		at Dec. 31, 2014	
	Expiring within one year	Expiring beyond one year	Expiring within one year	Expiring beyond one year
Committed credit lines	377	13,042	671	13,456
Uncommitted credit lines	648	-	425	-
Commercial paper	9,153	-	6,727	-
Total	**10,178**	**13,042**	**7,823**	**13,456**

Committed credit lines amounted to €13,419 million at the Group level, with €13,042 million expiring after 2016. Total available resources came to €23,220 million, of which €9,153 million in commercial paper.

In early 2015 Enel Finance International NV carried out an offer to exchange six euro-denominated bonds maturing between 2016 and 2021 with a new euro-denominated issue maturing at 10 years in the nominal amount of €1,460 million, paying a coupon of 1.966%.

The transaction was part of EFI's liability management program begun in the final Quarter of 2014 in order to actively manage maturities and the Group's funding costs.

For more information, please see note 41 "Financial instruments" in this report.

Maturity analysis

The table below summarizes the maturity profile of the Group's long-term debt.

Millions of euro	Maturing in						
	Less than 3 months	From 3 months to 1 year	2017	2018	2019	2020	Beyond
Bonds:							
- listed, fixed rate	2,012	1,339	2,204	4,922	2,194	2,361	14,777
- listed, floating rate	1,056	99	324	747	217	112	1,521
- unlisted, fixed rate	-	-	1,376	-	1,600	-	2,460
- unlisted, floating rate	-	64	65	66	282	27	732
Total bonds	**3,068**	**1,502**	**3,969**	**5,735**	**4,293**	**2,500**	**19,490**
Bank borrowings:							
- fixed rate	5	132	129	345	79	66	391
- floating rate	150	557	534	624	608	592	3,464
- use of revolving credit lines	-	-	1	30	-	-	-
Total bank borrowings	**155**	**689**	**664**	**999**	**687**	**658**	**3,855**
Non-bank borrowings:							
- fixed rate	60	190	209	191	170	192	1,000
- floating rate	18	51	69	40	34	30	87
Total non-bank borrowings	**78**	**241**	**278**	**231**	**204**	**222**	**1,087**
TOTAL	**3,301**	**2,432**	**4,911**	**6,965**	**5,184**	**3,380**	**24,432**

Commitments to purchase commodities

In conducting its business, the Enel Group has entered into contracts to purchase specified quantities of commodities at a certain future date for its own use, which qualify for the own use exemption provided for under IAS 39.

The following table reports the undiscounted cash flows associated with outstanding commitments at December 31, 2015.

Millions of euro	**at Dec. 31, 2015**	2015-2019	2020-2024	2025-2029	Beyond
Commitments to purchase commodities:					
- electricity	48,733	18,383	9,730	6,835	13,785
- fuels	64,114	35,301	16,631	10,722	1,460
Total	**112,847**	**53,684**	**26,361**	**17,557**	**15,245**

43. Offsetting financial assets and financial liabilities

At December 31, 2015, the Group did not hold offset positions in assets and liabilities, as it is not the Enel Group's policy to settle financial assets and liabilities on a net basis.

44. Derivatives and hedge accounting

The following tables show the notional amount and the fair value of derivative financial assets and derivative financial liabilities eligible for hedge accounting or measured a FVTPL, classified on the basis of the type of hedge relationship and the hedged risk, broken down into current and non-current instruments.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted at the end-year exchange rates provided by the European Central Bank.

Millions of euro	Non-current				Current			
	Notional amount		Fair value		Notional amount		Fair value	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Fair value hedge derivatives:								
- on interest rates	868	883	46	55	15	21	-	-
Total	**868**	**883**	**46**	**55**	**15**	**21**	**-**	**-**
Cash flow hedge derivatives:								
- on interest rates	7,090	106	116	5	25	400	1	-
- on exchange rates	13,554	9,078	2,163	1,163	2,921	2,662	280	244
- on commodities	37	702	5	107	1,093	2,755	326	326
Total	**20,681**	**9,886**	**2,284**	**1,275**	**4,039**	**5,817**	**607**	**570**
Trading derivatives:								
- on interest rates	50	50	2	3	-	15	-	1
- on exchange rates	102	121	5	2	2,064	2,094	63	157
- on commodities	53	3	6	-	16,488	14,827	4,403	4,772
Total	**205**	**174**	**13**	**5**	**18,552**	**16,936**	**4,466**	**4,930**
TOTAL DERIVATIVE FINANCIAL ASSETS	**21,754**	**10,943**	**2,343**	**1,335**	**22,606**	**22,774**	**5,073**	**5,500**

Millions of euro	Non-current				Current			
	Notional amount		Fair value		Notional amount		Fair value	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Cash flow hedge derivatives:								
- on interest rates	3,643	3,635	459	554	95	922	2	2
- on exchange rates	1,991	6,415	1,006	1,627	673	341	96	4
- on commodities	187	742	12	225	2,028	2,075	677	464
Total	**5,821**	**10,792**	**1,477**	**2,406**	**2,796**	**3,338**	**775**	**470**
Trading derivatives:								
- on interest rates	107	107	16	21	100	123	65	75
- on exchange rates	140	240	18	10	3,223	2,716	43	71
- on commodities	93	20	7	4	17,056	15,307	4,626	4,825
Total	**340**	**367**	**41**	**35**	**20,379**	**18,146**	**4,734**	**4,971**
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**6,161**	**11,159**	**1,518**	**2,441**	**23,175**	**21,484**	**5,509**	**5,441**

44.1 Derivatives designated as hedging instruments

Derivatives are initially recognized at fair value, at the trade date of the contract, and are subsequently re-measured at fair value.

The method for recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged.

Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, exchange risk, commodity risk, credit risk and equity risk when all the criteria provided for under IAS 39 are met.

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Group also analyzes, both at hedge inception and on an ongoing systematic basis, the effectiveness of hedges using prospective and retrospective tests in order to determine whether hedging instruments are highly effective in offsetting changes in the fair values or cash flows of hedged items.

Depending on the nature of the risks to which it is exposed, the Group designates derivatives as hedging instruments in one of the following hedge relationships:

- cash flow hedge derivatives in respect of the risk of: (i) changes in the cash flows associated with long-term floating-rate debt; (ii) changes in the exchange rates associated with long-term debt denominated in a currency other than the currency of account or the functional currency in which the company holding the financial liability operates; (iii) changes in the price of fuels and non-energy commodities denominated in a foreign currency; (iv) changes in the price of forecast electricity sales at variable prices; and (v) changes in the price of transactions in coal and petroleum commodities;
- fair value hedge derivatives involving the hedging of exposures to changes in the fair value of an asset, a liability or a firm commitment attributable to a specific risk;
- derivatives hedging a net investment in a foreign operation (NIFO), involving the hedging of exposures to exchange rate volatility associated with investments in foreign entities.

For more details on the nature and the extent of risks arising from financial instruments to which the Company is exposed, please see note 42 "Risk management".

Cash flow hedges

Cash flow hedges are used in order to hedge the Group's exposure to changes in future cash flows that are attributable to a particular risk associated with an asset, a liability or a highly probable transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting but the hedged item has not expired or been cancelled, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

The Group currently uses these hedge relationships to minimize the volatility of profit or loss.

Fair value hedges

Fair value hedges are used to protect the Group against exposures to adverse changes in the fair value of assets, liabilities or firm commitments attributable to a particular risk that could affect profit or loss.

Changes in the fair value of derivatives that qualify and are designated as hedging instruments are recognized in the income statement, together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedge is ineffective or no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

The Group currently makes marginal use of such hedge relationships to seize opportunities associated with general developments in the yield curve.

44.1.1 Hedge relationships by type of risk hedged

Interest rate risk

The following table shows the notional amount and the fair value of the hedging instruments on the interest rate risk of transactions outstanding as at December 31, 2015 and December 31, 2014, broken down by type of hedge.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedging instrument	**Hedged item**	**at Dec. 31, 2015**		at Dec. 31, 2014	
Interest rate swaps	Fixed-rate borrowings	44	853	41	1,004
Interest rate swaps	Floating-rate borrowings	(342)	10,883	(537)	4,963
Total		**(298)**	**11,736**	**(496)**	**5,967**

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2015 and December 31,2014, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Fair value hedge derivatives:								
- interest rate swaps	883	904	46	55	-	-	-	-
Cash flow hedge derivatives:								
- interest rate swaps	7,115	506	117	5	3,738	4,557	(461)	(556)
Total interest rate derivatives	**7,998**	**1,410**	**163**	**60**	**3,738**	**4,557**	**(461)**	**(556)**

The notional amount of derivatives classified as hedging instruments at December 31, 2015 came to €11,736 million, with a corresponding negative fair value of €298 million.
The notional amount rose by €5,769 million. More specifically, interest rate swaps with a total value of €1,342 million expired, while new derivatives amounted to €7,491 million, of which €7,100 million associated with the pre-hedge strategy implemented in 2015 for the future refinancing of bond issues maturing between 2017 and 2020, in order to fix the cost of future funding in advance. The value also reflected the reduction in the notional amount of amortizing interest rate swaps. The improvement in the fair value of €198 million mainly reflects the positive fair value of the pre-hedge transactions (€114 million) and the general decline in the yield curve during the year.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on interest rate risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2015	2016	2017	2018	2019	2020	Beyond
Cash flow hedge derivatives on interest rates:							
- positive fair value	117	1	1	(10)	169	(20)	(11)
- negative fair value	(461)	(97)	(83)	(69)	(155)	(55)	(45)

The following table shows the impact of reserves from cash flow hedge derivatives on interest rate risk on equity during the period, gross of tax effects.

Millions of euro	
Opening balance at January 1, 2014	**(1,729)**
Changes in fair value recognized in equity (OCI)	958
Changes in fair value recognized in profit or loss	130
Closing balance at December 31, 2014	**(641)**
Opening balance at January 1, 2015	**(641)**
Changes in fair value recognized in equity (OCI)	13
Changes in fair value recognized in profit or loss	186
Closing balance at December 31, 2015	**(442)**

Exchange risk

The following table shows the notional amount and the fair value of the hedging instruments on the exchange risk of transactions outstanding as at December 31, 2015 and December 31, 2014, broken down by type of hedged item.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
		at Dec. 31, 2015		at Dec. 31, 2014	
Hedging instruments	**Hedged item**				
Cross currency interest rate swaps (CCIRSs)	Fixed-rate borrowings	1,170	15,078	(508)	14,064
Cross currency interest rate swaps (CCIRSs)	Floating-rate borrowings	25	401	11	416
Cross currency interest rate swaps (CCIRSs)	Future cash flows denominated in foreign currencies	(102)	306	(38)	321
Currency forwards	Future commodity purchases denominated in foreign currencies	244	3,058	312	3,674
Currency forwards	Future cash flows denominated in foreign currencies	4	296	-	21
Total		**1,341**	**19,139**	**(224)**	**18,496**

Cash flow hedges and fair value hedges include:

- CCIRSs with a notional amount of €15,078 million used to hedge the exchange risk on fixed-rate debt denominated in currencies other than the euro, with a positive fair value of €1,170 million;
- CCIRSs with a notional amount of €707 million used to hedge the exchange risk on floating-rate debt denominated in currencies other than the euro, with a negative fair value of €77 million;
- currency forwards with a notional amount of €3,354 million used to hedge the exchange risk associated with purchases of natural gas, purchases of fuel and expected cash flows in currencies other than the euro, with a fair value of €248 million.

The following table reports the notional amount and fair value of foreign exchange derivatives at December 31, 2015 and December 31, 2014, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Fair value hedge derivatives:								
- CCIRSs	-	-	-	-	-	-	-	-
Cash flow hedge derivatives:								
- currency forwards	2,927	3,520	256	315	427	175	(8)	(3)
- CCIRSs	13,548	8,220	2,187	1,092	2,237	6,581	(1,094)	(1,628)
Total exchange derivatives	**16,475**	**11,740**	**2,443**	**1,407**	**2,664**	**6,756**	**(1,102)**	**(1,631)**

The notional amount of CCIRSs at December 31, 2015 amounted to €15,785 million (€14,801 million at December 31, 2014), an increase of €984 million. Cross currency interest rate swaps with a total value of €346 million expired, while new derivatives amounted to €109 million. The value also reflects developments in the exchange rate of the euro against the main other currencies, which cause their notional amount to increase by €1,221 million.

The notional value of currency forwards at December 31, 2015 amounted to €3,354 million (€3,695 million at December 31, 2014), a decrease of €341 million. The exposure to exchange risk, especially that associated with the US dollar, is mainly due to purchases of natural gas and purchase of fuel. Changes in the notional amount are connected with normal developments in operations.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on exchange risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2015	2016	2017	2018	2019	2020	Beyond
Cash flow hedge derivatives on exchange rates:							
- positive fair value	2,443	498	510	218	661	217	2,818
- negative fair value	(1,102)	(176)	(67)	(71)	(215)	(28)	(474)

The following table shows the impact of reserves from cash flow hedge derivatives on exchange risk on equity during the period, gross of tax effects.

Millions of euro	
Opening balance at January 1, 2014	**(84)**
Changes in fair value recognized in equity (OCI)	(1,089)
Changes in fair value recognized in profit or loss	64
Closing balance at December 31, 2014	**(1,109)**
Opening balance at January 1, 2015	**(1,109)**
Changes in fair value recognized in equity (OCI)	753
Changes in fair value recognized in profit or loss	(258)
Closing balance at December 31, 2015	**(614)**

Commodity risk

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Cash flow hedge derivatives								
Derivatives on power:								
- swaps	79	545	10	50	86	152	(4)	(7)
- forwards/futures	59	1,149	3	95	175	348	(51)	(18)
Total derivatives on power	**138**	**1,694**	**13**	**145**	**261**	**500**	**(55)**	**(25)**
Derivatives on coal:								
- swaps	6	-	-	-	978	718	(182)	(183)
Total derivatives on coal	**6**	**-**	**-**	**-**	**978**	**718**	**(182)**	**(183)**
Derivatives on gas and oil:								
- swaps	67	124	35	41	150	13	(49)	(3)
- forwards/futures	715	1,426	270	197	772	1,586	(402)	(478)
Total derivatives on gas and oil	**782**	**1,550**	**305**	**238**	**922**	**1,599**	**(451)**	**(481)**
Derivatives on CO_2:								
- forwards/futures	204	213	13	50	54	-	(1)	-
Total derivatives on CO_2	**204**	**213**	**13**	**50**	**54**	**-**	**(1)**	**-**
TOTAL DERIVATIVES ON COMMODITIES	**1,130**	**3,457**	**331**	**433**	**2,215**	**2,817**	**(689)**	**(689)**

The table reports the notional amount and fair value of derivatives hedging the price risk on commodities at December 31, 2015 and at December 31, 2014, broken down by type of hedge.

The positive fair value of cash flow hedge derivatives on commodities mainly regards hedges of gas and oil amounting to €305 million and derivatives on power and CO_2 totaling €26 million. The first category primarily regards hedges of fluctuations in the price of natural gas, for both purchases and sales, carried out for oil commodities and gas products with physical delivery (all-in-one hedges).

Cash flow hedge derivatives on commodities with a negative fair value regard derivatives on gas and oil commodities amounting to €451 million, hedges of coal purchases for the generation companies amounting to €182 million and derivatives on power amounting to €55 million.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on commodity risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2015	2016	2017	2018	2019	2020	Beyond
Cash flow hedge derivatives on commodities:							
- positive fair value	331	325	5	1	-	-	-
- negative fair value	(689)	(677)	(12)	-	-	-	-

The following table shows the impact of reserves from cash flow hedge derivatives on commodity risk on equity during the period, gross of tax effects.

Millions of euro	
Opening balance at January 1, 2014	**(52)**
Changes in fair value recognized in equity (OCI)	(318)
Changes in fair value recognized in profit or loss	122
Changes in fair value recognized in profit or loss - ineffective portion	-
Closing balance at December 31, 2014	**(248)**
Opening balance at January 1, 2015	**(248)**
Changes in fair value recognized in equity (OCI)	(649)
Changes in fair value recognized in profit or loss	275
Closing balance at December 31, 2015	**(622)**

44.2 Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2015 and December 31, 2014.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Derivatives at FVTPL								
Derivatives on interest rates:								
- interest rate swaps	50	65	2	4	157	180	(75)	(88)
- interest rate options	-	-	-	-	50	50	(6)	(8)
Derivatives on exchange rates:								
- currency forwards	2,166	2,215	68	159	3,335	2,956	(61)	(81)
- CCIRs	-	-	-	-	28	-	-	-
Derivatives on power:								
- swaps	796	1,207	73	155	714	1,611	(60)	(183)
- forwards/futures	5,995	5,391	422	480	5,879	5,456	(399)	(417)
- options	7	104	-	2	14	80	-	(6)
Total derivatives on power	**6,798**	**6,702**	**495**	**637**	**6,607**	**7,147**	**(459)**	**(606)**
Derivatives on coal:								
- swaps	873	1,527	241	187	887	1,742	(266)	(218)
- forwards/futures	76	73	14	7	24	51	(10)	(15)
- options	-	3	-	3	2	10	(7)	(23)
Total derivatives on coal	**949**	**1,603**	**255**	**197**	**913**	**1,803**	**(283)**	**(256)**
Derivatives on gas and oil:								
- swaps	531	645	1,538	2,686	675	902	(1,592)	(2,747)
- forwards/futures	7,957	5,677	1,859	944	8,555	5,170	(1,974)	(824)
- options	133	99	236	278	184	102	(288)	(331)
Total derivatives on gas and oil	**8,621**	**6,421**	**3,633**	**3,908**	**9,414**	**6,174**	**(3,854)**	**(3,902)**
Derivatives on CO_2:								
- forwards/futures	165	68	21	19	161	63	(7)	(10)
- options	-	-	-	-	-	-	-	-
Total derivatives on CO_2	**165**	**68**	**21**	**19**	**161**	**63**	**(7)**	**(10)**
Derivatives on other commodities:								
- swaps	8	35	5	10	54	138	(30)	(53)
- forwards/futures	-	-	-	-	-	-	-	-
- options	-	1	-	1	-	2	-	(2)
Total derivatives on other commodities	**8**	**36**	**5**	**11**	**54**	**140**	**(30)**	**(55)**
Embedded derivatives	-	-	-	-	-	-	-	-
TOTAL DERIVATIVES ON COMMODITIES	**18,757**	**17,110**	**4,479**	**4,935**	**20,719**	**18,513**	**(4,775)**	**(5,006)**

At December 31, 2015 the notional amount of trading derivatives on interest rates came to €257 million. The change in the notional compared with December 31, 2014 is attributable to the expiry of €38 million in derivatives during 2015 that, although established for hedging purposes, did not meet the requirements for hedge accounting. The fair value of a negative €79 million improved by €13 million on the previous year, mainly due to the general decline in the yield curve.

At December 31, 2015, the notional amount of derivatives on exchange rates was €5,529 million. The increase in their notional value and the reduction in the associated net fair value of €71 million mainly reflected normal operations and developments in exchange rates. In addition, in 2015 cross currency interest rate swaps with a notional amount of €28 million were established to hedge borrowing denominated in foreign currencies, which were classified as at fair value through profit or loss as they did not meet the requirements for hedge accounting.

At December 31, 2015, the notional amount of derivatives on commodities came to €33,690 million.

The fair value of trading derivatives on commodities classified as assets mainly reflects the market valuation of hedges of gas and oil amounting to €3,633 million and derivatives on power amounting to €495 million.

The fair value of trading derivatives on commodities classified as liabilities mainly regards hedges of gas and oil amounting to €3,854 million and derivatives on power amounting to €459 million.

These values include transactions that, although established for hedging purposes, did not meet the requirements for hedge accounting.

45. Assets measured at fair value

The Group determines fair value in accordance with IFRS 13 whenever such measurement is required by the international accounting standards as a recognition or measurement criterion.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date (i.e. an exit price).

The best proxy of fair value is market price, i.e. the current publically available price actually used on a liquid and active market.

The fair value of assets and liabilities is classified in accordance with the three-level hierarchy described below, depending on the inputs and valuation techniques used in determining their fair value:

> Level 1, where the fair value is determined on basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
> Level 2, where the fair value is determined on basis of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices);
> Level 3, where the fair value is determined on the basis of unobservable inputs.

This note also provides detailed disclosures concerning the valuation techniques and inputs used to perform these measurements.

To that end:

> recurring fair value measurements of assets or liabilities are those required or permitted by the IFRS in the balance sheet at the close of each period;
> non-recurring fair value measurements are those required or permitted by the IFRS in the balance sheet in particular circumstances.

For general information or specific disclosures on the accounting treatment of these circumstances, please see note 2 "Accounting policies and measurement criteria".

The following table shows, for each class of assets measured at fair value on a recurring or non-recurring basis in the financial statements, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements of those assets are classified.

Millions of euro		Non-current assets				Current assets			
	Notes	**Fair value**	Level 1	Level 2	Level 3	**Fair value**	Level 1	Level 2	Level 3
Equity investments in other companies measured at fair value	24	**181**	181	-	-	**-**	-	-	-
Service concession arrangements	24	**631**	-	631	-	**-**	-	-	-
Financial investments in funds	24.1	**45**	45	-	-	**-**	-	-	-
Cash flow hedge derivatives:									
- on interest rates	44	**116**	-	116	-	**1**	-	1	-
- on exchange rates	44	**2,163**	-	2,163	-	**280**	-	280	-
- on commodities	44	**5**	1	4	-	**326**	283	43	-
Fair value hedge derivatives:									
- on interest rates	44	**46**	-	46	-	**-**	-	-	-
Trading derivatives:									
- on interest rates	44	**2**	-	2	-	**-**	-	-	-
- on exchange rates	44	**5**	-	5	-	**63**	-	63	-
- on commodities	44	**6**	1	5	-	**4,403**	3,071	1,332	-
Inventories measured at fair value	26	**-**	-	-	-	**65**	65	-	-
Assets classified as held for sale	30	**-**	-	-	-	**6,887**	-	-	6,887

The fair value of equity investments in other companies is determined for listed companies on the basis of the quoted price set on the closing date of the year, while that for unlisted companies is based on a reliable valuation of the relevant assets and liabilities.

"Service concession arrangements" concern electricity distribution operations in Brazil by Ampla and Coelce and are accounted for in accordance with IFRIC 12. Fair value was estimated as the net replacement cost based on the most recent rate information available and on the general price index for the Brazilian market.

The fair value of derivative contracts is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on a regulated market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve and translating amounts in currencies other than the euro using exchange rates provided by the European Central Bank. For contracts involving commodities, the measurement is conducted using prices, where available, for the same instruments on both regulated and unregulated markets.

In accordance with the new international accounting standards, in 2013 the Group included a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk. More specifically, the Group measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).
Amounts denominated in currencies other than the euro are converted into euros at the year-end exchange rates provided by the European Central Bank.
The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and therefore are not a measure of the Group's credit risk exposure. For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation techniques for each category of financial instrument and market data at the closing date of the year, including the credit spreads of Enel SpA.

Finally, "assets classified as held for sale" primarily regard Slovenské elektrárne, HydroDolomiti Enel and Compostilla. The associated fair value is the estimated realizable value, net of disposal prices, as determined on the basis of the documentation currently available on the sale of the company. More specifically, in the more significant case of Slovenské elektrárne, the overall price is subject to an adjustment that will be calculated by independent experts and applied following the closing of the second phase (12 months after receiving the Trial Operation Permit for units 3 and 4 of the Mochovce nuclear power plant) on the basis of a set of parameters, including the evolution of the net financial position of Slovenské elektrárne, developments in energy prices in the Slovak market, operating efficiency levels at Slovenské elektrárne as measured against benchmarks specified in the agreement, and the enterprise value of units 3 and 4 of Mochovce.

45.1 Fair value of other assets

For each class of assets not measured at fair value on a recurring basis but whose fair value must be reported, the following table reports the fair value at the end of the period and the level in the fair value hierarchy into which the fair value measurements of those assets are classified.

Millions of euro		Non-current assets				Current assets			
	Notes	**Fair value**	Level 1	Level 2	Level 3	**Fair value**	Level 1	Level 2	Level 3
Investment property	18	**172**	-	14	158	**-**	-	-	-
Equity investments in other companies	24	**7**	-	-	7	**-**	-	-	-
Inventories	26	**-**	-	-	-	**68**	-	-	68

The table reports investment property, equity investments in other companies and inventories measured at cost, whose fair value has been estimated at €172 million, €7 million and €68 million respectively. The amounts were calculated with the assistance of appraisals conducted by independent experts, who used different methods depending on the specific assets involved.

The value of equity investments classified in Level 3 decreased by €5 million compared with 2014 and regards a number of equity investments of Endesa.
The value of inventories largely regards property not used in operations.

46. Liabilities measured at fair value

The following table reports for each class of liabilities measured at fair value on a recurring or non-recurring basis in the financial statements the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current liabilities				Current liabilities			
	Notes	**Fair value**	Level 1	Level 2	Level 3	**Fair value**	Level 1	Level 2	Level 3
Cash flow hedge derivatives:									
- on interest rates	44	**459**	-	459	-	**2**	-	2	-
- on exchange rates	44	**1,006**	-	1,006	-	**96**	-	2	-
- on commodities	44	**12**	1	11	-	**677**	115	562	-
Trading derivatives:									
- on interest rates	44	**16**	-	16	-	**65**	-	65	-
- on exchange rates	44	**18**	-	18	-	**43**	-	43	-
- on commodities	44	**7**	2	5	-	**4,626**	4,052	574	-
Contingent consideration	40	**-**	-	-	-	**36**	-	-	36
Payables for put options granted to minority shareholders	40	**21**	-	-	21	**793**	-	-	793
Liabilities included in disposal groups classified as held for sale	31	**-**	-	-	-	**5,364**	-	-	5,364

Contingent consideration regards a number of equity investments held by the Group in North America, whose fair value was determined on the basis of the contractual terms and conditions.

The item "payables for put options granted to minority shareholders" includes the liability for the options on Enel Distributie Muntenia and Enel Energie Muntenia in the total amount of €778 million, determined on the basis of the exercise conditions in the associated contracts, and €36 million for the liability associated with the options on a number of Latin American companies (€21 million) and Maicor Wind (€15 million).

The "liabilities included in disposal groups classified as held for sale" mainly regard Slovenské elektrárne. The fair value is the estimated realizable value, net of disposal prices, as determined on the basis of the documentation currently available on the sale of the company.

46.1 Fair value of other liabilities

For each class of liabilities not measured at fair value in the balance sheet but whose fair value must be reported, the following table reports the fair value at the end of the period and the level in the fair value hierarchy into which the fair value measurements of those liabilities are classified.

Millions of euro	Notes	**Fair value**	Level 1	Level 2	Level 3
Bonds:					
- fixed rate	41.3.1	**41,083**	39,356	1,727	-
- floating rate	41.3.1	**5,383**	2,237	3,146	-
Bank borrowings:					
- fixed rate	41.3.1	**1,256**	-	1,256	-
- floating rate	41.3.1	**6,843**	-	6,843	-
Non-bank borrowings:					
- fixed rate	41.3.1	**2,012**	-	2,012	-
- floating rate	41.3.1	**341**	-	341	-
Total		**56,918**	**41,593**	**15,325**	**-**

47. Related parties

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

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

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

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

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

The following tables summarize transactions with related parties, associated companies and joint arrangements outstanding at December 31, 2015 and December 31, 2014 and carried out during the period.

Millions of euro	Acquirente Unico	GME	Terna	Eni	GSE	Poste Italiane Group	Other
Income statement							
Revenue from sales and services	-	2,468	1,190	1,503	195	37	115
Other revenue	-	-	5	-	290	-	16
Other financial income	-	-	-	-	-	-	-
Electricity, gas and fuel purchases	3,695	1,553	136	1,464	3	-	26
Services and other materials	1	91	1,954	113	11	102	60
Other operating expenses	3	-	3	45	-	-	3
Net income/(expense) from commodity contracts measured at fair value	-	-	(24)	-	-	-	-
Other financial expense	-	-	-	-	-	-	-

Millions of euro	Acquirente Unico	GME	Terna	Eni	GSE	Poste Italiane Group	Other
Balance sheet							
Trade receivables	-	217	473	116	68	5	15
Other current financial assets	-	-	-	-	-	-	-
Other current assets	-	4	25	-	69	5	2
Other non-current liabilities	-	-	-	-	-	-	4
Trade payables	620	373	376	184	1,256	38	27
Other current liabilities	-	-	8	-	-	1	4
Other information							
Guarantees issued	-	280	253	-	-	-	1
Guarantees received	-	-	-	150	-	8	27
Commitments	-	-	2	21	-	-	14

Key management personnel	Total 2015	Associates and joint arrangements	Overall total 2015	Total in financial statements	% of total
-	**5,508**	75	**5,583**	**73,076**	**7.6%**
-	**311**	3	**314**	**2,582**	**12.2%**
-	**-**	15	**15**	**1,563**	**1.0%**
-	**6,877**	212	**7,089**	**37,644**	**18.8%**
-	**2,332**	99	**2,431**	**16,457**	**14.8%**
-	**54**	-	**54**	**2,654**	**2.0%**
-	**(24)**	-	**(24)**	**168**	**-14.3%**
-	**-**	29	**29**	**4,969**	**0.6%**

Key management personnel	Total at Dec. 31, 2015	Associates and joint arrangements	Overall total at Dec. 31, 2015	Total in financial statements	% of total
-	**894**	43	**937**	**12,797**	**7.3%**
-	**-**	2	**2**	**2,381**	**0.1%**
-	**105**	30	**135**	**2,898**	**4.7%**
-	**4**	-	**4**	**1,549**	**0.3%**
-	**2,874**	37	**2,911**	**11,775**	**24.7%**
-	**13**	1	**14**	**11,222**	**0.1%**
-	**534**	-	**534**		
-	**185**	-	**185**		
-	**37**	-	**37**		

Millions of euro	Acquirente Unico	GME	Terna	Eni	GSE	Poste Italiane Group	Other
Income statement							
Revenue from sales and services	-	3,087	1,150	1,124	256	25	63
Other revenue	-	-	4	1	353	-	5
Other financial income	-	-	-	-	-	-	-
Electricity, gas and fuel purchases	4,395	1,690	64	1,229	1	-	2
Services and other materials	-	163	1,886	77	4	119	46
Other operating expenses	3	-	4	46	-	-	-
Net income/(expense) from commodity contracts measured at fair value	17	-	29	-	-	-	-
Other financial expense	-	-	-	-	-	-	-

Millions of euro	Acquirente Unico	GME	Terna	Eni	GSE	Poste Italiane Group	Other
Balance sheet							
Trade receivables	-	444	544	127	24	5	14
Other current assets	1	7	13	1	102	5	5
Other non-current liabilities	-	-	-	-	-	-	2
Trade payables	762	382	406	443	1,006	45	29
Other current liabilities	-	-	1	-	-	1	-
Non-current derivative financial liabilities	-	-	24	-	-	-	-
Other information							
Guarantees received	-	-	-	150	-	4	24
Commitments	-	-	1	19	-	18	11

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at http://www.enel.com/en-GB/group/governance/rules/related_parties/) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In 2015, no transactions were carried out for which it was necessary to make the disclosures required in the rules on transactions with related parties adopted with CONSOB Resolution 17221 of March 12, 2010, as amended with Resolution 17389 of June 23, 2010.

Key management personnel	Total 2014	Associates and joint arrangements	Overall total 2014	Total in financial statements	% of total
-	**5,705**	46	**5,751**	**73,328**	**7.8%**
-	**363**	4	**367**	**2,463**	**14.9%**
-	**-**	23	**23**	**1,248**	**1.8%**
-	**7,381**	214	**7,595**	**36,928**	**20.6%**
-	**2,295**	145	**2,440**	**17,179**	**14.2%**
-	**53**	-	**53**	**2,362**	**2.2%**
-	**46**	-	**46**	**(225)**	**-20.4%**
-	**-**	28	**28**	**5,540**	**0.5%**

Key management personnel	Total at Dec. 31, 2014	Associates and joint arrangements	Overall total at Dec. 31, 2014	Total in financial statements	% of total
-	**1,158**	62	**1,220**	**12,022**	**10.1%**
-	**134**	8	**142**	**3,465**	**4.1%**
-	**2**	-	**2**	**1,464**	**0.1%**
-	**3,073**	86	**3,159**	**13,419**	**23.5%**
-	**2**	1	**3**	**10,827**	**-**
-	**24**	-	**24**	**2,441**	**1.0%**
-	**178**	-	**178**		
-	**49**	-	**49**		

48. Contractual commitments and guarantees

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

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	6,701	4,304	2,397
Commitments to suppliers for:			
- electricity purchases	48,733	54,384	(5,651)
- fuel purchases	64,114	63,605	509
- various supplies	1,725	1,782	(57)
- tenders	1,905	1,785	120
- other	2,895	2,345	550
Total	**119,372**	**123,901**	**(4,529)**
TOTAL	**126,073**	**128,205**	**(2,132)**

For more details on the expiry of commitments and guarantees, please see the section "Commitments to purchase commodities" in note 42.

49. Contingent liabilities and assets

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

The Court of Adria, in a ruling issued on March 31, 2006, convicted former directors and employees of Enel for a number of incidents of air pollution caused by emissions from the Porto Tolle thermoelectric plant. The decision held the defendants and Enel (as a civilly liable party) jointly liable for the payment of damages for harm to multiple parties, both natural persons and public authorities. Damages for a number of mainly private parties (individuals and environmental associations), were set at the amount of €367,000. The calculation of the amount of damages owed to certain public entities (Ministry for the Environment, a number of public entities of Veneto and Emilia Romagna, including the area's park agencies) was postponed to a later civil trial, although a "provisional award" of about €2.5 million was immediately due.

An appeal was lodged against the ruling of the Court of Adria and on March 12, 2009, the Court of Appeal of Venice partially reversed the lower court decision. It found that the former directors had not committed a crime and that there was no environmental damage and therefore ordered recovery of the provisional award already paid. The prosecutors and the civil claimants lodged an appeal against the ruling with the Court of Cassation. In a ruling on January 11, 2011, the Court of Cassation granted the appeal, overturning the decision of the Venice Court of Appeal, and referred the case to the civil section of the Venice Court of Appeal to rule as regards payment of damages and the division of such damages among the accused. As regards amounts paid to a number of public entities in Veneto, Enel has already made payment under a settlement agreement reached in 2008. With a suit lodged in July 2011, the Ministry for the Environment, the public entities of Emilia Romagna and the private actors who had already participated as injured parties in the criminal case asked the Venice Court of Appeal to order Enel SpA and Enel Produzione to pay civil damages for harm caused by the emissions from the Porto Tolle power station. The amount of damages requested for economic and environmental losses was about €100 million, which Enel contested. During 2013, an agreement was reached – with no admission of liability by Enel/Enel Produzione – with the public entities of Emilia Romagna to express social solidarity in line with the general sustainability policies of the Group. The suits with the Ministry and private parties (environmental associations and a number of resident individuals, who have received no payments from Enel during the proceedings) remain open. On July 10, 2014, the decision of the Venice Court of Appeal was filed ordering the defendants, jointly with Enel/Enel Produzione, to pay damages in the amount of €312,500, plus more than €55,000 in legal expenses. The Ministry's request for calculation of the amount of damages it claimed it was owed was deemed inadmissible, as grounds for barring such action arose in the course of the criminal proceedings. In the meantime the Court issued a general conviction with damages to be awarded in a separate decision and ordered payment of legal costs. Enel ledged an appeal with the Court of Cassation in February 2015 of the ruling of the Venice Court of Appeal of July 10, 2014 and is currently waiting for the date of the hearing to be set.

In August 2011, the Public Prosecutor's Office of Rovigo asked that a number of directors, former directors, officers, former officers and employees of Enel and Enel Produzione be remanded for trial on the charge of willful omission to take precautionary actions to prevent a disaster in respect of the alleged emissions from the Porto Tolle plant. Subsequently, the public prosecutor filed charges of willfully causing a disaster. During 2012, the pre-trial hearing judge of Rovigo, granting the request of the Public Prosecutor's Office of Rovigo, ordered the committal for trial of all of the accused for both offences. The Ministry for the Environment, the Ministry of Health and other actors, mainly local authorities in Emilia Romagna and Veneto, as well as the park agencies of the area, joined the case as injured parties, seeking unspecified damages from the above individuals, without citing Enel or Enel Produzione as liable parties. Evidence was submitted during 2013. During the year, as part of the agreement mentioned earlier, most of the public entities withdrew their suits.

At the hearing of March 31, 2014, the Court sitting en banc issued its ruling of first instance, acquitting all of the accused of the charge of willful omission to take precautionary safety measures. The Court also acquitted all of the accused of the charge of willfully causing a disaster, with the exception of the two former Chief Executive Officers of Enel SpA (although the Court did not grant the request for recognition of aggravating circumstances as provided for when the di-

saster actually occurs). The former Chief Executive Officers were then ordered to pay unspecified damages in a separate civil action, with a total provisional ruling of €410,000 and payment of court costs for the remaining civil parties to the action. The Court's full ruling was filed at the end of September 2014. The decision was appealed by the two former Chief Executive Officers and by the public prosecutor at the start of November 2014. Further appeals were later filed by (i) the Chief Executive Officer in office until 2014, despite having been acquitted, in order to obtain the denial of the grounds for appeal of the prosecutor and a broader acquittal than that obtained in the first trial; (ii) two local authorities that had not initially participated; (iii) the two Ministries (Environment and Health) and (iv) the Italia Nostra association.
The date of the hearing for arguments before the Venice Court of Appeal has not yet been set.

Brindisi Sud thermal generation plant - Criminal proceedings against Enel employees

A criminal proceeding is under way before the Court of Brindisi concerning the Brindisi Sud thermal plant. A number of employees of Enel Produzione – cited as a liable party in civil litigation during 2013 – have been accused of causing criminal damage and dumping of hazardous substances with regard to the alleged contamination of land adjacent to the plant with coal dust as a result of actions between 1999 and 2011. At the end of 2013, the accusations were extended to cover 2012 and 2013. As part of the proceeding, injured parties, including the Province and City of Brindisi, have submitted claims for total damages of about €1.4 billion. The argument phase is under way.
Criminal proceedings are also under way before the Courts of Reggio Calabria and Vibo Valentia against a number of employees of Enel Produzione for the offense of illegal waste disposal in connection with alleged violations concerning the disposal of waste from the Brindisi plant. Enel Produzione has not been cited as a liable party for civil damages.
After the filing of the findings of the new expert witnesses requested by the Court, the proceedings before the Court of Reggio Calabria were adjourned until March 31, 2016 to continue the questioning of the new expert witnesses begun on February 17, 2016. The proceedings before the Court of Vibo Valentia were adjourned until March 22, 2016 in order to hear the testimony of the final witnesses called by the other accused.

Out-of-court disputes and litigation connected with the blackout of September 28, 2003

In the wake of the blackout that occurred on September 28, 2003, numerous claims were filed against Enel Distribuzione for automatic and other indemnities for losses. These claims gave rise to substantial litigation before justices of the peace, mainly in the regions of Calabria, Campania and Basilicata, with a total of some 120,000 proceedings. Charges in respect of such indemnities could be recovered in part under existing insurance policies. Most of the initial rulings by these judges found in favor of the plaintiffs, while appellate courts have nearly all found in favor of Enel Distribuzione. The Court of Cassation has also consistently ruled in favor of Enel Distribuzione. At December 31, 2015 pending cases numbered about 18,000 as a result of additional appeals filed. In addition, in view of the rulings in Enel's favor by both the Courts of Appeal and the Court of Cassation, the flow of new claims has come to a halt. Beginning in 2012, a number of actions for recovery were initiated, which continue, to obtain repayment of amounts paid by Enel in execution of the rulings in the courts of first instance.
In May 2008, Enel served its insurance company (Cattolica) a summons to ascertain its right to reimbursement of amounts paid in settlement of unfavorable rulings. The case also involved a number of reinsurance companies in the proceedings, which have challenged Enel's claim. In a ruling of October 21, 2013, the Court of Rome granted Enel's petition, finding the insurance coverage to be valid and ordering Cattolica, and consequently the reinsurance companies, to hold Enel harmless in respect of amounts paid or to be paid to users and their legal counsel as well as, within the limits established by the policies, to pay defense costs.
On the basis of that ruling, in October 2014, Enel filed suit against Cattolica with the Court of Rome to obtain a quantification of the amounts due to Enel and payment of those amounts by Cattolica.
The first hearing with the parties in court was set, after a number of postponements, for July 18, 2016, to allow Cattolica to carry out additional summons.
Subsequently, Cattolica appealed the ruling of the court of

first instance of October 21, 2013, before the Rome Court of Appeal, asking that it be overturned.
The suit was adjourned until February 23, 2018 for final pleadings.

BEG litigation

Following an arbitration proceeding initiated by BEG SpA in Italy, Enelpower obtained a ruling in its favor in 2002, which was upheld by the Court of Cassation in 2010, which entirely rejected the complaint with regard to alleged breach by Enelpower of an agreement concerning the construction of a hydroelectric power station in Albania.
Subsequently, BEG, acting through its subsidiary Albania BEG Ambient Shpk, filed suit against Enelpower and Enel SpA in Albania concerning the matter, obtaining a ruling, upheld by the Albanian Supreme Court of Appeal, ordering Enelpower and Enel to pay tortious damages of about €25 million for 2004 as well as an unspecified amount of tortious damages for subsequent years. Following the ruling, Albania BEG Ambient demanded payment of more than €430 million.

The European Court of Human Rights, with which Enelpower SpA and Enel SpA had filed an appeal for violation of the right to a fair trial and the rule of law by the Republic of Albania, rejected the petition as inadmissible. The ruling was purely procedural and did not address the substance of the suit.

In February 2012, Albania BEG Ambient filed suit against Enel SpA and Enelpower SpA with the *Tribunal de Grande Instance* in Paris in order to render the ruling of the Albanian court enforceable in France. Enel SpA and Enelpower SpA challenged the suit. The proceeding is still under way and the Court has issued no preliminary or definitive rulings so far.
Subsequently, again at the initiative of Albania BEG Ambient, Enel France was served with two "*Saise Conservatoire de Créances*" (orders for the precautionary attachment of receivables) to conserve any receivables of Enel SpA in respect of Enel France. J.P. Morgan Bank Luxembourg SA was also served with an analogous order in respect of any receivables of Enel SpA.

In March 2014, Albania BEG Ambient filed suit against Enel SpA and Enelpower SpA in New York to render the ruling of the Albanian court enforceable in the State of New York. Enel SpA and Enelpower, in presenting their defense, contested all aspects of the foundation of the plaintiff's case and they took all steps available to them to defend their interests.
On April 22, 2014, in response to a motion filed by Enel and Enelpower, the court revoked the previous ruling issued against the companies freezing assets of around $600 million. The suit is pending and no measures, preliminary or otherwise, have been taken by the court. On April 27, 2015, Enel SpA and Enelpower SpA asked for the case to be transferred from the New York State Courts to the Federal Courts. In a ruling of March 10, 2016, the Federal Court denied the motion of Enel SpA and Enelpower SpA, confirming the jurisdiction of the New York State Court, where the case is proceeding.

On June 2, 2014 Albania BEG Ambient obtained an order from the court in the Hague, based upon the preliminary injunction, freezing up to €440 million held with a number of entities and the establishment of a lien on the shares of two subsidiaries of Enel SpA in that country. Enel SpA and Enelpower SpA challenged that ruling and on July 1, 2014, the Dutch court, in granting the petition of Enel and Enelpower, provisionally determined the value of the suit at €25 million and ordered the removal of the preliminary injunction subject to the issue of a bank guarantee in the amount of €25 million by Enel and Enelpower. Enel and Enelpower have appealed this ruling.
On July 3, 2014, Albania BEG Ambient sought to obtain a second order to freeze assets. Following the hearing of August 28, 2014, the court in the Hague granted a preliminary injunction for the amount of €425 million on September 18, 2014. Enel and Enelpower have appealed this injunction. In a ruling of February 9, 2016, the Hague Court of Appeal upheld the appeals, ordering the revocation of the preliminary injunctions subject to the pledging of a guarantee by Enel of €440 million and a counter-guarantee by Albania BEG Ambient of about €50 million (the estimated value of the losses of Enel and Enelpower from the seizure of assets and the pledge of bank guarantees).
At the end of July 2014, Albania BEG Ambient filed suit in the Netherlands to render the ruling of the Albanian court enforceable in that country. At the end of January 2016, the final hearing was held and the decision will be issued on May 4, 2016.

Albania BEG Ambient also filed suits in Ireland and Luxembourg to render the ruling of the Court of Tirana enforceable in those two countries. In Ireland, the court issued a ruling on March 8, 2016 upholding the defense of Enel and Enelpower, finding that Ireland had no jurisdiction. The ruling will be approved in the coming weeks. In Luxembourg, the proceeding is still under way and Enel and Enelpower are challenging the claims put forth by Albania BEG Ambient. The court has issued no ruling.

With a ruling of June 16, 2015, the first level was completed in the additional suit lodged by Enelpower SpA and Enel SpA with the Court of Rome asking the Court to ascertain the liability of BEG SpA for having evaded compliance with the arbitration ruling issued in Italy in favor of Enelpower SpA through the legal action taken by Albania BEG Ambient. With this action, Enelpower SpA and Enel SpA have asked the Court to find BEG liable and order it to pay damages in the amount that the other could be required to pay to Albania BEG Ambient in the event of the enforcement of the sentence issued by the Albanian courts. With the ruling, the Court of Rome found that BEG SpA did not have standing to be sued, or alternatively, that the request was not admissible for lack of an interest for Enel SpA and Enelpower SpA to sue, as the Albanian ruling had not yet been declared enforceable in any court. The Court ordered the setting off of court costs. Enel SpA and Enelpower SpA appealed the ruling before the Rome Court of Appeal, asking that it be overturned in full.

Violations of Legislative Decree 231/2001

The following two cases for alleged violation of Legislative Decree 231/2001 concerning the administrative liability of legal persons are pending. One involves Enel Produzione and one involves Enel Distribuzione, for omission of accident prevention measures:

> for an accident involving an employee of a subcontractor at the Enel Federico II plant at Brindisi in 2009, Enel Produzione has been charged with administrative liability for negligent personal injury. The trial in the court of first instance ended on March 8, 2016 with the acquittal of the Enel employees and the Company for offenses under Legislative Decree 231/2001;
> for a fatal accident involving an employee of a subcontractor in Palermo in 2008, Enel Distribuzione has been charged with administrative liability for manslaughter. The trial is proceeding.

Red Eléctrica de España arbitration - Spain

On July 1, 2010, in compliance with legal requirements, Endesa Distribución Eléctrica ("EDE") signed a contract with Red Eléctrica de España ("REE") for the sale of assets consisting of the transmission network owned by EDE. The price was set at about €1,400 million. The contract provided for a price adjustment if remuneration decreased or increased following the liquidation carried out by the *Comisión Nacional de los Mercados y la Competencia* (CNMC) by December 31, 2013.
REE's interpretation of Ministerial Order IET/2443/2013, published in December 2013, would produce a lower remuneration than that provided for in the contract and, on that basis, the company undertook an arbitration proceeding before the *Corte Civil y Mercantil de Arbitraje* (CIMA), asking for an adjustment of the sale price.
The value of the claim was subsequently quantified at €94 million. In November 2015, a settlement was reached to end the arbitration proceeding (and any possible litigation).

Basilus litigation (formerly Meridional) - Brazil

The Brazilian construction company Basilus S/A Serviço, Emprendimiento y Participações (formerly Meridional) held a contract for civil works with the Brazilian company CELF (owned by the State of Rio de Janeiro), which withdrew from the contract. As part of its privatization, CELF transferred its assets to Ampla Energia e Serviços SA (Ampla). In 1998, Basilus filed suit against Ampla, arguing that the transfer had infringed its rights and that it had been defrauded.
Ampla obtained favorable judgments in the courts of first and second instance. Although the second-level decision was adjudicated Basilus lodged a special appeal (*mandado de segurança*) in September 2010 asking for the adverse ruling to be overturned. That request was denied.
Subsequently Basilus lodged a new appeal with the *Tribunal Superior de Justiça*, which was denied. Basilius has appealed the decision.
The amount involved in the dispute is about R$1,344 million (about €311 million).

CIEN litigation - Brazil

In 1998 the Brazilian company CIEN signed an agreement with Tractebel for the delivery of electricity from Argentina through its Argentina-Brazil interconnection line. As a result of Argentine regulatory changes introduced as a consequence of the economic crisis in 2002, CIEN was unable to make the electricity available to Tractebel. In October 2009, Tractebel sued CIEN, which submitted its defense. CIEN cited force majeure as a result of the Argentine crisis as the main argument in its defense. Out of court, Tractebel has indicated that it plans to acquire 30% of the interconnection line involved in the dispute.

In March 2014, the court granted CIEN's motion to suspend the proceedings in view of the existence of other litigation pending between the parties.

The amount involved in the dispute is estimated at about R$118 million (about €27 million), plus unspecified damages.

For analogous reasons, in May 2010 Furnas also filed suit against CIEN for failure to deliver electricity, requesting payment of about R$520 million (about €121 million), in addition to unspecified damages.

In alleging non-performance by CIEN, Furnas is also seeking to acquire ownership (in this case 70%) of the interconnection line.

CIEN's defense is similar to the earlier case. The claims put forth by Furnas were rejected by the trial court in August 2014.

Furnas lodged an appeal against the latter decision and the proceedings are continuing.

Cibran litigation - Brazil

Companhia Brasileira de Antibióticos (Cibran) has filed a number of suits against Ampla Energia e Serviços SA (Ampla) to obtain damages for alleged losses incurred as a result of the interruption of service by the Brazilian distribution company. The court ordered a unified technical appraisal for those cases, the findings of which were partly unfavorable to Ampla. The latter challenged the findings, asking for a new study. The proceedings concerning that petition are pending.

In September 2014, the court of first instance issued a ruling against Ampla in one of the various suits noted above, levying a penalty of about R$200,000 (about €46,000) as well as other damages to be quantified at a later stage. Ampla has appealed the ruling and the appeal is under way.

In another pending case, on June 1, 2015, the courts issued a ruling ordering Ampla to pay R$80,000 (about €18,000) in non-pecuniary damages as well as R$96,465,103 (about €22 million) in pecuniary damages on the basis of an expert appraisal, plus interest. Ampla appealed the decision. The value of all the disputes is estimated at about R$374 million (about €86 million).

Coperva litigation - Brazil

As part of the project to expand the grid in rural areas of Brazil, in 1982 Companhia Energética do Ceará SA ("Coelce"), then owned by the Brazilian government and now an Enel Group company, had entered into contracts for the use of the grids of a number of cooperatives established specifically to pursue the expansion project. The contracts provided for the payment of a monthly fee by Coelce, which was also required to maintain the networks.

Those contracts, between cooperatives established in special circumstances and the then public-sector company, do not specifically identify the grids governed by the agreements, which has prompted a number of the cooperatives to sue Coelce asking for, among other things, a revision of the fees agreed in the contracts. These actions include the suit filed by Cooperativa de Eletrificação Rural do V do Acarau Ltda (Coperva) with a value of about R$179 million (about €42 million). Coelce was granted rulings in its favor from the court of first instance and the Court of Appeal, but Coperva filed a further appeal (*Embargo de Aclaración*) and a decision is pending.

El Quimbo (Colombia)

A number of legal actions ("*acciones de grupo*" and "*acciones populares*") brought by residents and fishermen in the affected area are pending with regard to the El Quimbo project for the construction of a 400 MW hydroelectric plant in the region of Huila (Colombia). More specifically, the first *Acción de grupo*, currently in the preliminary stage, was brought by around 1,140 residents of the municipality of Garzón, who claim that the construction of the plant would reduce their business revenues by 30%. A second action was brought, between August 2011 and December 2012, by residents and businesses/associations of five municipalities of Huila claiming damages related to the closing

of a bridge (Paso El Colegio). With regard to *acciones populares*, or class action lawsuits, in 2008 a suit was filed by a number of residents of the area demanding, among other things, that the environmental permit be suspended. Another *Acción popular* was brought by a number of fish farming companies over the alleged impact that filling the Quimbo basin would have on fishing in the Betania basin downstream from Quimbo. In February 2015, the Court ordered the precautionary suspension of filling operations until a number of specific requirements have been met.
The precautionary suspension was subsequently modified to permit filling to proceed, which began on June 30, 2015. However, on July 3, 2015 CAM (the regional environmental authority) issued a measure ("*medida preventiva*") again ordering filling operations to be suspended temporarily.
In view of the technical impossibility of suspending filling operations, on July 17, 2015 Emgesa received a notice modifying the precautionary measure to prohibit generation activities until ANLA (the national environmental authority) certifies that the company removed the biomass and forest waste from the Quimbo reservoir basin.
In September 2015, ANLA issued two reports which in general confirm that the company had fulfilled the requirements. Consequently, on September 21, 2015 the company asked the court to lift the precautionary suspension. Pending the ruling, as an energy emergency has been declared, the Ministry of Energy issued a decree authorizing Emgesa to begin generation.
On December 16, 2015, the Constitutional Court ruled that the presidential decree was unconstitutional and as from that date Emgesa suspended electricity generation.
On December 24, 2015, the *Ministero Minas y Energia* and the AUNAP (the authority for agriculture and fishing) filed a joint motion asking the criminal court to authorize generation as a precautionary measure. On January 8, 2016, the court granted the precautionary measure requested by the Ministry and the AUNAP, authorizing the temporary and immediate resumption of generation at El Quimbo. The precautionary measure granted by the court would remain in force until the Huila court issued a ruling on the substance of the case, i.e. the revocation or upholding of the precautionary measure previously issued by the local administrative court.
With a decision of February 22, 2016, the Huila court issued a ruling allowing generation to continue for six months. The court ordered Emgesa to prepare a technical design that would ensure compliance with oxygen level requirements and to provide collateral of about 20,000,000,000 Colombian pesos (about €5.5 million).

Nivel de Tensión Uno proceedings - Colombia

This dispute involves an "*acción de grupo*" brought by Centro Médico de la Sabana hospital and other parties against Codensa seeking restitution of allegedly excess rates. The action is based upon the alleged failure of Codensa to apply a subsidized rate that they claim the users should have paid as *Tensión Uno* category users (voltage of less than 1 kV) and owners of infrastructure, as established in Resolution 82/2002, as amended by Resolution 97/2008. The suit is at a preliminary stage. The estimated value of the proceeding is about 337,626,840,000 Colombian pesos (about €96 million).

SAPE (formerly Electrica) arbitration proceedings - Romania

On June 11, 2007, Enel SpA entered into a Privatization Agreement with SC Electrica SA for the privatization of Electrica Muntenia Sud ("EMS"). The accord provided for the sale to Enel of 67.5% of the Romanian company. In accordance with the unbundling rules, in September 2008 the distribution and electricity sales operations were transferred to two new companies, Enel Distributie Muntenia ("EDM") and Enel Energie Muntenia ("EEM"). In December 2009, Enel transferred the entire capital of the two companies to Enel Investment Holding BV ("EIH").
On July 5, 2013, EMS notified Enel SpA, EIH, EDM and EEM (limited to a number of claims) of a request for arbitration before the International Chamber of Commerce in Paris, claiming damages for alleged violations of specific clauses of the Privatization Agreement.
More specifically, the plaintiff claimed payment of penalties of about €800 million, plus interest and additional unspecified damages.
The proceeding is under way. A hearing was held in the first week of June 2015, with the arbitration ruling expected to be issued by the end of April 2016.
On September 29, 2014, SAPE notified Enel and Enel Investment Holding that it had submitted a further arbitration request to the International Court of Arbitration in Paris see-

king around €500 million (plus interest) in connection with the put option contained in the Privatization Agreement. The put option gives SAPE the right to sell a 13.57% stake in Enel Distributie Muntenia and Enel Energie Muntenia.

The proceeding is under way and a hearing is expected to be held in July 2016.

Gabčíkovo dispute - Slovakia

Slovenské elektrárne ("SE") is involved in a number of cases before the national courts concerning the 720 MW Gabčikovo hydroelectric plant, which is administered by Vodohospodárska Výsatavba Štátny Podnik ("VV") and whose operation and maintenance, as part of the privatization of SE in 2006, had been entrusted to SE for a period of 30 years under a management agreement (the VEG Operation Agreement).

Immediately after the closing of the privatization, the Public Procurement Office (PPO) filed suit with the Court of Bratislava seeking to void the VEG Operation Agreement on the basis of alleged violations of the regulations governing public tenders, qualifying the contract as a service contract and as such governed by those regulations. In November 2011 the court of first instance ruled in favor of SE, whereupon the PPO appealed the decision.

In parallel with the PPO action, VV also filed a number of suits, asking in particular for the voidance of the VEG Operation Agreement and for SE to pay VV the revenue from the sale of electricity generated by the plant since 2006.

SE considers the claims of VV to be unfounded and is contesting the various suits, which have been suspended pending a decision in the proceeding launched by the PPO.

On March 9, 2015, the decision of the appeals court overturned the ruling of the court of first instance and voided the contract. SE lodged an extraordinary appeal against that decision and the request for arbitration with the Vienna International Arbitral Centre ("VIAC") under the VEG Indemnity Agreement. Under that accord, which had been signed as part of the privatization between the National Property Fund of the Slovak Republic and SE, the latter is entitled to an indemnity in the event of the early termination of the VEG Operation Agreement for reasons not attributable to SE.

In April 2015, SE had also received a notice from VV demanding payment of about €490 million for alleged unjustified enrichment from the operation of the plant in 2006-2015. SE rejected the demand.

Finally, VV lodged a further suit with the District Court of Bratislava seeking restitution of the fees paid by VV to SE for the transfer of the assets in the privatization. This latter proceeding has also been suspended pending the decision in the proceeding undertaken by the PPO.

Dispute between Energia XXI Energias Renováveis e Consultoria Limitada and Enel Green Power España

In 1999 Energia XXI filed for arbitration against MADE (now Enel Green Power España) for alleged losses incurred due to the early termination of an agency contract for the sale of wind generators and wind farms of Enel Green Power España in Portugal and Brazil. With its ruling of November 21, 2000, the arbitration board found that the termination of the contract by MADE was illegitimate and ordered it to pay: (i) legal costs; (ii) the fixed portion of the monthly fee for the period from July 21, 1999 (date of termination of contract) to October 9, 2000 (expiration date of the contract), equal to about €50,000; (iii) lost profits to be determined in respect of contracts for at least 15 MW of capacity. Following the arbitration ruling, two civil court cases began:

> the first appeal was lodged by MADE with the *Tribunal Judicial de Primera Instancia* asking for the arbitration ruling to be voided. The case is still pending with the court of first instance following referral by the Court of Appeal (subsequently confirmed by the Supreme Court of Appeal on September 26, 2013), which granted Enel Green Power España's appeal of the admission of briefs. Following questioning of the witnesses of the two parties, the *Tribunal Judicial de Primera Instancia* moved to the judgement stage;

> the second appeal was lodged by Energia XXI on May 9, 2006, with the Civil Court of Lisbon, with which Energia XXI asked for Enel Green Power España to be ordered to pay the amount determined in the arbitration ruling (the losses for which Energia XXI now puts at €546 million). Enel Green Power España considers the claim to be unfounded. Acting on a petition by Enel Green Power España, the court has so far suspended the case pending resolution of the first suit.

CIS and Interporto Campano

On December 4, 2009 and August 4, 2010 Enel Green Power SpA signed, with Interporto Campano and Centro Ingrosso Sviluppo Campania Gianni Nappi SpA ("CIS"), respectively, a leasehold agreement with a term of more than nine years and a leasehold estate for the rooftops of the industrial sheds of the CIS and Interporto Campano in order to build and operate a photovoltaic plant. Two fires subsequently broke out at those sheds: the first occurred on April 22, 2011, during the construction of the plant, while the second broke out on March 26, 2012.
Following the fires, CIS undertook two arbitration proceedings, on November 3, 2012 and May 23, 2014, respectively, with the latter undertaken together with Interporto Campano.
In the arbitration ruling filed on January 31, 2015, the ruling of the arbitration board in the first proceeding found against the contractor as well as contributory negligence on the part of both CIS and Enel Green Power ("EGP"), ordering EGP to pay CIS about €2.5 million, equal to half of the damages originally admitted for indemnification. In the second arbitration proceeding, CIS and Interporto Campano sought the termination of the leasehold estate and the more-than-9-year lease as well as damages for alleged losses following breaches by EGP quantified in the amount of about €65 million, of which about €35 million for costs incurred in dismantling the photovoltaic plants. EGP asked for the suits to be dismissed and filed a counter-claim for damages of about €40 million. The proceeding is at a preliminary stage.

Tax litigation in Brazil

In 1998, Ampla Energia e Serviços SA (Ampla) financed the acquisition of Coelce with the issue of bonds in the amount of $350 million ("Fixed Rate Notes" - FRN) subscribed by its Panamanian subsidiary, which had been established to raise funds abroad. Under the special rules then in force, subject to maintaining the bond until 2008, the interest paid by Ampla to its subsidiary was not subject to withholding tax in Brazil.
However, the financial crisis of 1998 forced the Panamanian company to refinance itself with its Brazilian parent, which for that purpose obtained loans from local banks. The tax authorities considered this financing to be the equivalent of the early extinguishment of the bond, with the consequent loss of entitlement to the exemption from withholding tax.
In December 2005, Ampla Energia e Serviços SA carried out a spin-off in favor of Ampla Investimentos e Serviços SA that involved the transfer of the residual FRN debt and the associated rights and obligations.
On November 6, 2012, the *Camara Superior de Recursos Fiscales* (the highest level of administrative courts) issued a ruling against Ampla, for which the company promptly asked that body for clarifications. On October 15, 2013, Ampla was notified of the denial of the request for clarification ("*Embargo de Declaración*"), thereby upholding the previous adverse decision. The company provided security for the debt and on June 27, 2014 continued litigation before the ordinary courts ("*Tribunal de Justiça*").
The amount involved in the dispute at December 31, 2015 was about €262 million.

In 2002, the State of Rio de Janeiro changed the deadlines for payment of the ICMS (*Imposto sobre Circulação de Mercadorias and Serviços*) by withholding agents (to the 10th, 20th and 30th of each month – *Ley Benedicta*). Owing to liquidity problems, between September 2002 and February 2005, Ampla Energia e Serviços continued to pay the ICMS in compliance with the previous system (the 5th day of the subsequent month). Despite an informal agreement, the Brazilian tax authorities issued an assessment for late payment of the ICMS ("*multa de demora*"). Ampla appealed the measure (the highest level of administrative courts), arguing that the penalties imposed were not due owing to the application of a number of amnesties granted between 2004 and 2006. On October 25, 2015, Ampla filed the ruling issued by the Supreme Court of Brasilia (published on October 2, 2015 and not contested by the tax authorities), which in granting the appeal of Ampla ruled that the change in the deadlines for the payment of the ICMS was unconstitutional. The amount involved in the dispute at December 31, 2015 was about €66 million.

The States of Rio de Janeiro and Ceará issued a number of tax assessments against Ampla Energia e Serviços (for the years 1996-1999 and 2007-2012) and Companhia Energética do Ceará (for the years 2003, 2004 and 2006-2009), challenging the deduction of ICMS in relation to the purchase of certain non-current assets. In March 2015, new assessments were issued (for 2010 and for the period from 2012 to July 2014) with a value of about €8 million. The companies

challenged the assessments, arguing that they correctly deducted the tax and asserting that the assets, the purchase of which generated the ICMS, are intended for use in their electricity distribution activities. One of the administrative proceedings ended with a ruling partially in Ampla's favor, with a reduction in the amount due to the tax authorities. Ampla has appealed the remainder.
The amount involved in the disputes totaled approximately €47 million at December 31, 2015.

On November 4, 2014, the Brazilian tax authorities issued an assessment against Endesa Brasil SA (now Enel Brasil SA) alleging the failure to apply withholding tax to payments of allegedly higher dividends to non-resident recipients.
More specifically, in 2009, Endesa Brasil, as a result of the first-time application of the IFRS-IAS, had cancelled goodwill, recognizing the effects in equity, on the basis of the correct application of the accounting standards it had adopted. The Brazilian tax authorities, however, asserted – during an audit – that the accounting treatment was incorrect and that the effects of the cancellation should have been recognized through profit or loss. As a result, the corresponding value (about €202 million) was reclassified as a payment of income to non-residents and, therefore, subject to withholding tax of 15%.
On December 2, 2014, the company appealed the initial ruling, arguing that its accounting treatment was correct. It should be noted that the accounting treatment adopted by the company was agreed with the external auditor and also confirmed by a specific legal opinion issued by a local firm specializing in corporate law.
The overall amount involved in the dispute at December 31, 2015 was about €54 million.

50. Events after the reporting period

Integration with Enel Green Power

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

- the assignment by EGP to Enel of the spun-off assets, essentially represented by: (i) the 100% stake held by EGP in Enel Green Power International, a Dutch holding company that holds investments in companies operating in the renewable energy sector in North, Central and South America, Europe, South Africa and India; and (ii) the assets, liabilities, contracts and other legal relationships associated with those investments; and
- the retention by EGP of all remaining assets and liabilities other than those that are part of the spun-off assets (and thus, essentially, all Italian operations and a small number of remaining foreign investments).

Since the transaction involves a non-proportional spin-off, it envisages that:

- shareholders of EGP other than Enel may exchange all the shares they hold in EGP with Enel shares; and
- Enel will exchange the shares corresponding to its stake in the spun-off assets with Enel shares, which will be immediately cancelled in accordance with Article 2504-*ter*, paragraph 2, and Article 2506-*ter*, paragraph 5, of the Italian Civil Code.

The Spin-Off will be carried out on the basis of an exchange ratio of 0.486 newly issued Enel shares for each EGP share tendered for exchange, with no cash adjustment. As a result, as of the effective date of the Spin-Off, EGP will reduce its share capital by an amount equal to the value of the spun-off assets, while Enel will increase its share capital to serve the Spin-Off. Enel will issue up to 770,588,712 new shares – which will rank for dividend pari passu and with a par value of €1.00 each – to be assigned to minority shareholders of EGP in accordance with the exchange ratio.
The shareholders of EGP that do not approve the Spin-Off will be entitled to exercise the right of withdrawal pursuant to Article 2437, paragraph 1, letter a) of the Italian Civil Code (the "Right of Withdrawal"), or the right to have their EGP shares purchased by Enel pursuant to Article 2506-*bis*, paragraph 4, of the Italian Civil Code (the "Right of Sale"). The Right of Withdrawal and the Right of Sale may be exercised at the unit settlement value for EGP shares, determined in accordance with Article 2437-*ter*, paragraph 3, of the Italian Civil Code, which is equal to €1.780 per EGP share. At the end of the offer period, those rights had been validly exer-

cised for 16,406,123 ordinary shares of EGP for an aggregate amount of €29.2 million. The shares represent around 0.33% of EGP's share capital. The total value of the shares involved is therefore below the threshold of €300 million, set as a condition for the completion of the Spin-Off.

The shares were offered on an optional pre-emption basis to the shareholders of EGP pursuant to Article 2437-*quater* of the Italian Civil Code, from February 19, 2016 to March 21, 2016 inclusive. Enel announced its intention to fully exercise the option right for the purchase of the shares it is entitled to, as well as to exercise the right of pre-emption for any shares unsold pursuant to Article 2437-*quater*, paragraph 3, of the Italian Civil Code. The effectiveness of the Right of Withdrawal and the Right of Sale and therefore the settlement procedure for the shares, as well as the completion of the offer on an optional pre-emption basis are subject to the completion of the Spin-Off, which is expected to occur by the end of the 1st Quarter of 2016.

The Spin-Off will take statutory effect as from the last of the registrations of the Spin-Off instrument with the Rome Company Register; as from the same date, transactions involving the spun-off assets will be recognized in the Enel financial statements, with the start of accounting and tax effects. Subject to the condition precedent specified above, the closing of the Spin-Off is scheduled to take place by the end of the 1st Quarter of 2016.

Bond buy-back

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

> a nominal €591,088,000 of bonds maturing on June 20, 2017, following the application of the allotment ratio of 92.5715%;

> a nominal €158,919,000 of bonds maturing on June 12, 2018, following the application of the allotment ratio of 100%.

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

Framework agreement with Bank of China and SINOSURE

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

Enel's new corporate identity

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

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

> open access to electricity for more people;

> open the world of energy to new technology;

> open energy management to individuals;

> open power to new uses;

> open up to more partnerships.

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

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

Start-up program in Israel

On February 10, 2016, Enel announced the launch of a technological support program for start-ups in Israel, a country with such a high concentration of innovative tech companies that it boasts its own version of Silicon Valley, called Silicon Wadi. As part of the program, Enel will create a company to support start-ups, acting as a business incubator headquartered in Tel Aviv. It is scheduled to open its doors in May. Each year, up to eight start-ups will be selected from among key local companies, which will be able to benefit from a customized support program in collaboration with Enel.

One of the program's objectives – in addition to developing individual start-ups – is to establish a presence in Israel's innovation ecosystem, one of the most advanced in the world, leveraging venture capital funds, universities and a collaboration with the Office of the "Chief Scientist" of Israel's Ministry of the Economy.

The support company with select the start-ups using public tenders for projects based on Enel's broad range of technological priorities. Once selected the start-ups will have access to Enel engineers and technology experts, who will help them develop their business and their technology, using company facilities for testing and leveraging the Group's commercial and technological experience. Each project will receive support for at least six months.

Memorandum of understanding between architects and Enel Energia

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

Enel Green Power wins renewables tender in Peru

On February 18, 2016, Enel Green Power ("EGP"), acting through its subsidiary Enel Green Power Perú, was awarded the right to sign 20-year energy supply contracts for 126 MW wind power, 180 MW solar PV and 20 MW of hydro capacity following the renewables tender launched by the Peruvian government through the energy regulator OSINERGMIN. With 326 MW awarded in the tender, EGP will become by 2018 the main renewable player in Peru and the only company operating plants of three different renewable technologies in the country.

EGP will be investing about $400 million in the construction of the renewables facilities, which are expected to enter into operation by 2018, in line with the investments outlined in the company's current strategic plan. The 20-year supply contracts awarded to EGP provide for the sale of specified volumes of energy generated by the plants. Nazca wind project will be built in the Marcona district, which is located in Peru's southern coastal area, more specifically in the Ica department, an area blessed by high level of wind resources. This project, with a total installed capacity of 126 MW, once up and running, will generate about 600 GWh per year, while avoiding the emission of around 370,000 metric tons of CO_2

into the atmosphere. The 180 MW Rubi photovoltaic project will be built in the Moquegua district, which is located in Peru's southern area, more specifically in the Moquegua department, an area which enjoys high levels of solar radiation. Once up and running, the solar facility will generate approximately 440 GWh per year, avoiding the emission of around 270,000 metric tons of CO_2 into the atmosphere. The hydro project Ayanunga, whose capacity amounts to an approximate 20 MW, will be built in the Monzón district, which is located in Peru's central area, more specifically in the Huánuco department. Once up and running, the hydro plant will generate annually about 140 GWh, while avoiding the emission of around 109,000 metric tons of CO_2 into the atmosphere.

Disposal of Hydro Dolomiti Enel

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

Declaration of the Chief Executive Officer and the officer responsible for the preparation of corporate financial reports

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the consolidated financial report of the Enel Group at December 31, 2015, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation 11971 of May 14, 1999

1. The undersigned Francesco Starace and Alberto De Paoli, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   a. the appropriateness with respect to the characteristics of the Enel Group and
   b. the effective adoption of the administrative and accounting procedures for the preparation of the consolidated financial statements of the Enel Group in the period between January 1, 2015 and December 31, 2015.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the consolidated financial statements of the Enel Group has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   b. the assessment of the internal control system for financial reporting did not identify any material issues.

3. In addition, we certify that consolidated financial statements of the Enel Group at December 31, 2015:
   a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation 2002 /1606/EC of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the performance and financial position of the issuer and the companies included in the scope of consolidation.

4. Finally, we certify that the report on operations, included in the Annual Report 2015 and accompanied by the consolidated financial statements of the Enel Group at December 31, 2015, contains a reliable analysis of operations and performance, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, March 22, 2016

Francesco Starace
Chief Executive Officer of Enel SpA

Alberto De Paoli
Officer responsible for the preparation
of corporate financial reports

Separate financial statements of Enel SpA

Financial statements

Income statement

Euro	Notes	2015	of which with related parties	2014	of which with related parties
Revenue					
Revenue from sales and services	4.a	237,437,374	*237,707,512*	244,732,151	*244,663,410*
Other revenue and income	4.b	7,705,720	*6,409,403*	920,520	*92,914*
	[Subtotal]	**245,143,094**		**245,652,671**	
Costs					
Consumables	5.a	1,570,962		1,426,297	
Services, leases and rentals	5.b	199,160,903	*72,721,157*	184,864,554	*57,699,240*
Personnel	5.c	175,679,876		119,589,202	*(32,288)*
Depreciation, amortization and impairment losses	5.d	327,066,874		543,329,226	
Other operating expenses	5.e	23,773,659	*272,708*	19,256,153	*(317,979)*
	[Subtotal]	**727,252,274**		**868,465,432**	
Operating income		**(482,109,180)**		**(622,812,761)**	
Income from equity investments	6	2,024,387,668	*2,024,387,668*	1,818,272,847	*1,818,272,847*
Financial income from derivatives	7	3,357,787,018	*499,950,787*	2,190,314,832	*459,596,620*
Other financial income	8	177,252,784	*160,415,399*	221,643,785	*194,191,141*
Financial expense from derivatives	7	3,024,073,367	*2,248,211,467*	1,954,373,400	*1,169,367,271*
Other financial expense	8	1,243,796,482	*1,353,550*	1,377,093,325	*3,142,675*
	[Subtotal]	**1,291,557,621**		**898,764,739**	
Income before taxes		**809,448,441**		**275,951,978**	
Income taxes	9	(201,206,058)		(282,250,536)	
NET INCOME FOR THE YEAR		**1,010,654,499**		**558,202,514**	

Statement of comprehensive income for the year

Euro	Notes	2015	2014
Net income for the year		**1,010,654,499**	**558,202,514**
Other comprehensive income recyclable to profit or loss			
Effective portion of change in the fair value of cash flow hedges		55,191,519	(73,365,668)
Income/(Loss) recognized directly in equity recyclable to profit or loss		**55,191,519**	**(73,365,668)**
Other comprehensive income not recyclable to profit or loss			
Remeasurements of employee benefit liabilities		(6,262,322)	7,140,604
Income/(Loss) recognized directly in equity not recyclable to profit or loss		**(6,262,322)**	**7,140,604**
Income/(Loss) recognized directly in equity	22	**48,929,197**	**(66,225,064)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**1,059,583,696**	**491,977,450**

Balance sheet

Euro	Notes				
ASSETS		**at Dec. 31, 2015**		at Dec. 31, 2014	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	10	7,318,430		7,795,187	
Intangible assets	11	13,979,194		11,405,854	
Deferred tax assets	12	372,601,084		382,572,824	
Equity investments	13	38,984,404,315		38,754,068,086	
Derivatives	14	2,590,475,105	*317,479,879*	1,979,171,296	*818,817,602*
Other non-current financial assets	15	107,178,537	*71,448,713*	146,490,819	*116,989,366*
Other non-current assets	16	409,088,037	*164,342,076*	466,782,285	*176,864,784*
	[Subtotal]	**42,485,044,702**		**41,748,286,351**	
Current assets					
Trade receivables	17	283,402,770	*277,741,015*	131,944,125	*126,901,064*
Tax receivables	18	319,245,633		624,614,245	
Derivatives	14	298,808,858	*25,645,428*	280,273,785	*50,482,464*
Other current financial assets	19	3,402,558,948	*3,130,256,153*	5,040,376,082	*4,222,947,341*
Other current assets	20	459,912,939	*421,632,813*	243,507,371	*208,144,734*
Cash and cash equivalents	21	5,925,363,202		6,972,042,465	
	[Subtotal]	**10,689,292,350**		**13,292,758,073**	
TOTAL ASSETS		**53,174,337,052**		**55,041,044,424**	

Euro	Notes				
LIABILITIES AND SHAREHOLDERS' EQUITY		**at Dec. 31, 2015**		at Dec. 31, 2014	
			of which with related parties		*of which with related parties*
Shareholders' equity					
Share capital		9,403,357,795		9,403,357,795	
Reserves		9,162,506,050		9,113,576,853	
Retained earnings/(Loss carried forward)		5,303,025,796		6,061,293,373	
Profit for the period		1,010,654,499		558,202,514	
TOTAL SHAREHOLDERS' EQUITY	22	**24,879,544,140**		**25,136,430,535**	
Non-current liabilities					
Long-term borrowings	23	14,502,714,348		17,287,754,222	
Employee benefits	24	290,995,396		301,792,836	
Provisions for risks and charges	25	53,892,853		16,242,515	
Deferred tax liabilities	12	290,738,493		251,979,935	
Derivatives	14	2,716,865,899	*1,364,781,681*	2,483,607,608	*469,314,078*
Other non-current liabilities	26	243,205,378	*242,742,934*	286,974,494	*286,925,885*
	[Subtotal]	**18,098,412,367**		**20,628,351,610**	
Current liabilities					
Short-term borrowings	23	4,914,568,035	*3,243,027,360*	4,745,815,106	*4,319,403,537*
Current portion of long-term borrowings	23	3,061,764,326		2,362,593,688	
Trade payables	27	164,019,523	*59,244,803*	138,773,087	*54,531,005*
Derivatives	14	366,838,872	*275,854,022*	359,151,436	*233,714,323*
Other current financial liabilities	28	642,802,743	*83,534,943*	694,402,099	*54,139,432*
Other current liabilities	30	1,046,387,046	*354,456,409*	975,526,863	*396,492,507*
	[Subtotal]	**10,196,380,545**		**9,276,262,279**	
TOTAL LIABILITIES		**28,294,792,912**		**29,904,613,889**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**53,174,337,052**		**55,041,044,424**	

Statement of changes in shareholders' equity

	Share capital and reserves (note 22)			
Euro	Share capital	Share premium reserve	Legal reserve	Reserve pursuant to Law 292/1993
At January 1, 2014	**9,403,357,795**	**5,292,076,658**	**1,880,671,559**	**2,215,444,500**
Other changes	-	-	-	-
Allocation of 2013 net income:				
- dividends	-	-	-	-
- legal reserve	-	-	-	-
- retaining earnings	-	-	-	-
Comprehensive income for the year:				
- income/(loss) recognized directly in equity	-	-	-	-
- net income for the year	-	-	-	-
At December 31, 2014	**9,403,357,795**	**5,292,076,658**	**1,880,671,559**	**2,215,444,500**
At January 1, 2015	**9,403,357,795**	**5,292,076,658**	**1,880,671,559**	**2,215,444,500**
Other changes	-	-	-	-
Allocation of 2014 net income:				
- dividends	-	-	-	-
- legal reserve	-	-	-	-
- retaining earnings	-	-	-	-
Comprehensive income for the year:				
- income/(loss) recognized directly in equity	-	-	-	-
- net income for the year	-	-	-	-
Total at December 31, 2015	**9,403,357,795**	**5,292,076,658**	**1,880,671,559**	**2,215,444,500**

Other sundry reserves	Reserve from remeasurement of net employee benefit liabilities/(assets)	Reserve from measurement of financial instruments	Retained earnings/(Loss carried forward)	Net income for the year	**Total shareholders' equity**
68,241,934	**(16,808,984)**	**(259,825,692)**	**5,911,368,935**	**1,372,360,952**	**25,866,887,657**
1,942	-	-	-	-	**1,942**
-	-	-	-	(1,222,436,514)	**(1,222,436,514)**
-	-	-	-	-	**-**
-	-	-	149,924,438	(149,924,438)	**-**
-	7,140,604	(73,365,668)	-	-	**(66,225,064)**
-	-	-	-	558,202,514	**558,202,514**
68,243,876	**(9,668,380)**	**(333,191,360)**	**6,061,293,373**	**558,202,514**	**25,136,430,535**
68,243,876	**(9,668,380)**	**(333,191,360)**	**6,061,293,373**	**558,202,514**	**25,136,430,535**
-	-	-	-	-	**-**
-	-	-	(846,302,202)	(470,167,889)	**(1,316,470,091)**
-	-	-	-	-	**-**
-	-	-	88,034,625	(88,034,625)	**-**
-	(6,262,322)	55,191,519	-	-	**48,929,197**
-	-	-	-	1,010,654,499	**1,010,654,499**
68,243,876	**(15,930,702)**	**(277,999,841)**	**5,303,025,796**	**1,010,654,499**	**24,879,544,140**

Statement of cash flows

Euro	Notes	2015	of which with related parties	2014	of which with related parties
Income before taxes		**809,448,441**		**275,951,978**	
Adjustments for:					
Amortization and impairment losses of intangible assets and property, plant and equipment	5.d	12,603,102		11,703,869	
Exchange rate adjustments of foreign currency assets and liabilities		274,383,043		287,123,443	
Accruals to provisions		49,937,771		24,534,294	
Dividends from subsidiaries, associates and other companies	6	(2,024,387,668)	*(2,024,387,668)*	(1,818,272,847)	*(1,818,272,847)*
Net financial (income)/expense		452,404,251	*1,589,198,831*	623,640,479	*524,292,099*
(Gains)/Losses from disposals and other non-monetary items		314,602,481		535,184,427	
Cash flows from operating activities before changes in net current assets		**(111,008,579)**		**(60,134,357)**	
Increase/(Decrease) in provisions		(28,744,537)		(55,266,390)	
(Increase)/Decrease in trade receivables	17	(151,458,645)	*(150,839,951)*	84,189,474	*82,062,633*
(Increase)/Decrease in financial and non-financial assets/liabilities		402,341,325	*(414,927,710)*	54,102,343	*(233,456,295)*
Increase/(Decrease) in trade payables	27	25,246,436	*4,713,798*	(73,343,882)	*(27,896,752)*
Interest income and other financial income collected		1,778,925,604	*827,993,050*	774,010,519	*470,312,293*
Interest expense and other financial expense paid		(2,528,964,520)	*(764,118,403)*	(1,369,270,987)	*(148,092,677)*
Dividends from subsidiaries, associates and other companies	6	2,024,387,668	*2,024,387,668*	1,818,272,847	*1,818,272,847*
Income taxes paid (consolidated taxation mechanism)		(348,876,817)		(246,793,145)	
Cash flows from operating activities (a)		**1,061,847,935**		**925,766,422**	
Investments in property, plant and equipment and intangible assets	10-11	(14,699,685)	*(14,419,589)*	(10,940,364)	*(10,406,565)*
Disposals of property, plant and equipment and intangible assets	10-11	-		-	
Investments in entities	13	(546,800,000)	*(546,800,000)*	(200,000)	*(200,000)*
Disposals of equity investments	13	1,861,291	*1,861,291*	-	
Cash flows from investing/disinvesting activities (b)		**(559,638,394)**		**(11,140,364)**	
Financial debt (new long-term borrowing)	23	-		1,602,264,514	
Financial debt (repayments and other net changes)	23	(2,394,106,607)		(1,103,409,596)	
Net change in long-term financial payables/(receivables)		(346,634,658)	*45,540,653*	(974,482,447)	
Net change in short-term financial payables/(receivables)		2,508,323,348	*(15,837,605)*	4,632,587,974	*2,682,474,947*
Dividends paid	22	(1,316,470,887)		(1,222,435,833)	
Cash flows from financing activities (c)		**(1,548,888,804)**		**2,934,524,612**	
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**(1,046,679,263)**		**3,849,150,670**	
Cash and cash equivalents at the beginning of the year	21	6,972,042,465		3,122,891,795	
Cash and cash equivalents at the end of the year	21	**5,925,363,202**		**6,972,042,465**	

Notes to the separate financial statements

1

Form and content of the financial statements

Enel SpA is a corporation (*società per azioni*) that operates in the electricity and gas sector and has its registered office in Viale Regina Margherita 137, Rome, Italy.
In its capacity as holding company, Enel SpA sets the strategic objectives for the Group and its subsidiaries and coordinates their activities. The activities that Enel SpA performs in respect of the other Group companies as part of its management and coordination function, including with regard to the Company's organizational structure, can be summarized as follows:

> **Holding company functions**, associated with the coordination of governance processes at the Group level:
  - Administration, Finance and Control;
  - Human Resources and Organization;
  - Communications;
  - Legal and Corporate Affairs;
  - Innovation and Sustainability;
  - European Affairs;
  - Audit.

> **Global business line functions**, which are responsible for coordination and development of their business in all the geographical areas in which the Group operates:
  - Global Infrastructure and Networks;
  - Global Generation.

> **Global service functions**, which are responsible at the Group level for coordinating all information technology and purchasing activities:
  - Global Purchasing;
  - Global ICT.

Enel SpA performs, both directly and through the subsidiary Enel Finance International NV, a centralized treasury function for the Group (with the exception of the Endesa and Enersis Groups), thereby ensuring that the companies have access to the money and capital markets. Furthermore, the Company, directly and through Enel Insurance NV, provides insurance coverage.
As the Parent Company, Enel SpA has prepared the consolidated financial statements of the Enel Group for the year ending December 31, 2015, which form an integral part of this Annual Report pursuant to Article 154-*ter*, paragraph 1, of the Consolidated Law on Financial Intermediation (Legislative Decree 58 of February 24, 1998).

On March 22, 2016, the Board of Directors authorized the publication of these financial statements at December 31, 2015. These financial statements have undergone statutory auditing by Reconta Ernst & Young SpA.

Basis of presentation

The separate financial statements for the year ended December 31, 2015 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation 2002/1606/EC and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".
The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.
The financial statements consist of the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in shareholders' equity and the statement of cash flows and the related notes.
The assets and liabilities reported in the balance sheet are classified on a "current/non-current basis", with separate reporting of assets held for sale and liabilities included in disposal groups held for sale, if any. 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 12 months following the close of the financial year; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the

12 months following the close of the financial year.
The income statement is classified on the basis of the nature of costs, with separate reporting of net income/(loss) from continuing operations and net income/(loss) from any discontinued operations.
The indirect method is used for the statement of cash flows, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations, if any.
The income statement, the balance sheet and the statement of cash flows report transactions with related parties, the definition of which is given in the section "Accounting policies and measurement criteria" for the consolidated financial statements.
The financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS, as explained in the measurement bases applied to each individual item in the consolidated financial statements.
The financial statements are presented in euro, the functional currency of the Company, and the figures shown in the notes are reported in millions of euro unless stated otherwise.
The financial statements provide comparative information in respect of the previous period.

2

Accounting policies and measurement criteria

The accounting policies and measurement criteria are the same, where applicable, as those adopted in the preparation of the consolidated financial statements, to which the reader should refer for more information, with the exception of those regarding equity investments in subsidiaries and associated companies.
Subsidiaries are all entities over which Enel SpA has control. The Company controls an entity when it is exposed to or has rights to variable returns deriving from its involvement and has the ability, through the exercise of its power over the investee, to affect its returns. Power is defined as having the concrete ability to direct the significant activities of the entity by virtue of the existence of substantive rights.
Associates comprise those entities in which Enel SpA has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of investees but not exercise control or joint control over those entities.
Equity investments in subsidiaries and associates are measured at cost. Cost is adjusted for any impairment losses, which are reversed where the reasons for their recognition no longer obtain. The carrying amount resulting from the reversal may not exceed the original cost.
Where the loss pertaining to Enel SpA exceeds the carrying amount of the investment and the Company is obligated to perform the legal or constructive obligations of the investee or in any event to cover its losses, the excess with respect to the carrying amount is recognized in liabilities in the provision for risks and charges.
In the case of a disposal, without economic substance, of an investment to an entity under common control, any difference between the consideration received and the carrying amount of the investment is recognized in equity.

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

3

Recent accounting standards

For information on recent accounting standards, please refer to the corresponding section of the notes to the consolidated financial statements.

Information on the Income Statement

Revenue

4.a Revenue from sales and services - *€237 million*

"Revenue from sales and services" is comprised of:

Millions of euro

	2015	2014	Change
Services			
Group companies	237	245	(8)
Non-Group counterparties	-	-	-
Total revenue from sales and services	**237**	**245**	**(8)**

Revenue from "services" amounted to €237 million and essentially regard services provided by the Company to subsidiaries as part of its management and coordination function and the rebilling of sundry expenses incurred by it but pertaining to the subsidiaries. That revenue, which is affected by the new organizational structure of the Group and the new remuneration system of the Parent Company, decreased by €8 million compared with the previous year, mainly due to a reduction in management fees and technical fees charged to certain Group companies, partly offset by an increase in revenue from communication activities.

"Revenue from sales and services" breaks down by geographical area as follows:

> €179 million in Italy (€206 million in 2014);
> €30 million in the European Union (€34 million in 2014);
> €8 million in non-EU Europe (€5 million in 2014);
> €20 million in other countries (none in 2014).

4.b Other revenue and income - *€8 million*

"Other revenue and income" came to €8 million in 2015, mainly regarding seconded personnel, up €7 million from the previous year (€1 million in 2014).

Costs

5.a Consumables - *€1 million*

Purchases of "consumables" came to €1 million, unchanged from the previous year. They comprise purchases from non-Group suppliers of consumable materials of various kinds.

5.b Services, leases and rentals - *€199 million*

Costs for "services, leases and rentals" break down as follows.

Millions of euro

	2015	2014	Change
Services	182	170	12
Leases and rentals	17	15	2
Total services, leases and rentals	**199**	**185**	**14**

Costs for "services", totaling €182 million, concerned costs for services provided by third parties in the amount of €124 million (€126 million in 2014) and services provided by Group companies totaling €57 million (€44 million in 2014). More specifically, the decrease in costs for services provided by third parties, equal to €2 million, is mainly attributable to the decline in advertising, communication and print campaign expenses as a consequence of the new organizational structure adopted by the Group, which transferred part of communication activities from the holding company to the Countries.
Costs for services rendered by Group companies increased by €13 million, mainly due to higher costs incurred in respect of IT services and training provided by the subsidiary Enel Italia Srl, and the increase in costs with Enel Iberoamérica SL for seconded personnel performing global service activities.
Costs for "leases and rentals" mainly comprise costs for leasing assets from the subsidiary Enel Servizi Srl. They increased by €1 million compared with the previous year, essentially due to higher costs in respect of third parties for vehicle leases and costs for rental and leasing of buildings owned by the subsidiary Enel Italia Srl.

5.c Personnel - *€176 million*

Personnel costs break down as follows.

Millions of euro

	Notes	**2015**	2014	Change
Wages and salaries		97	71	26
Social security costs		30	24	6
Post-employment benefits	24	(4)	5	(9)
Other long-term benefits	24	11	9	2
Other costs and other incentive plans	25	42	11	31
Total		**176**	**120**	**56**

"Personnel" costs amounted to €176 million, an increase of €56 million compared with 2014, essentially the result of the rise in "wages and salaries" and the related social security costs (totaling €32 million, essentially attributable to the increase in the workforce), the increase in costs for the new agreements for voluntary termination benefits under Article 4 of the Fornero Act (€31 million), and a decrease in other costs connected with the termination of the collective rules on electricity discounts, with the extinguishment and reversal of the associated provision as of December 31, 2015 (€10 million).

The item "post-employment benefits" includes cost for defined benefit plans and for defined contribution plans. In more detail, costs for defined contribution plans amounted to €5 million for 2015, an increase of €2 million compared with 2014 as a result of the expansion of the workforce.

The table below shows the average number of employees by category compared with the previous year, and the actual number of employees at December 31, 2015.

	Average number			Headcount
	2015	2014	Change	**at Dec. 31, 2015**
Senior managers	212	100	112	211
Middle managers	549	384	165	548
Office staff	337	306	31	339
Total	**1,098**	**790**	**308**	**1,098**

5.d Depreciation, amortization and impairment losses - *€327 million*

Millions of euro

	2015	2014	Change
Depreciation	3	3	-
Amortization	9	9	-
Impairment losses	315	531	(216)
Total	**327**	**543**	**(216)**

"Depreciation, amortization and impairment losses", amounting to €327 million (€543 million in 2014), decreased by €216 million compared with the previous year. More specifically, amortization and depreciation totaled €12 million, unchanged compared with 2014.
In 2015, impairment losses amounted to €315 million, reflecting the impairment recognized on the investments in Enel Trade SpA (€250 million) and Enel Ingegneria e Ricerca SpA (€65 million), while in 2014 they included impairment of €531 million on the investments in Enel Produzione SpA (€512 million) and Enel Ingegneria e Ricerca SpA (€19 million).
For more information on the criteria adopted in determining those losses, please see note 13 below.

5.e Other operating expenses - *€24 million*

"Other operating expenses" amounted to €24 million, up €5 million on the previous year, mainly due to the provision of €3 million for the compensation to be following the elimination of the electricity discount benefit for retired employees. The provision was established as at December 31, 2015, following the termination, as from January 1, 2016, of the agreement on rate subsidies granted to retired employees and their survivors.

Operating income amounted to a negative €482 million, an improvement of €141 million compared with the previous year, essentially due to the effect of the recognition in 2014 of greater impairment losses on equity investments in the amount of €216 million and greater higher costs in 2015 for personnel (€56 million) and rentals and leases (€14 million).

6. Income from equity investments - *€2,024 million*

Income from equity investments, amounting to €2,024 million, entirely collected in 2015, regards dividends approved by the shareholders' meetings of the subsidiaries and associates (€1,545 million) and the special dividend distributed by Enel Iberoamérica SL (€479 million).

Millions of euro

	2015	2014	Change
Dividends from subsidiaries and associates	**2,023**	**1,818**	**205**
Enel Produzione SpA	-	223	(223)
Enel Distribuzione SpA	1,245	1,373	(128)
Enelpower SpA	-	1	(1)
Enel.Factor SpA	-	3	(3)
Enel Italia Srl	9	7	2
Enel Energia SpA	159	16	143
Enel Servizio Elettrico SpA	-	85	(85)
Enel Green Power SpA	109	109	-
Enel Iberoamérica SL	500	-	500
CESI SpA	1	1	-
Dividends from other entities	**1**	**-**	**1**
Emittenti Titoli SpA	1	-	1
Total	**2,024**	**1,818**	**206**

7. Net financial income/(expense) from derivatives - *€334 million*

This item breaks down as follows.

Millions of euro

	2015	2014	Change
Income from derivatives			
- on behalf of Group companies:	**2,813**	**1,726**	**1,087**
income from derivatives at fair value through profit or loss	2,813	1,726	1,087
- on behalf of Enel SpA:	**545**	**464**	**81**
- income from fair value hedge derivatives	33	39	(6)
- income from cash flow hedge derivatives	435	415	20
- income from derivatives at fair value through profit or loss	77	10	67
Total income from derivatives	**3,358**	**2,190**	**1,168**
Expense on derivatives			
- on behalf of Group companies:	**2,824**	**1,737**	**1,087**
- expense on derivatives at fair value through profit or loss	2,824	1,737	1,087
- on behalf of Enel SpA:	**200**	**217**	**(17)**
- expense on fair value hedge derivatives	27	-	27
- expense on cash flow hedge derivatives	102	167	(65)
- expense on derivatives at fair value through profit or loss	71	50	21
Total expense from derivatives	**3,024**	**1,954**	**1,070**
TOTAL NET FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	**334**	**236**	**98**

Net income from derivatives amounted to €334 million (€236 million in 2014) and essentially reflects the net income from derivatives entered into on behalf of Enel SpA.

The increase of €98 million over 2014 reflected the combined effect of a decrease in net financial expense on cash flow hedge derivatives (€85 million), an increase in net financial income on derivatives at fair value through profit or loss (€46 million) and higher net expense on fair value hedge derivatives (€33 million), all entered into on behalf of Enel SpA on both interest rates and exchange rates.

For more details on derivatives, please see note 31 "Financial instruments" and note 33 "Derivatives and hedge accounting".

8. Other net financial income/(expense) - *€(1,066) million*

This item breaks down as follows.

Millions of euro

	2015	2014	Change
Other financial income			
Interest income at the effective interest rate			
Interest income at the effective interest rate on long-term financial assets	5	6	(1)
Interest income at the effective interest rate on short-term financial assets	155	206	(51)
Total	**160**	**212**	**(52)**
Positive exchange rate differences	5	10	(5)
Income on fair value hedges - post-hedge adjustment	4	-	4
Other income	8	-	8
Total other financial income	**177**	**222**	**(45)**
Other financial expense			
Interest expense			
Interest expense on bank borrowings	25	67	(42)
Interest expense on bonds	930	968	(38)
Interest expense on other borrowings	1	3	(2)
Total	**956**	**1,038**	**(82)**
Negative exchange rate differences	279	293	(14)
Interest expense on post-employment and other employee benefits	6	9	(3)
Fair value hedge charges - adjustment of hedged items	-	26	(26)
Other financial expense	2	11	(9)
Total other financial expense	**1,243**	**1,377**	**(134)**
TOTAL OTHER NET FINANCIAL INCOME/(EXPENSE)	**(1,066)**	**(1,155)**	**89**

Other net financial expense amounted to €1,066 million, mainly reflecting the interest expense on borrowings (€956 million) and negative exchange rate differences (€279 million), partly offset by short and long-term interest income (totaling €160 million). The decrease in net financial expense of €89 million over 2014 was primarily caused by a reduction in interest expense on financial debt (€82 million) and mainly reflects changes in debt during the year.

9. Income taxes - *€(201) million*

Millions of euro

	2015	2014	Change
Current taxes	(197)	(299)	102
Deferred tax income	(2)	8	(10)
Deferred tax expense	(2)	9	(11)
Total	**(201)**	**(282)**	**81**

Income taxes for 2015 showed a creditor position of €201 million, mainly as a result in the reduction in the tax base for the corporate income tax (IRES) compared with income before taxes due to the exclusion of 95% of the dividends received from the subsidiaries and the deductibility of Enel SpA's interest expense for the Group's consolidated taxation mechanism in accordance with corporate income tax law (Article 96 of the Uniform Income Tax Code).

The difference of €81 million on the previous year reflected both the difference between the two years in the amount of dividends received from subsidiaries and the writedown of equity investments meeting the requirements under Article 87 of the Uniform Income Tax Code.

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

Millions of euro

	2015	% rate	2014	% rate
Income before taxes	810		276	
Theoretical corporate income taxes (IRES) (27.5%)	**223**	**27.5%**	**76**	**27.5%**
Tax decreases:				
- dividends from equity investments	(529)	-65.3%	(475)	-172.1%
- prior-year writedowns	(10)	-1.2%	(14)	-5.1%
- other	(11)	-1.4%	(22)	-8.0%
Tax increases:				
- writedowns for the year	86	10.6%	152	55.1%
- accruals to provisions	17	2.1%	10	3.6%
- prior-year expense	2	0.2%	3	1.1%
- other	32	4.0%	3	1.1%
Total current income taxes (IRES)	**(190)**	**-23.5%**	**(267)**	**-96.7%**
IRAP	**-**	**-**	**-**	**-**
Difference on estimated income taxes from prior years	**(7)**	**-0.9%**	**(32)**	**-11.6%**
Total deferred tax items	**(4)**	**-0.5%**	**17**	**6.2%**
- of which impact of change in tax rate	7		-	
- of which changes for the year	(11)		9	
- of which changes in estimates for previous years	-		8	
TOTAL INCOME TAXES	**(201)**	**-24.8%**	**(282)**	**-102.2%**

Information on the Balance Sheet

Assets

10. Property, plant and equipment - *€7 million*

Developments in property, plant and equipment for 2014 and 2015 are set out in the table below.

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	**Total**
Cost	1	3	3	5	19	31	**62**
Accumulated depreciation	-	(2)	(3)	(5)	(18)	(25)	**(53)**
Balance at Dec. 31, 2013	**1**	**1**	**-**	**-**	**1**	**6**	**9**
Capital expenditure	-	-	-	-	-	2	**2**
Depreciation	-	-	-	-	-	(3)	**(3)**
Total changes	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Cost	1	3	3	5	19	33	**64**
Accumulated depreciation	-	(2)	(3)	(5)	(18)	(28)	**(56)**
Balance at Dec. 31, 2014	**1**	**1**	**-**	**-**	**1**	**5**	**8**
Capital expenditure	-	-	-	-	-	2	**2**
Depreciation	-	-	-	-	-	(3)	**(3)**
Total changes	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Cost	1	3	3	5	19	35	**66**
Accumulated depreciation	-	(2)	(3)	(5)	(18)	(31)	**(59)**
Balance at Dec. 31, 2015	**1**	**1**	**-**	**-**	**1**	**4**	**7**

"Property, plant and equipment" totaled €7 million, a decrease of €1 million compared with the previous year, essentially attributable to the negative net balance between capital expenditure during the year (€2 million) and depreciation for the period (€3 million). "Leasehold improvements" mainly regard the renovation and safety work on a number of buildings housing Enel SpA's headquarters.

11. Intangible assets - *€14 million*

"Intangible assets", all of which have a finite useful life, break down as follows.

Millions of euro	Industrial patents and intellectual property rights	Other intangible assets under development	Total
Balance at Dec. 31, 2013	**10**	**1**	**11**
Capital expenditure	-	9	**9**
Assets entering service	9	(9)	**-**
Amortization	(9)	-	**(9)**
Total changes	**-**	**-**	**-**
Balance at Dec. 31, 2014	**10**	**1**	**11**
Capital expenditure	-	13	**13**
Assets entering service	13	(14)	**(1)**
Amortization	(9)	-	**(9)**
Total changes	**4**	**(1)**	**3**
Balance at Dec. 31, 2015	**14**	**-**	**14**

"Industrial patents and intellectual property rights" relate mainly to costs incurred in purchasing software as well as related evolutionary maintenance. Amortization is calculated on a straight-line basis over the item's residual useful life (three years on average).

The amount of the item increased by €4 million as compared with the previous year, essentially attributable to assets entering service (€13 million) and amortization for the year (€9 million). Assets entering service essentially relate to software systems to manage consolidated and global reporting, risk and centralized finance systems.

12. Deferred tax assets and liabilities - *€373 million* and *€291 million*

Changes in "deferred tax assets" and "deferred tax liabilities", grouped by type of timing difference, are shown below.

Millions of euro

	at Dec. 31, 2014	Increase/(Decrease) taken to income statement	Increase/(Decrease) taken to equity	Other changes	**at Dec. 31, 2015**
	Total				**Total**
Deferred tax assets					
Nature of temporary differences:					
- accruals to provisions for risks and charges and impairment losses	28	1	-	(21)	8
- derivatives	314	-	(13)	-	301
- other items	41	1	1	21	64
Total	**383**	**2**	**(12)**	**-**	**373**
Deferred tax liabilities					
Nature of temporary differences:					
- measurement of financial instruments	243	-	41	-	284
- other items	9	(2)	-	-	7
Total	**252**	**(2)**	**41**	**-**	**291**
Excess net deferred IRES tax assets after any offsetting	**172**				**136**
Excess net deferred IRAP tax liabilities after any offsetting	**(41)**				**(54)**

"Deferred tax assets" totaled €373 million (€383 million at December 31, 2014), a decrease of €10 million compared with the previous year, mainly attributable to lower deferred tax assets in respect of the fair value measurement of cash flow hedges (€13 million) and to an increase in deferred tax assets associated with accruals to provisions for risks and charges and other items (€3 million, of which €2 million recognized in profit or loss and €1 million in equity).

"Deferred tax liabilities" totaled €291 million, an increase of €39 million (€252 million at December 31, 2014), due largely to deferred taxes in respect of the fair value measurement of cash flow hedges (€41 million).

The amount of deferred tax assets and liabilities was determined by applying the rates of 27.5% for IRES for provisions and reversals expected for 2016, while for provisions that refer to periods after 2016, as provided for by law, the rate was adjusted to 24.0% (the effect of the change in the rate led to the reversal of a total of €10 million from equity and of €7 million from profit or loss). In addition, deferred tax liabilities only also included the rate of 5.57% for IRAP (taking account of regional surtaxes). The amount of deferred tax assets was determined without applying IRAP as in the coming years we do not expect to earn income subject to IRAP sufficient to reverse the temporary deductible differences.

13. Equity investments - *€38,984 million*

The table below shows the changes during the year for each investment, with the corresponding values at the beginning and end of the year, as well as the list of investments held in subsidiaries, associates and other companies.

Millions of euro	Original cost	(Writedowns)/ Revaluations	Other changes - IFRIC 11 and IFRS 2	Carrying amount	% holding	Capital contributions and loss coverage	Acquisitions/ (Disposals)/ (Settlements)/ (Repayments)
			at Dec. 31, 2014				
A) Subsidiaries							
Enel Produzione SpA	4,892	(512)	4	4,384	100.0	-	-
Enel Ingegneria e Ricerca SpA	46	(19)	1	28	100.0	40	-
Enel Distribuzione SpA	4,054	-	2	4,056	100.0	-	-
Enel Servizio Elettrico SpA	110	-	-	110	100.0	-	-
Enel Trade SpA	901	-	1	902	100.0	500	-
Enel Green Power SpA	3,640	-	2	3,642	68.3	-	-
Enel Investment Holding BV	8,498	(4,473)	-	4,025	100.0	-	-
Enelpower SpA	189	(159)	-	30	100.0	-	-
Enel Open Fiber SpA	-	-	-	-	-	-	-
Enel Energia SpA	1,321	(8)	-	1,313	100.0	-	-
Enel Iberoamérica SL	18,300	-	-	18,300	100.0	-	-
Enel.Factor SpA	18	-	-	18	100.0	-	-
Enel Sole Srl	5	-	-	5	100.0	-	-
Enel Italia Srl	525	(41)	3	487	100.0	-	-
Enel.Newhydro Srl	70	(54)	-	16	100.0	-	-
Enel Finance International NV	1,414	-	-	1,414	100.0	-	-
Enel Oil & Gas SpA	-	-	-	-	100.0	2	(2)
Total	**43,983**	**(5,266)**	**13**	**38,730**		**542**	**(2)**
C) Associates							
CESI SpA	23	-	-	23	42.7	-	-
Total	**23**	**-**	**-**	**23**		**-**	**-**
D) Other companies							
Elcogas SA	5	(5)	-	-	4.3	-	-
Emittenti Titoli SpA	1	-	-	1	10.0	-	-
Idrosicilia SpA	-	-	-	-	1.0	-	-
Total	**6**	**(5)**	**-**	**1**		**-**	**-**
TOTAL	**44,012**	**(5,271)**	**13**	**38,754**		**542**	**(2)**

Formation/ Contributions (+/-)/Mergers (+/-)/ (Demergers)	Value adjustments	Balance	Original cost	(Writedowns)/ Revaluations	Other changes - IFRIC 11 and IFRS 2	Carrying amount	% holding
Changes in 2015				at Dec. 31, 2015			
-	-	-	4,892	(512)	4	4,384	100.0
-	(65)	(25)	86	(84)	1	3	100.0
-	-	-	4,054	-	2	4,056	100.0
-	-	-	110	-	-	110	100.0
-	(250)	250	1,401	(250)	1	1,152	100.0
-	-	-	3,640	-	2	3,642	68.3
-	-	-	8,498	(4,473)	-	4,025	100.0
-	-	-	189	(159)	-	30	100.0
5	-	5	5	-	-	5	100.0
-	-	-	1,321	(8)	-	1,313	100.0
-	-	-	18,300	-	-	18,300	100.0
-	-	-	18	-	-	18	100.0
-	-	-	5	-	-	5	100.0
-	-	-	525	(41)	3	487	100.0
-	-	-	70	(54)	-	16	100.0
-	-	-	1,414	-	-	1,414	100.0
-	-	-	-	-	-	-	-
5	**(315)**	**230**	**44,528**	**(5,581)**	**13**	**38,960**	
-	-	-	23	-	-	23	42.7
-	**-**	**-**	**23**	**-**	**-**	**23**	
-	-	-	5	(5)	-	-	4.3
-	-	-	1	-	-	1	10.0
-	-	-	-	-	-	-	1.0
-	**-**	**-**	**6**	**(5)**	**-**	**1**	
5	**(315)**	**230**	**44,557**	**(5,586)**	**13**	**38,984**	

The table below reports changes in equity investments in 2015.

Millions of euro	
Increases	
Recapitalization of Enel Oil & Gas SpA	2
Recapitalization of Enel Trade SpA	500
Recapitalization of Enel Ingegneria e Ricerca SpA	40
Formation of Enel Open Fiber SpA	5
Total	**547**
Decreases	
Disposal to Enel Trade SpA of interest held in Enel Oil & Gas SpA	(2)
Writedown of equity investment in Enel Ingegneria e Ricerca SpA	(65)
Writedown of equity investment in Enel Trade SpA	(250)
Total	**(317)**
NET CHANGE	**230**

The net increase in the value of equity investments in subsidiaries, associates and other companies, equal to €230 million, is attributable to:

> the recapitalization of Enel Oil & Gas SpA in January in the amount of €2 million, allocated to "Other reserves", in order to enable the company to meet its operational and financial requirements. In November, the investment was sold to Enel Trade SpA for €2 million, corresponding to the value of the company's equity;

> the recapitalization on December 4, 2015, of the subsidiary Enel Trade SpA through the waiver of part of the financial receivable due from that company on the intercompany current account in the amount of €500 million, which was allocated to an available equity reserve;

> the recapitalization, on December 15, 2015, of the subsidiary Enel Ingegneria e Ricerca SpA through the waiver of part of the financial receivable due from that company on the intercompany current account in the amount of €40 million, which was allocated to an available equity reserve;

> the formation, on December 21, 2015, with the payment of share capital of €5 million wholly owned by Enel SpA, of Enel Open Fiber SpA, created to develop high-speed ultra-wide band fiber optic electronic communications networks;

> the writedown of €65 million on the interest held in Enel Ingegneria e Ricerca SpA to take account of losses caused by the contraction in operating activities due to a reduction in the Group's investments in conventional generation and the provision associated with the union agreement on the application of Article 4 of Law 92/2012 (the Fornero Act);

> the writedown of the equity investment in Enel Trade SpA, in the amount of €250 million, to take account of the losses posted by the company, connected with developments in the energy commodity market and in the upstream business. That impairment loss led to the adjustment of the carrying amount of the investment to the value produced in the impairment test, which was conducted using the discounted cash flow approach. Accordingly, although that value still exceeds the book equity value of the subsidiary, the results of the test confirm that it is fully recoverable.

The following table reports the main assumptions used in determining the impairment losses of Enel Ingegneria e Ricerca SpA and Enel Trade SpA.

Millions of euro	Original cost	Growth rate (1)	Discount rate pre-tax WACC (2)	Explicit period of cash flows	Terminal value (3)
			at Dec. 31, 2015		
Enel Ingegneria e Ricerca SpA	68	2.00%	9.25%	5 years	Perpetuity
Enel Trade SpA	1,402	1.90%	9.37%	5 years	Perpetuity

(1) Perpetual growth rate of cash flows after explicit period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield for the years indicated in the column.

The recoverable value of the equity investments recognized through the impairment tests was estimated by calculating the equity value of the investments through an estimate of their value in use 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.

For the purpose of comparing value with the carrying amount of the investments, the enterprise value resulting from the estimation of future cash flows was converted into the equity value by subtracting the net financial position of the investee.

Cash flows were determined on the basis of the best information available at the time of the estimate and drawn:

> for the explicit period, from the 5-year 2016-2020 business plan approved by the Board of Directors of the Parent Company containing forecasts for volumes, revenue, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices. The explicit period of cash flows considered in impairment testing was five years;

> for subsequent years, taking account of assumptions concerning long-term developments in the main variables that determine cash flows, the average residual useful life of assets or the duration of the concessions.

More specifically, the terminal value was calculated as a perpetuity or annuity.

The share certificates for Enel SpA's investments in Italian subsidiaries are held in custody at Monte dei Paschi di Siena.

The following table reports the share capital and shareholders' equity of the investments in subsidiaries, associates and other companies at December 31, 2015.

	Registered office	Currency	Share capital (euro)	Shareholders' equity (millions of euro)	Prior year income/ (loss) (millions of euro)	% holding	Carrying amount (millions of euro)
A) Subsidiaries							
Enel Produzione SpA	Rome	Euro	1,800,000,000	4,244	330	100.0	4,384
Enel Ingegneria e Ricerca SpA	Rome	Euro	30,000,000	29	(37)	100.0	3
Enel Distribuzione SpA	Rome	Euro	2,600,000,000	4,730	1,613	100.0	4,056
Enel Servizio Elettrico SpA	Rome	Euro	10,000,000	69	(29)	100.0	110
Enel Trade SpA	Rome	Euro	90,885,000	480	(255)	100.0	1,152
Enel Green Power SpA (1)	Rome	Euro	1,000,000,000	9,630	264	68.3	3,642
Enel Investment Holding BV (1)	Amsterdam	Euro	1,593,050,000	4,245	(593)	100.0	4,025
Enelpower SpA	Milan	Euro	2,000,000	30	-	100.0	30
Enel Open Fiber SpA	Rome	Euro	5,000,000	5	-	100.0	5
Enel Energia SpA	Rome	Euro	302,039	1,785	395	100.0	1,313
Enel Iberoamérica SL	Madrid	Euro	500,000,000	23,482	435	100.0	18,300
Enel.Factor SpA	Rome	Euro	12,500,000	52	4	100.0	18
Enel Sole Srl	Rome	Euro	4,600,000	63	8	100.0	5
Enel Italia Srl	Rome	Euro	50,000,000	388	(22)	100.0	487
Enel.Newhydro Srl	Rome	Euro	1,000,000	19	1	100.0	16
Enel Finance International NV	Amsterdam	Euro	1,478,810,370	1,486	31	100.0	1,414
C) Associates							
CESI SpA	Milan	Euro	8,550,000	101	9	42.7	23
D) Other companies							
Elcogas SA (2)	Puertollano	Euro	809,690	(79)	(68)	4.3	-
Emittenti Titoli SpA (2)	Milan	Euro	4,264,000	16	10	10.0	1
Idrosicilia SpA (2)	Milan	Euro	22,520,000	43	3	1.0	-

(1) The figures for shareholders' equity and the results for the period refer to the Group.
(2) The figures for share capital, shareholders' equity and net income refer to the financial statements at December 31, 2014.

The carrying amounts of the equity investments in Enel Produzione SpA, Enel Italia Srl, Enel Servizio Elettrico SpA and Enel Trade SpA are considered to be recoverable even though they individually exceed the respective shareholders' equity at December 31, 2015. This circumstance is not felt to represent an impairment loss in respect of the investment but rather a temporary mismatch between the two amounts. More specifically:

> in the case of Enel Produzione, it is due essentially to a decline in the fair value of a number of balance sheet items that are reflected in shareholders' equity;
> as to Enel Italia Srl and Enel Servizio Elettrico SpA, it is attributable to the retroactive application of "IAS 19 - *Employee benefits*" in 2013, which involved the recognition of net actuarial losses and that necessarily had an impact on the companies' shareholders' equity. As these losses are not monetary in nature, they will be recovered in future years with no cash outflow for the subsidiaries.

As regards the subsidiary Enel Investment Holding BV, despite equity exceeding the book equity of the company, it was nevertheless thought appropriate to conduct an impairment test at December 31, 2015, essentially owing to the adverse performance of the controlling stake that it holds in Enel Russia, a company operating in the thermal generation sector, for which an impairment loss was recognized during the year.

Equity investments in other companies at December 31, 2015 all regard unlisted companies and are measured at cost, as the fair value cannot be reliably determined.
The investment in Elcogas was written off in 2014 and since January 1, 2015 the company has been in liquidation.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014
Equity investments in unlisted companies measured at cost	**1**	**1**
Elcogas SA	-	-
Emittenti Titoli SpA	1	1
Idrosicilia SpA	-	-

14. Derivatives - *€2,591 million, €299 million, €2,717 million, €367 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Derivative financial assets	2,591	1,979	299	280
Derivative financial liabilities	2,717	2,484	367	359

For more details about the nature, recognition and classification of derivative financial assets and liabilities, please see notes 31 "Financial instruments" and 33 "Derivatives and hedge accounting".

15. Other non-current financial assets - *€107 million*

The aggregate is composed of the following:

Millions of euro

	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014	Change
Prepaid expenses		30	25	5
Other non-current financial assets included in net financial debt	15.1	77	121	(44)
Total		**107**	**146**	**(39)**

"Prepaid expenses" are essentially accounted for by residual transaction costs on the €10 billion revolving credit facility agreed on April 19, 2010, between Enel, Enel Finance International and Mediobanca, as well as those in respect of the Forward Start Facility Agreement signed on February 8, 2013, and the subsequent renegotiation of the facility on February 12, 2015 in the amount of €9.4 billion. The renegotiation involved a general reduction in the cost of the facility and extended its term until 2020. The item reports the non-current portion of those costs and their reversal through profit or loss depends on the type of fee involved and the maturity of the credit line.

15.1 Other non-current financial assets included in net financial debt - *€77 million*

Millions of euro

	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014	Change
Financial receivables				
Due from subsidiaries	31.1.1	72	117	(45)
Other financial receivables		5	4	1
Total		**77**	**121**	**(44)**

Financial receivables due from subsidiaries, amounting to €72 million, refers to receivables in respect of the assumption by Group companies of their share of financial debt. The terms of the agreements call for the rebilling of the related finance costs and the income and expenses accrued on the interest-rate risk hedging contracts, as well as the repayment of the principal upon maturity of each loan. The decrease of €45 million is attributable to the reclassification under other current financial assets of the portion of receivables falling due within 12 months.

16. Other non-current assets - *€409 million*

This item can be broken down as follows.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Tax receivables	244	290	(46)
Receivable from subsidiaries for assumption of supplementary pension plan liabilities	162	173	(11)
Other long-term receivables	3	4	(1)
Total	**409**	**467**	**(58)**

"Tax receivables" regard the tax credit in respect of the claim for reimbursement submitted by Enel SpA on its own behalf for 2003 and on its own behalf and as the consolidating company for 2004-2011 for excess income tax paid as a result of not partially deducting IRAP in calculating taxable income for IRES purposes. This item decreased by €46 million over the previous year due to the partial reimbursement of €39 million in respect of the installments for 2004-2007 and the recalculation of the value of the receivable for interest following the reimbursement from the Revenue Agency.

The item "receivable from subsidiaries for assumption of supplementary pension plan liabilities" in the amount of €162 million refers to receivables in respect of the assumption by Group companies of their share of the supplementary pension plan. The terms of the agreement state that the Group companies concerned are to reimburse the costs of extinguishing defined benefit obligations of the Parent Company, which are recognized under "Employee benefits".
On the basis of actuarial forecasts made using current assumptions, the portion due beyond five years of the "receivable from subsidiaries for assumption of supplementary pension plan liabilities" came to €100 million (€111 million at December 31, 2014) .

"Other long-term receivables" amounted to €3 million and essentially regard the receivable due from Enel Ingegneria e Ricerca SpA for the sale in 2011 of the interest held in Sviluppo Nucleare Italia Srl.

17. Trade receivables - *€283 million*

The item breaks down as follows.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Customers:			
- other receivables	7	6	1
Total	**7**	**6**	**1**
Trade receivables due from subsidiaries	276	126	150
TOTAL	**283**	**132**	**151**

"Trade receivables due from subsidiaries" primarily regard the management and coordination services and other activities performed by Enel SpA on behalf of Group companies. The increase of €150 million is linked with developments in the revenue associated with those services, as well as changes in in collection times.
Trade receivables due from subsidiaries break down as follows.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Subsidiaries			
Enel Iberoamérica SL	1	1	-
Enel Produzione SpA	23	18	5
Enel Distribuzione SpA	44	7	37
Enel Green Power SpA	17	7	10
Endesa SA	(1)	-	(1)
Enel Servizio Elettrico SpA	3	(1)	4
Enel Trade SpA	5	3	2
Enel Energia SpA	7	21	(14)
Enel Italia Srl	78	-	78
Slovenské elektrárne AS	16	17	(1)
Enel.si Srl	1	6	(5)
Enel Green Power North America Inc.	1	1	-
Enel Sole Srl	-	2	(2)
Enel Russia PJSC	18	16	2
Endesa Distribución Eléctrica SL	19	16	3
Endesa Generación SA	3	(2)	5
Endesa Energía SA	4	6	(2)
Enel Romania Srl	4	4	-
Enel Brasil SA	15	-	15
Empresa de Distribución Eléctrica de Lima Norte SAA	2	-	2
Edegel SA	2	-	2
Other	14	4	10
Total	**276**	**126**	**150**

Trade receivables by geographical area are shown below.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Italy	181	66	115
EU	56	47	9
Non-EU Europe	22	18	4
Other	24	1	23
Total	**283**	**132**	**151**

18. Tax receivables - *€319 million*

Income tax receivables at December 31, 2015 amounted to €319 million and essentially regard the Company's IRES credit for current 2015 taxes (€189 million) and the receivable with respect to consolidated IRES for 2015 (€127 million).

19. Other current financial assets - *€3,403 million*

This item can be broken down as follows.

Millions of euro

	Notes	at Dec. 31, 2015	at Dec. 31, 2014	Change
Other current financial assets included in net financial debt	19.1	3,052	4,693	(1,641)
Other sundry current financial assets		351	347	4
Total		**3,403**	**5,040**	**(1,637)**

19.1 Other current financial assets included in net financial debt - *€3,052 million*

Millions of euro

	Notes	at Dec. 31, 2015	at Dec. 31, 2014	Change
Financial receivables due from Group companies:				
- short-term financial receivables (intercompany current accounts)	31.1.1	2,912	4,018	(1,106)
- current portion of receivables for assumption of loans	31.1.1	46	-	46
Financial receivables due from others:				
- other financial receivables		8	3	5
- cash collateral for margin agreements on OTC derivatives	31.1.1	86	672	(586)
Total		**3,052**	**4,693**	**(1,641)**

"Other current financial assets included in net financial debt", amounting to €3,052 million at December 31, 2015, refer to "financial receivables due from Group companies" (€2,958 million) and "financial receivables due from others (€94 million).

"Financial receivables due from Group companies" decreased by €1,060 million over December 31, 2014, due to the decline in short-term financial receivables due from Group companies on the intercompany current account (€1,106 million), only partly offset by current portion of receivables in respect of the assumption by Group companies of their share of financial debt (€46 million).

"Financial receivables due from others" decreased by €581 million, essentially attributable to the reduction in cash collateral paid to counterparties for OTC derivatives on interest rates and exchange rates.

20. Other current assets - *€460 million*

At December 31, 2015, the item broke down as follows.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Tax receivables	21	33	(12)
Other receivables due from Group companies	422	208	214
Receivables due from others	17	3	14
Total	**460**	**244**	**216**

"Other current assets" increased by €216 million as compared with December 31, 2014.

"Tax receivables" amounted to €21 million, primarily accounted for by the VAT credit for the Group (€14 million) and other receivables with respect to prior-year income taxes (€7 million). The decrease of €12 million on the previous year is essentially due to the decline in the VAT credit for the Group. "Other receivables due from Group companies" mainly comprise IRES receivables in respect of the Group companies participating in the consolidated taxation mechanism (€312 million), and VAT receivables in respect of participating in the Group VAT mechanism (€110 million). The increase of €214 million on the previous year is essentially attributable to the increase in intercompany IRES receivables connected with the consolidated taxation mechanism (€196 million).

21. Cash and cash equivalents - *€5,925 million*

Cash and cash equivalents are detailed in the following table.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Bank and post office deposits	5,925	6,972	(1,047)
Cash and cash equivalents on hand	-	-	-
Total	**5,925**	**6,972**	**(1,047)**

Cash and cash equivalents amounted to €5,925 million, a decrease of €1,047 million compared with December 31, 2014, mainly due to the impact of the repayment of a number of bonds, as well as normal operations connected with the central treasury function performed by Enel SpA.

Liabilities

22. Shareholders' equity - *€24,880 million*

Shareholders' equity amounted to €24,880 million, down €256 million compared with December 31, 2014. The decrease is essentially attributable to the distribution of the dividend for 2014 in the amount of €0.14 euro per share (for a total of €1,316 million), as approved by the shareholders on May 28, 2015, as well as comprehensive income for the year (€1,060 million).

Share capital - *€9,403 million*

At December 31, 2015 (as at December 31, 2014), the share capital of Enel SpA amounted to €9,403,357,795 fully subscribed and paid up, represented by 9,403,357,795 ordinary shares with a par value of €1.00 each.
At the same date, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, no shareholders held more than 2% of the total share capital, apart from the Ministry for the Economy and Finance, which holds 25.50%, Norges Bank (with a 2.018% stake, which fell below 2% on January 8, 2016) and CNP Assurances (2.87%, held as at June 23, 2015 for asset management purposes).

Other reserves - *€9,163 million*

Share premium reserve - *€5,292 million*

The share premium reserve did not change compared with the previous year.

Legal reserve - *€1,881 million*

The legal reserve, equal to 20.0% of share capital, did not change compared with the previous year.

Reserve pursuant to Law 292/1993 - *€2,215 million*

The reserve shows the remaining portion of the value adjustments carried out when Enel was transformed from a public entity to a joint-stock company.
In the case of a distribution of this reserve, the tax treatment for capital reserves as defined by Article 47 of the Uniform Income Tax Code shall apply.

Other sundry reserves - *€68 million*

Other sundry reserves include €19 million related to the reserve for capital grants, which reflects 50% of the grants received from Italian public entities and EU bodies in application of related laws for new works (pursuant to Article 55 of Presidential Decree 917/1986), which is recognized in equity in order to take advantage of tax deferment benefits. It also includes €29 million in respect of the stock option reserve and €20 million for other reserves.

Reserve from measurement of financial instruments - *€(277) million*

At December 31, 2015, the item was entirely represented by the reserve from measurement of cash flow hedge derivatives with a negative value of €277 million (net of the positive tax effect of €17 million).

Reserve from remeasurement of net employee benefit liabilities/(assets) - *€(16) million*

At December 31, 2015, the employee benefit plan reserve amounted to €16 million (net of the positive tax effect of €3 million). The reserve includes all actuarial gains and losses recognized directly in equity, as the corridor approach is no longer permitted under the revised version of "IAS 19 - *Employee benefits*".

The table below provides a breakdown of changes in the reserve from measurement of financial instruments and the reserve from remeasurement of net employee benefit liabilities/(assets) in 2014 and 2015.

Millions of euro	At Jan. 1, 2014	Gross gains/(losses) recognized in equity for the year	Gross released to income statement	Taxes	at Dec. 31, 2014	Gross gains/(losses) recognized in equity for the year	Gross released to income statement	Taxes	**at Dec. 31, 2015**
Reserve from measurement of cash flow hedge instruments	(259)	173	(248)	2	(332)	441	(334)	(52)	(277)
Gains/(Losses) from the remeasurement of net employee benefit liabilities/(assets)	(17)	10	-	(3)	(10)	(5)	-	(1)	(16)
Gains/(Losses) recognized directly in equity	**(276)**	**183**	**(248)**	**(1)**	**(342)**	**436**	**(334)**	**(53)**	**(293)**

Retained earnings/(Loss carried forward) - *€5,303 million*

For 2015, the item shows a decrease of €758 million, attributable to the resolution of the Shareholders' Meeting of May 28, 2015, which provided for the use of this reserve in the amount of €846 million for the distribution of dividends to shareholders and the allocation to "retained earnings" of part of the net income for 2014, equal to €88 million.

Net income - *€1,011 million*

Net income for 2015 amounted to €1,011 million.
The table below shows the availability of shareholders' equity for distribution.

Millions of euro

	at Dec. 31, 2015	Possible uses	Amount available
Share capital	**9,403**		
Capital reserves:			
- share premium reserve	5,292	ABC	5,292
Income reserves:			
- legal reserve	1,881	B	
- reserve pursuant to Law 292/1993	2,215	ABC	2,215
- reserve from measurement of financial instruments	(277)		
- reserve for capital grants	19	ABC	19 (1)
- stock option reserve	29	ABC	29 (2)
- reserve from remeasurement of net employee benefit liabilities/(assets)	(16)		
- other	20	ABC	20
Retained earnings/(Loss carried forward)	5,303	ABC	5,303
Total	**23,869**		**12,878**
amount available for distribution			*12,875*

A: for capital increases.
B: to cover losses.
C: for distribution to shareholders.
(1) Regards lapsed options.
(2) Not distributable in the amount of €3 million regarding options granted by the Parent Company to employees of subsidiaries that have lapsed.

There are no restrictions on the distribution of the reserves pursuant to Article 2426, paragraph 1(5) of the Italian Civil Code since there are no unamortized start-up and expansion costs or research and development costs, or departures pursuant to Article 2423, paragraph 4, of the Italian Civil Code.

Note that in the three previous years, the available reserve denominated "retained earnings/(loss carried forward)" has been used in the amount of €846 million for the distribution of dividends to shareholders.

Enel's goals in capital management are focused on the creation of value for shareholders, safeguarding the interests of stakeholders and ensuring business continuity, as well as on maintaining sufficient capitalization to ensure cost-effective access to outside sources of financing, so as to adequately support growth in the Group's business.

22.1 Dividends

The table below shows the dividends paid by the Company in 2014 and 2015.

	Amount distributed (in millions of euro)	Net dividend per share (in euro)
Dividends paid in 2014		
Dividends for 2013	1,223	0.13
Interim dividend for 2014	-	-
Special dividends	-	-
Total dividends paid in 2014	**1,223**	**0.13**
Dividends paid in 2015		
Dividends for 2014	1,316	0.14
Interim dividend for 2015	-	-
Special dividends	-	-
Total dividends paid in 2015	**1,316**	**0.14**

A remaining dividend in respect of 2015, equal to €0.16 per share, amounting to a total dividend of €1,627 million, was proposed at the Shareholders' Meeting called for May 26, 2016. These financial statements do not reflect the distribution of this dividend for 2015 to shareholders.

22.2 Capital management

The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Group seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.
In this context, the Company manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2015.
To this end, the Company constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2015 and 2014 is summarized in the following table.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Non-current financial position	(14,503)	(17,288)	2,785
Net current financial position	1,001	4,556	(3,555)
Non-current financial receivables and long-term securities	77	121	(44)
Net financial debt	**(13,425)**	**(12,611)**	**(814)**
Shareholders' equity	**24,880**	**25,136**	**(256)**
Debt/equity ratio	**(0.54)**	**(0.50)**	**(0.04)**

23. Borrowings - *€14,503 million, €3,062 million, €4,914 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Long-term borrowings	14,503	17,288	3,062	2,363
Short-term borrowings	-	-	4,914	4,746

For more details about the nature, recognition and classification of borrowings, please see note 31 "Financial instruments".

24. Employee benefits - *€291 million*

The Company provides its employees with a variety of benefits, including termination benefits, additional months' pay, indemnities in lieu of notice, loyalty bonuses for achievement of seniority milestones, supplementary pension plans, supplementary healthcare plans, additional indemnity for FOPEN pension contributions, FOPEN pension contributions in excess of deductible amount and personnel incentive plans. Following the termination of the collective rules on electricity discounts, as at December 31, 2015, the electricity discount provision for reduced price electricity for retired employees was extinguished and reversed (€10 million).

The item includes accruals made to cover post-employment benefits under defined benefit plans and other long-term benefits to which employees are entitled under statute, contract or other form of employee incentive scheme.

These obligations, in accordance with IAS 19, were determined using the projected unit credit method.

The following table reports the change during the year in the defined benefit obligation, as well as a reconciliation of the defined benefit obligation with the obligation recognized in the balance sheet at December 31, 2015 and December 31, 2014.

Millions of euro	**2015**					2014				
	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
CHANGES IN ACTUARIAL OBLIGATION										
Actuarial obligation at January 1	**242**	**11**	**35**	**14**	**302**	**273**	**11**	**37**	**15**	**336**
Current service cost	6	-	-	11	**17**	-	-	-	10	**10**
Interest expense	5	-	1	-	**6**	8	-	1	-	**9**
Actuarial (gains)/losses arising from changes in financial assumptions	-	-	-	-	**-**	(7)	-	(2)	-	**(9)**
Experience adjustments	6	-	-	-	**6**	(3)	1	1	-	**(1)**
Past service cost	(1)	-	-	-	**(1)**	-	-	-	-	**-**
(Gains)/Losses arising from settlements	-	(10)	-	-	**(10)**	-	-	-	-	**-**
Other payments	(33)	(1)	(2)	(4)	**(40)**	(29)	(1)	(2)	(11)	**(43)**
Other changes	5	-	3	3	**11**	-	-	-	-	**-**
Actuarial obligation at December 31	**230**	**-**	**37**	**24**	**291**	**242**	**11**	**35**	**14**	**302**

Millions of euro

	2015	2014
(Gains)/Losses charged to profit or loss		
Service cost	16	10
Interest expense	6	9
(Gains)/Losses arising from settlements	(10)	-
Total	**12**	**19**

Millions of euro

	2015	2014
Remeasurement of (gains)/losses in OCI		
Actuarial (gains)/losses on defined benefit plans	6	(10)
Other changes	-	-
Total	**6**	**(10)**

The current service cost for employee benefits in 2015 amounted to €17 million, recognized under personnel costs (€10 million in 2014), while the interest cost from the accretion of the liability amounted to €6 million (€9 million in 2014). Gains from settlement of €10 million are attributable to the decrease in other costs for the termination of the collective rules on rate discounts, with the extinguishment and reversal of the provision as at December 31, 2015.

The main actuarial assumptions used to calculate the liabilities arising from employee benefits, which are consistent with those used the previous year, are set out below.

	2015	2014
Discount rate	0.50%-2.15%	0.50%-2.15%
Rate of wage increases	1.6%-3.6%	1.6%-3.6%
Rate of increase in healthcare costs	2.6%	2.6%

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the liability for healthcare plans as a result of changes reasonably possible at the end of the year in the actuarial assumptions used in estimating the obligation.

Millions of euro

	An increase of 0.5% in discount rate	A decrease of 0.5% in discount rate	An increase of 0.5% in inflation rate	An increase of 0.5% in remuneration	An increase of 0.5% in pensions currently being paid	An increase of 1% in healthcare costs	An increase of 1 year in life expectancy of active and retired employees
Healthcare plans: ASEM	(2)	2	2	2	2	5	1

25. Provisions for risks and charges - *€53 million*

The "provisions for risks and charges" cover potential liabilities that could arise from legal proceedings and other disputes, without considering the effects of rulings that are expected to be in the Company's favor and those for which any charge cannot be quantified with reasonable certainty.

In determining the balance of the provision, we have taken account of both the charges that are expected to result from court judgments and other dispute settlements for the year and an update of the estimates for positions arising in previous years not related to the transferred business units.

The following table shows changes in provisions for risks and charges.

Millions of euro		Taken to income statement				Total	
		Accruals	Reversals	Utilization	Other changes		
	at Dec. 31, 2014					**at Dec. 31, 2015**	
							of which current portion
Provision for litigation, risks and other charges:							
- litigation	12	3	-	-	-	15	*15*
- other	3	3	-	-	-	6	*3*
Total	**15**	**6**	**-**	**-**	**-**	**21**	***18***
Provision for early retirement incentives	1	32	-	(1)	-	32	*2*
TOTAL	**16**	**38**	**-**	**(1)**	**-**	**53**	***20***

The net increase in the litigation provision amounted to €3 million, essentially reflecting new labor disputes and the revision of estimates for a number of outstanding disputes.
The provision covers disputes in Italy and essentially regards labor litigation (€10 million) and litigation concerning tender contracts (€3 million).
The increase of €3 million in other provisions is essentially attributable to the "compensation" provision, established on December 31, 2015, following the elimination of the electricity discount benefit for retired personnel with effect from January 1, 2016 after the termination of the agreement on rate discounts for retired personnel and their survivors.
The increase in the provision for early retirement incentives (€32 million) is due largely to the increase in costs following the signing of new agreements for voluntary terminations under Article 4 of the Fornero Act (€31 million).

26. Other non-current liabilities - *€243 million*

"Other non-current liabilities" amounted to €243 million (€287 million at December 31, 2014). They essentially regard the debt towards Group companies that arose following Enel SpA's request (submitted in its capacity as the consolidating company) for reimbursement for 2004-2011 of the additional income taxes paid as a result of not deducting part of IRAP in computing taxable income for IRES purposes. The liability in respect of the subsidiaries is balanced by the recognition of non-current tax receivables (note 16). The decrease of €44 million for the year is essentially attributable to the partial reimbursement of that receivable in respect of the installments for 2004-2007 (€39 million) and the redetermination of the debt following the reimbursement.

27. Trade payables - *€164 million*

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Trade payables:			
- due to third parties	105	85	20
- due to Group companies	59	54	5
Total	**164**	**139**	**25**

"Trade payables" include payables due to third parties of €105 million (€85 million at December 31, 2014) and payables due to Group companies of €59 million (€54 million at December 31, 2014).

Trade payables due to subsidiaries at December 31, 2015 break down as follows.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Subsidiaries			
Enel Produzione SpA	1	1	-
Enel Ingegneria e Ricerca SpA	1	-	1
Enel Servizio Elettrico SpA	1	-	1
Enel Trade SpA	1	1	-
Enel Italia Srl	36	25	11
Enel Iberoamérica SL	8	-	8
Enel.Factor SpA	2	12	(10)
Endesa SA	1	4	(3)
Enel Russia PJSC	4	4	-
Sviluppo Nucleare Italia Srl	-	3	(3)
Other	4	4	-
Total	**59**	**54**	**5**

Trade payables break down by geographical area as follows.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Suppliers			
Italy	132	123	9
EU	18	9	9
Non-EU Europe	10	5	5
Other	4	2	2
Total	**164**	**139**	**25**

28. Other current financial liabilities - *€643 million*

"Other current financial liabilities" mainly regard interest expense accrued on debt outstanding at end-year.

Millions of euro

	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014	Change
Deferred financial liabilities	31.2.1	584	649	(65)
Other items	31.2.1	59	45	14
Total		**643**	**694**	**(51)**

"Deferred financial liabilities" consist of interest expense accrued on financial debt, while the "other items" essentially include amounts due to Group companies that accrued in 2015 but will be settled in the following year, comprising both financial expense on hedge derivatives on commodity exchange rates and interest expense on intercompany current accounts.

29. Net financial position and long-term financial receivables and securities - *€13,425 million*

The following table shows the net financial position and long-term financial receivables and securities on the basis of the items on the balance sheet.

Millions of euro

	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014	Change
Long-term borrowings	23	14,503	17,288	(2,785)
Short-term borrowings	23	4,914	4,746	168
Current portion of long-term borrowings	23	3,062	2,363	699
Non-current financial assets included in debt	15.1	77	121	(44)
Current financial assets included in debt	19.1	3,052	4,693	(1,641)
Cash and cash equivalents	21	5,925	6,972	(1,047)
Total		**13,425**	**12,611**	**814**

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2015, reconciled with net financial debt as reported in the report on operations.

Millions of euro

	at Dec. 31, 2015		at Dec. 31, 2014		Change
		of which with related parties		*of which with related parties*	
Bank and post office deposits	5,925		6,972		(1,047)
Liquidity	**5,925**		**6,972**		**(1,047)**
Current financial receivables	**3,052**	***2,958***	**4,693**	***4,018***	**(1,641)**
Short-term bank debt	(2)		(3)		1
Short-term portion of long-term bank debt	(3,062)		(2,363)		(699)
Other short-term financial payables	(4,912)	*(3,243)*	(4,743)	*(4,320)*	(169)
Short-term financial debt	**(7,976)**		**(7,109)**		**(867)**
Net short-term financial position	**1,001**		**4,556**		**(3,555)**
Bonds	(14,503)		(17,288)		2,785
Long-term borrowings	**(14,503)**		**(17,288)**		**2,785**
Long-term financial position	**(14,503)**		**(17,288)**		**2,785**
NET FINANCIAL POSITION as per CONSOB instructions	**(13,502)**		**(12,732)**		**(770)**
Long-term financial receivables	**77**	***72***	**121**	***117***	**(44)**
NET FINANCIAL DEBT	**(13,425)**		**(12,611)**		**(814)**

30. Other current liabilities - *€1,046 million*

"Other current liabilities" mainly concern payables due to the tax authorities and to the Group companies participating in the consolidated IRES taxation mechanism, as well as the Group VAT system.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Tax payables	650	540	110
Payables due to Group companies	354	396	(42)
Payables due to employees, recreational/assistance associations	24	20	4
Payables due to social security institutions	11	8	3
Payables due to customers for security deposits and reimbursements	1	1	-
Other	6	10	(4)
Total	**1,046**	**975**	**71**

"Tax payables" amounted to €650 million and essentially regard amounts due to tax authorities for consolidated IRES (€643 million). The increase as compared with the previous year amounted to €110 million, essentially due to the increase in the debtor position with tax authorities for consolidated IRES.

"Payables due to Group companies" amounted to €354 million. They consist of €233 million in payables in respect of the IRES liability under the consolidated taxation mechanism (€316 million at December 31, 2014) and €121 million in respect of Group VAT (€77 million at December 31, 2014). The decrease of €42 million essentially reflects developments in the debtor positions noted above.

31. Financial instruments

31.1 Financial assets by category

The following table shows the carrying amount for each category of financial assets provided by IAS 39, broken down into current and non-current financial assets, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Loans and receivables	31.1.1	**107**	**146**	**9,611**	**12,144**
Financial assets available for sale	31.1.2	**1**	**1**	**-**	**-**
Financial assets at fair value through profit or loss					
Derivative financial assets at FVTPL	33	1,668	1,283	299	280
Total		**1,668**	**1,283**	**299**	**280**
Derivative financial assets designated as hedging instruments					
Cash flow hedge derivative financial assets	33	888	656	-	-
Fair value hedge derivative financial assets	33	35	40	-	-
Total		**923**	**696**	**-**	**-**
TOTAL		**2,699**	**2,126**	**9,910**	**12,424**

For more details on the recognition and classification of current and non-current derivative financial assets, please see note 33 "Derivatives and hedge accounting".

31.1.1 Loans and receivables

The following table shows loans and receivables by nature, broken down into current and non-current financial assets.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014
Cash and cash equivalents		**-**	**-**	21	**5,925**	**6,972**
Trade receivables		**-**	**-**	17	**283**	**132**
Financial receivables due from Group companies						
Receivables for assumption of share of financial debt	15.1	72	117		-	-
Receivables on intercompany current accounts		-	-	19.1	2,912	4,018
Short-term loan granted to Enel Finance International NV		-	-	19.1	-	-
Current portion of receivables for assumption of loans	19.1	-	-		46	-
Other financial receivables		-	-		173	205
Total		**72**	**117**		**3,131**	**4,223**
Financial receivables due from others						
Cash collateral for margin agreements on OTC derivatives		-	-	19.1	86	672
Other financial receivables		35	29		186	145
Total		**35**	**29**		**272**	**817**
TOTAL		**107**	**146**		**9,611**	**12,144**

The primary changes compared with 2014 related to:

> a decrease in "cash and cash equivalents" of €1,047 million, essentially attributable to the repayment of a number of bonds;

> a decrease in "financial receivables due from Group companies" totaling €1,137 million, largely reflecting the decrease in receivables on the intercompany current account held with Group companies (€1,106 million);

> a decrease of "financial receivables due from others" totaling €539 million, mainly as a result of a decline in cash collateral paid to counterparties for OTC derivatives transactions on interest rates and exchange rates (€586 million).

31.1.2 Financial assets available for sale

Financial assets available for sale amounted to €1 million and are represented by the equity investment held by Enel SpA in Emittenti Titoli SpA. The investment is classified as an "equity investment in other entities" and is carried at cost. The value is unchanged with respect to 2014.

31.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liabilities provided by IAS 39, broken down into current and non-current financial liabilities, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Financial liabilities measured at amortized cost	31.2.1	**14,503**	**17,288**	**8,783**	**7,942**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities at FVTPL	33	1,687	1,295	367	358
Total		**1,687**	**1,295**	**367**	**358**
Derivative financial liabilities designated as hedging instruments					
Cash flow hedge derivatives	33	1,030	1,189	-	1
Total		**1,030**	**1,189**	**-**	**1**
TOTAL		**17,220**	**19,772**	**9,150**	**8,301**

For more details on the recognition and classification of current and non-current derivative financial liabilities, please see note 33 "Derivatives and hedge accounting".

For more details about fair value measurement, please see note 34 "Fair value measurement".

31.2.1 Financial liabilities measured at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro		Non-current		Current		
	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014	Notes	**at Dec. 31, 2015**	at Dec. 31, 2014
Long-term borrowings	23	14,503	17,288		3,062	2,363
Short-term borrowings		-	-	23	4,914	4,746
Trade payables		-	-	27	164	139
Other current financial liabilities		-	-	28	643	694
Total		**14,503**	**17,288**		**8,783**	**7,942**

Borrowings

Long-term borrowings (including the current portion due within 12 months) - *€17,565 million*

Long-term borrowings, which refer exclusively to bonds, denominated in euros and other currencies, including the current portion due within 12 months (equal to €3,062 million), amounted to €17,565 million at December 31, 2015.
The following table shows the nominal values, carrying amounts and fair values of long-term borrowings at December 31, 2015, including the portion due within 12 months, grouped by type of borrowing and type of interest rate. For listed debt instruments, the fair value is given by official prices. For unlisted debt instruments, fair value is determined using valuation techniques appropriate for each category of financial instrument and the associated market data for the reporting date, including the credit spreads of the Group.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Carrying amount
			at Dec. 31, 2015					at Dec. 31, 2014			Change
Bonds:											
- fixed rate	14,693	14,586	1,999	12,587	17,001	15,414	15,284	1,000	14,284	18,166	(698)
- floating rate	2,986	2,979	1,063	1,916	2,931	4,380	4,367	1,363	3,004	4,311	(1,388)
Total	**17,679**	**17,565**	**3,062**	**14,503**	**19,932**	**19,794**	**19,651**	**2,363**	**17,288**	**22,477**	**(2,086)**
Total fixed-rate borrowings	**14,693**	**14,586**	**1,999**	**12,587**	**17,001**	**15,414**	**15,284**	**1,000**	**14,284**	**18,166**	**(698)**
Total floating-rate borrowings	**2,986**	**2,979**	**1,063**	**1,916**	**2,931**	**4,380**	**4,367**	**1,363**	**3,004**	**4,311**	**(1,388)**
TOTAL	**17,679**	**17,565**	**3,062**	**14,503**	**19,932**	**19,794**	**19,651**	**2,363**	**17,288**	**22,477**	**(2,086)**

The balance for bonds is reported net of €808 million in respect of the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019", which Enel SpA holds in its portfolio.

For more details about the maturity analysis of borrowings, please see note 32 "Risk management", while for more details about fair value measurement inputs, please see note 34 "Fair value measurement".

The table below shows long-term borrowings by currency and interest rate.

Long-term borrowings by currency and interest rate

Millions of euro	Carrying amount		Nominal value	Current average nominal interest rate	Current effective interest rate
	at Dec. 31, 2014	**at Dec. 31, 2015**		**at Dec. 31, 2015**	
Euro	**16,056**	**13,691**	**13,751**	**4.4%**	**4.7%**
US dollar	1,012	1,130	1,148	8.8%	9.2%
Pound sterling	2,583	2,744	2,780	6.5%	6.7%
Total non-euro currencies	**3,595**	**3,874**	**3,928**		
TOTAL	**19,651**	**17,565**	**17,679**		

The table below reports changes in the nominal value of long-term debt.

Millions of euro	Nominal value	Repayments	New borrowing	Own bonds repurchased	Exchange differences	Nominal value
	at Dec. 31, 2014					**at Dec. 31, 2015**
Bonds	19,794	(2,363)	-	(31)	279	17,679
Total	**19,794**	**(2,363)**	**-**	**(31)**	**279**	**17,679**

Compared with December 31, 2014, the nominal value of long-term debt decreased by €2,115 million, the net result of €2,363 million in repayments, €31 million in repurchases of own bonds and €279 million in exchange losses.

New borrowings

There were no transactions involving new borrowings in 2015.

The main long-term borrowings of Enel SpA are governed by covenants that are commonly adopted in international business practice. These borrowings are represented by the bond issues carried out within the framework of the Global Medium-Term Notes Program, issues of subordinated unconvertible hybrid bonds, the €9.4 billion Forward Start Facility Agreement agreed on February 8, 2013 by Enel SpA and Enel Finance International NV with a pool of banks and the loans granted by UniCredit SpA in April 2014 and July 2015.

The main covenants in respect of the bond issues in the Global Medium-Term Notes Program of Enel and Enel Finance International NV can be summarized as follows:

> negative pledge clauses under which the issuer and the guarantor may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets or revenue, to secure certain financial borrowings, unless the same restrictions are extended equally or pro rata to the bonds in question;

> pari passu clauses, under which bonds and the associated guarantees constitute a direct, unconditional and unsecured obligation of the issuer and the guarantor, do not grant preferential rights among them and have at least the same seniority as other present and future unsubordinated and unsecured bonds of the issuer and the guarantor;

> cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the issuer, the guarantor or significant subsidiaries constitutes a default in respect of the liabilities in question, which may become immediately repayable.

The main covenants covering the hybrid bonds can be summarized as follows:

> subordination clauses: each hybrid bond is subordinate to all other bonds of the issuer and has the same seniority as other hybrid financial instruments issued and greater seniority than equity instruments;

> prohibition on mergers with other companies, the sale or leasing of all or a substantial part of the company's assets to another company, unless the latter succeeds in all obligations of the issuer.

The main covenants for the Forward Start Facility Agreement and the loan agreements between Enel SpA and UniCredit SpA are substantially similar and can be summarized as follows:

> negative pledge clauses, under which the borrower and, in some cases, significant subsidiaries may not establish mortgages, liens or other encumbrances on all or part of their respective assets to secure certain financial liabilities, with the exception of expressly permitted encumbrances;

> disposals clauses, under which the borrower and, in some cases, the subsidiaries of Enel may not dispose of their assets or a significant portion of their assets or operations, with the exception of expressly permitted disposals;

> pari passu clauses, under which the payment undertakings of the borrower have the same seniority as its other unsecured and unsubordinated payment obligations;

> change of control clauses, which are triggered in the event: (i) control of Enel is acquired by one or more parties other than the Italian State or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to: (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;

> cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the borrower or significant subsidiaries constitutes a default in respect of the liabi-

lities in question, which may become immediately repayable.

All the financial borrowings considered specify "events of default" typical of international business practice, such as, for example, insolvency, bankruptcy proceedings or the entity ceases trading.

None of the covenants indicated above has been triggered to date.

Debt structure after hedging

The following table shows the effect of the hedges of foreign currency risk on the gross long-term debt structure (including portions maturing in the next 12 months).

Millions of euro	at Dec. 31, 2015					at Dec. 31, 2014				
	Initial debt structure			Impact of hedging instruments	Debt structure after hedging	Initial debt structure			Impact of hedging instruments	Debt structure after hedging
	Carrying amount	Notional amount	%			Carrying amount	Notional amount	%		
Euro	**13,691**	**13,751**	**77.8%**	**3,928**	**17,679**	**16,056**	**16,145**	**81.6%**	**3,649**	**19,794**
US dollar	1,130	1,148	6.5%	(1,148)	-	1,012	1,030	5.2%	(1,030)	-
Pound sterling	2,744	2,780	15.7%	(2,780)	-	2,583	2,619	13.2%	(2,619)	-
Total	**17,565**	**17,679**	**100.0%**	**-**	**17,679**	**19,651**	**19,794**	**100.0%**	**-**	**19,794**

The following table shows the effect of the hedges of interest rate risk on the gross long-term debt outstanding at the reporting date.

Outstanding gross debt	at Dec. 31, 2015		at Dec. 31, 2014	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	16.9%	20.6%	22.1%	19.2%
Fixed rate	83.1%	79.4%	77.9%	80.8%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Short-term borrowings - *€4,914 million*

The following table shows short-term borrowings at December 31, 2015, by nature.

Millions of euro	at Dec. 31, 2015	at Dec. 31, 2014	Change
Borrowings from non-Group counterparties			
Short-term bank borrowings (ordinary current account)	2	3	(1)
Cash collateral for CSAs on OTC derivatives received	1,669	423	1,246
Total	**1,671**	**426**	**1,245**
Borrowings from Group counterparties			
Short-term borrowings from Group companies (on intercompany current accounts)	3,243	3,820	(577)
Other short-term borrowings from Group companies	-	500	(500)
Total	**3,243**	**4,320**	**(1,077)**
TOTAL	**4,914**	**4,746**	**168**

Short-term borrowings amounted to €4,914 million (€4,746 million in 2014), up €168 million over the previous year, mainly due to:

> the €1,246 million increase in cash collateral received from counterparties for transactions in OTC derivatives on interest rates and exchange rates;

> the €577 million decrease in "short-term borrowings from Group companies" attributable to an improvement in the debtor position on the intercompany current account held with subsidiaries;

- the €500 million decrease in "other short-term borrowings from Group companies" as a result of drawings made on the Intercompany Short Term Deposit Agreement, the short-term credit line with Enel Finance International NV.

It should be specified that the fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

31.2.2 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, broken down into current (€367 million) and non-current (€1,687 million) financial liabilities, refer solely to derivative financial liabilities.

31.2.3 Net gains and losses

The following table shows net gains and losses by category of financial instruments, excluding derivatives.

Millions of euro	Net gains/(losses)		of which: impairment/reversal of impairment
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**
Available-for-sale financial assets	1	-	-
Loans and receivables	5	7	1
Financial liabilities measured at amortized cost	(1,229)	(1,319)	-

For more details on net gains and losses on derivatives, please see note 7 "Net financial income/(expense) from derivatives".

32. Risk management

32.1 Financial risk management objectives and policies

As part of its operations, the Company is exposed to a variety of financial risks, notably market risks (including interest rate risk and exchange risk), credit risk and liquidity risk.
Enel's governance arrangements for financial risk envisage:

> specific internal committees, formed of members of the Group's top management and chaired by the CEO, which are responsible for strategic policy-making and oversight of risk management;
> the establishment of specific policies set at both the Group level and at the level of individual Regions/Countries/global business lines, which define the roles and responsibilities for those involved in managing, monitoring and controlling risks, ensuring the organizational separation of units involved in managing the Group's business and those responsible for managing risk;
> the specification of operational limits at both the Group level and at the level of individual Regions/Countries/global business lines for the various types of risk. These limits are monitored periodically by the risk management units.

32.2 Market risks

Market risk is the risk that the value of financial and non-financial assets or liabilities and the associated expected cash flows could change owing to changes in market prices.
As part of its operations as an industrial holding company, Enel SpA is exposed to different market risks, notably the risk of changes in interest rates and exchange rates.

Interest rate risk and exchange risk are primarily generated by the presence of financial instruments.
The main financial liabilities held by the Company include bonds, bank borrowings (including revolving credit facilities and loans from EU bodies), other borrowings, derivatives, cash collateral for derivatives transactions and trade payables. The main purpose of those financial instruments is to finance the operations of the Company.
The main financial assets held by the Company include financial receivables, derivatives, cash collateral for derivatives transactions, cash and short-term deposits and trade receivables.
For more details, please see note 31 "Financial instruments".
The source of exposure to interest rate risk and exchange risk did not change with respect to the previous year.

As the Parent Company, Enel SpA centralizes some treasury management functions and access to financial markets with regard to financial derivatives contracts on interest rates and exchange rates. As part of this activity, Enel SpA acts as an intermediary for Group companies with the market, taking positions that, while they can be substantial, do not however represent an exposure to markets risks for Enel SpA.

During 2015, no overshoots of the threshold values set by regulators for the activation of clearing obligations (EMIR - European Market Infrastructure Regulation 648/2012 of the European Parliament) were detected.

The volume of transactions in financial derivatives outstanding at December 31, 2015 is reported below, with specification of the notional amount of each class of instrument as calculated at the year-end exchange rates provided by the European Central Bank, where denominated in currencies other than the euro.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euro by multiplying the notional amount by the agreed price).
The notional amounts of derivatives reported here do not represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk for the Company manifests itself as a change in the flows associated with interest payments on floating-rate financial liabilities, a change in financial terms and conditions in negotiating new debt instruments or as an adverse

change in the value of financial assets/liabilities measured at fair value, which are typically fixed-rate debt instruments.
Interest rate risk is managed with the dual goals of reducing the amount of debt exposed to interest rate fluctuations and containing the cost of funds, limiting the volatility of results. This goal is pursued through the strategic diversification of the portfolio of financial liabilities by contract type, maturity and interest rate, and modifying the risk profile of specific exposures using OTC derivatives, mainly interest rate swaps.

The notional amount of outstanding contracts is reported below.

Millions of euro	Notional amount	
	at Dec. 31, 2015	at Dec. 31, 2014
Interest rate derivatives		
Interest rate swaps	21,163	8,943
Total	**21,163**	**8,943**

The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.
Interest rate swaps normally provide for the periodic exchange of floating-rate interest flows for fixed-rate interest flows, both of which are calculated on the basis of the notional principal amount.

The notional amount of open interest rate swaps at the end of the year was €21,163 million (€8,943 million at December 31, 2014), of which €1,329 million (€2,629 million at December 31, 2014) in respect of hedges of the Company's share of debt, and €9,917 million (€3,157 million at December 31, 2014) in respect of hedges of the debt of Group companies with the market intermediated in the same notional amount with those companies.

For more details on interest rate derivatives, please see note 33 "Derivatives and hedge accounting".

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.
At December 31, 2015, 16.9% of gross long-term financial debt was floating rate (22.1% at December 31, 2014). Taking account of hedges of interest rates considered effective pursuant to the IAS 39, 79.4% of gross long-term financial debt was hedged at December 31, 2015 (80.8% hedged at December 31, 2014). Including derivatives treated as hedges for management purposes but ineligible for hedge accounting, the ratio is essentially unchanged.

Interest rate risk sensitivity analysis

The Company analyses the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.
More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component, for derivatives that are not eligible for hedge accounting and for the portion of gross long-term debt not hedged using derivative financial instruments.
These scenarios are represented by parallel increases and decreases in the yield curve as at the reporting date.
There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the Company's profit before tax would be affected as follows:

Millions of euro

		at Dec. 31, 2015				at Dec. 31, 2014			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Basis points	**Increase**	**Decrease**	**Increase**	**Decrease**	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term floating-rate debt after hedging	25	9	(9)	-	-	9	(9)	-	-
Change in fair value of derivatives classified as non-hedging instruments	25	7	(7)	-	-	8	(8)	-	-
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	25	-	-	13	(13)	-	-	17	(17)
Fair value hedges	25	(7)	7	-	-	(9)	9	-	-

Exchange risk

Exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates.

For Enel SpA, the main source of exchange risk is the presence of monetary financial instruments denominated in a currency other than the euro, mainly bonds denominated in foreign currency.
The exposure to exchange risk did not change with respect to the previous year.
For more details, please see note 31 "Financial instruments".

In order to minimize exposure to changes in exchange rates, the Company normally uses a variety of OTC derivatives such as currency forwards and cross currency interest rate swaps. The term of such contracts does not exceed the maturity of the underlying exposure.

Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards). In the latter case, the strike rate and/or the spot rate may be determined as averages of the official fixings of the European Central Bank.

Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent floating- or fixed-rate liability in euros. In addition to having notionals denominated in different currencies, these instruments differ from interest rate swaps in that they provide both for the periodic exchange of cash flows and the final exchange of principal.

The following table reports the notional amount of transactions outstanding at December 31, 2015 and December 31, 2014, broken down by type of hedged item.

Millions of euro

	Notional amount	
	at Dec. 31, 2015	at Dec. 31, 2014
Foreign exchange derivatives		
Currency forwards:	11,389	11,218
- hedging exchange risk on commodities	7,240	8,378
- hedging future cash flows	4,138	2,840
- other currency forwards	11	-
Cross currency interest rate swaps	23,729	22,017
Total	**35,118**	**33,235**

More specifically, these include:

> currency forward contracts with a total notional amount of €7,240 million (€8,378 million at December 31, 2014), of which €3,620 million to hedge the exchange risk associated with purchases of energy commodities by Group companies, with matching transactions with the market;
> currency forward contracts with a notional amount of €4,138 million (€2,840 million at December 31, 2014), to hedge the exchange risk associated with other expected cash flows in currencies other than the euro, of which €2,069 million in market transactions;
> cross currency interest rate swaps with a notional amount of €23,729 million (€22,017 million at December 31, 2014) to hedge the exchange risk on the debt of Enel SpA or other Group companies denominated in currencies other than the euro.

For more details, please see note 33 "Derivatives and hedge accounting".

An analysis of the Group's debt shows that 22.2% of gross medium and long-term debt (18.4% at December 31, 2014) is denominated in currencies other than the euro.

Considering exchange rate hedges and the portion of debt in foreign currency that is denominated in the currency of account or the functional currency of the Company, the debt is fully hedged using cross currency interest rate swaps.

Exchange risk sensitivity analysis

The Company analyses the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component, for derivatives that are not eligible for hedge accounting and for the portion of gross long-term debt not hedged using derivative financial instruments.

These scenarios are represented by the appreciation/depreciation of the euro against all of the foreign currencies compared with the value observed as at the reporting date.

There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the profit before tax would be affected as follows:

Millions of euro

		at Dec. 31, 2015				at Dec. 31, 2014			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Exchange rate	**Increase**	**Decrease**	**Increase**	**Decrease**	Increase	Decrease	Increase	Decrease
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	10%	-	-	(507)	620	-	-	(485)	592
Fair value hedges	10%	-	-	-	-	-	-	-	-

32.3 Credit risk

Credit risk is represented by the possibility that a change in the creditworthiness of a counterparty in a financial transaction could impact the creditor position, in terms of insolvency (default risk) or changes in its market value (spread risk) such as to give rise to a loss. The Company is exposed to credit risk from its financial activities, including transactions in derivatives, deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The sources of exposure to credit risk did not change with respect to the previous year.

The Company's management of credit risk is based on the selection of counterparties from among leading Italian and international financial institutions with high credit standing considered solvent both by the market and on the basis of internal assessments, diversifying the exposure among them. Credit exposures and associated credit risk are regularly monitored by the departments responsible for monitoring risks under the policies and procedures outlined in the governance rules for managing the Group's risks, which are also designed to ensure prompt identification of possible mitigation actions to be taken.

Within this general framework, Enel entered into margin agreements with the leading financial institutions with which it operates that call for the exchange of cash collateral, which significantly mitigates the exposure to counterparty risk.

At December 31, 2015, the exposure to credit risk, represented by the carrying amount of financial assets net of related provisions for impairment as well as derivatives with a positive fair value, net of any cash collateral held, amounted to €10,909 million (€14,101 million at December 31, 2014). Of the total, €3,822 million regard receivables in respect of Group companies and €5,925 million regard cash and cash equivalents.

Millions of euro

	at Dec. 31, 2015		at Dec. 31, 2014		Change
		of which Group		*of which Group*	
Non-current financial receivables	72	*72*	117	*117*	(45)
Other non-current financial assets	5	-	4	-	1
Trade receivables	283	*276*	132	*126*	151
Current financial receivables	2,958	*2,958*	4,018	*4,018*	(1,060)
Other current financial assets	445	*173*	1,022	*205*	(577)
Financial derivatives	1,221	*343*	1,836	*869*	(615)
Cash and cash equivalents	5,925	-	6,972	-	(1,047)
Total	**10,909**	***3,822***	**14,101**	***5,335***	**(3,192)**

32.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The objectives of liquidity risk management policies are:

> ensuring an appropriate level of liquidity for the Group, minimizing the associated opportunity cost;
> maintaining a balanced debt structure in terms of the maturity profile and funding sources.

In the short term, liquidity risk is mitigated by maintaining an appropriate level of unconditionally available resources, including cash and short-term deposits, available committed credit lines and a portfolio of highly liquid asset.

In the long term, liquidity risk is mitigated by maintaining a balanced debt maturity profile, diversification of funding sources in terms of instruments, markets/currencies and counterparties.

At December 31, 2015 Enel SpA had a total of about €5,925 million in cash or cash equivalents (€6,972 million at December 31, 2014), and committed lines of credit amounting to €5,720 million (of which none had been drawn) maturing in more than one year (€5,670 million at December 31, 2014).

Maturity analysis

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Millions of euro	Maturing in				
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bonds:					
- fixed rate	1,999	-	1,498	6,746	4,343
- floating rate	999	64	65	869	982
Total	**2,998**	**64**	**1,563**	**7,615**	**5,325**

32.5 Offsetting financial assets and financial liabilities

The following table reports the net financial assets and liabilities. More specifically, it shows that there are no netting arrangements for derivatives in the financial statements since the Company does not plan to set-off assets and liabilities. As envisaged by current market regulations and to guarantee transactions involving derivatives, Enel SpA has entered into margin agreements with leading financial institutions that call for the exchange of cash collateral, broken down as shown in the table.

Millions of euro						at Dec. 31, 2015
	(a)	(b)	(c)=(a)-(b)		(d)	(e)=(c)-(d)
				Related amounts not set off in the balance sheet		
				(d)(i), (d)(ii)	(d)(iii)	
	Gross amounts of recognized financial assets/ (liabilities)	Gross amounts of recognized financial assets/ (liabilities) set off in the balance sheet	Net amounts of financial assets/ (liabilities) presented in the balance sheet	Financial instruments	Net portion of financial assets/ (liabilities) guaranteed with cash collateral	Net amounts of financial assets/ (liabilities)
FINANCIAL ASSETS						
Derivative financial assets:						
- on interest rate risk	450	-	450	-	(132)	318
- on exchange risk	2,440	-	2,440	-	(2,113)	327
Total derivative financial assets	**2,890**	**-**	**2,890**	**-**	**(2,245)**	**645**
TOTAL FINANCIAL ASSETS	**2,890**	**-**	**2,890**	**-**	**(2,245)**	**645**
FINANCIAL LIABILITIES						
Derivative financial liabilities:						
- on interest rate risk	(629)	-	(629)	-	441	(188)
- on exchange risk	(2,455)	-	(2,455)	-	221	(2,234)
Total derivative financial liabilities	**(3,084)**	**-**	**(3,084)**	**-**	**662**	**(2,422)**
TOTAL FINANCIAL LIABILITIES	**(3,084)**	**-**	**(3,084)**	**-**	**662**	**(2,422)**
TOTAL NET FINANCIAL ASSETS/(LIABILITIES)	**(194)**	**-**	**(194)**	**-**	**(1,583)**	**(1,777)**

33. Derivatives and hedge accounting

The following tables report the notional amount and fair value of derivative financial assets and liabilities by type of hedge relationship and hedged risk, broken down into current and non-current derivative financial assets and liabilities.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted at the end-year exchange rates provided by the European Central Bank.

Millions of euro	Non-current					Current				
	Notional amount		Fair value assets			Notional amount		Fair value assets		
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	Change	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on interest rate risk	-	-	-	-	-	-	400	-	-	-
- on exchange risk	3,928	3,649	888	656	232	-	-	-	-	-
Total cash flow hedges	**3,928**	**3,649**	**888**	**656**	**232**	**-**	**400**	**-**	**-**	**-**
Fair value hedges:										
- on interest rate risk	800	800	35	40	(5)	-	-	-	-	-
Total fair value hedges	**800**	**800**	**35**	**40**	**(5)**	**-**	**-**	**-**	**-**	**-**
Derivatives at FVTPL:										
- on interest rate risk	9,822	3,112	413	376	37	96	45	2	2	-
- on exchange risk	9,474	9,582	1,255	907	348	5,342	4,476	297	278	19
Total derivatives at FVTPL	**19,296**	**12,694**	**1,668**	**1,283**	**385**	**5,438**	**4,521**	**299**	**280**	**19**
TOTAL DERIVATIVE FINANCIAL ASSETS	**24,024**	**17,143**	**2,591**	**1,979**	**612**	**5,438**	**4,921**	**299**	**280**	**19**

Millions of euro	Non-current					Current				
	Notional amount		Fair value assets			Notional amount		Fair value assets		
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	Change	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on interest rate risk	390	390	143	159	(16)	-	900	-	1	(1)
- on exchange risk	1,556	1,470	887	1,030	(143)	-	-	-	-	-
Total cash flow hedges	**1,946**	**1,860**	**1,030**	**1,189**	**(159)**	**-**	**900**	**-**	**1**	**(1)**
Derivatives at FVTPL:										
- on interest rate risk	9,860	3,150	419	384	35	195	146	67	75	(8)
- on exchange risk	9,475	9,582	1,268	911	357	5,343	4,476	300	283	17
Total derivatives at FVTPL	**19,335**	**12,732**	**1,687**	**1,295**	**392**	**5,538**	**4,622**	**367**	**358**	**9**
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**21,281**	**14,592**	**2,717**	**2,484**	**233**	**5,538**	**5,522**	**367**	**359**	**8**

33.1 Hedge accounting

Derivatives are initially recognized at fair value, on the trade date of the contract and are subsequently re-measured at their fair value.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged.

Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, exchange risk, commodity risk, credit risk and equity risk when all the criteria provided for under IAS 39 are met.

At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company also analyzes, both at hedge inception and on an ongoing systematic basis, the effectiveness of hedges using prospective and retrospective tests in order to determine whether hedging instruments are highly effective in offsetting changes in the fair values or cash flows of hedged items.

Depending on the nature of the risks to which it is exposed, the Company designates derivatives as hedging instruments in one of the following hedge relationships:

> cash flow hedge derivatives in respect of the risk of: (i) changes in the cash flows associated with long-term floating-rate debt; (ii) changes in the exchange rates associated with long-term debt denominated in a currency other than the currency of account or the functional currency in which the company holding the financial liability operates; (iii) changes in the price of fuels and non-energy commodities denominated in a foreign currency;

> fair value hedge derivatives involving the hedging of exposures to changes in the fair value of an asset, a liability or a firm commitment attributable to a specific risk;

> derivatives hedging a net investment in a foreign operation (NIFO), involving the hedging of exposures to exchange rate volatility associated with investments in foreign entities.

For more details on the nature and the extent of risks arising from financial instruments to which the Company is exposed, please see note 32 "Risk management".

Cash flow hedges

Cash flow hedges are used in order to hedge the Company's exposure to changes in future cash flows that are attributable to a particular risk associated with an asset, a liability or a highly probable transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting but the hedged item has not expired or been cancelled, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

The Company currently uses these hedge relationships to minimize the volatility of profit or loss.

Fair value hedges

Fair value hedges are used to protect the Company against exposures to adverse changes in the fair value of assets, liabilities or firm commitments attributable to a particular risk that could affect profit or loss.

Changes in the fair value of derivatives that qualify and are designated as hedging instruments are recognized in the income statement, together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedge is ineffective or no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

The Company currently makes use of such hedge relationships to seize opportunities associated with general developments in the yield curve.

Hedge of a Net Investment in a Foreign Operation (NIFO)

Hedges of net investments in foreign operations, with a functional currency other than the euro, are hedges of the impact of changes in exchange rates in respect of investments in foreign entities. The hedge instrument is a liability denominated in the same currency as the investment. The foreign exchange differences of the hedged item and the hedge are accumulated each year in equity until the disposal of the investment, at which time the foreign exchange differences are transferred to profit or loss.

The Company does not currently hold any hedges of net investments in a foreign operation.

For more information on the fair value measurement of derivatives, please see note 34 "Fair value measurement".

Hedge relationships by type of risk hedged

33.1.1 Interest rate risk

The following table shows the notional amount and the fair value of the hedging instruments on the interest rate risk of transactions outstanding as at December 31, 2015 and December 31, 2014, broken down by type of hedged item.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedged instrument	**Hedged item**	**at Dec. 31, 2015**		at Dec. 31, 2014	
Interest rate swaps	Floating-rate borrowings	(143)	390	(160)	1,690
Interest rate swaps	Fixed-rate borrowings	35	800	40	800
Total		**(108)**	**1,190**	**(120)**	**2,490**

The interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge and fair value hedge for the hedged item. More specifically, fair value hedge derivatives relate to the issue of an unconvertible hybrid bond denominated in euros in 2013, hedged in the amount of €800 million, while the cash flow hedge derivatives refer to the hedging of certain floating-rate bonds issued since 2001.

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2015 and December 31, 2014, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Cash flow hedge derivatives:	**-**	**400**	**-**	**-**	**390**	**1,290**	**(143)**	**(160)**
- interest rate swaps	-	400	-	-	390	1,290	(143)	(160)
Fair value hedge derivatives:	**800**	**800**	**35**	**40**	**-**	**-**	**-**	**-**
- interest rate swaps	800	800	35	40	-	-	-	-
TOTAL INTEREST RATE DERIVATIVES	**800**	**1,200**	**35**	**40**	**390**	**1,290**	**(143)**	**(160)**

The notional amount of the interest rate swaps at December 31, 2015 came to €1,190 million (€2,490 million at December 31, 2014), with a corresponding negative fair value of €108 million (negative €120 million at December 31, 2014).

The decline of €1,300 million in the notional amount is attributable to the maturing, and consequent closure, of cash flow hedge positions for the same amount in 2015.

The general decline in the yield curve over the course of the year prompted an improvement in the fair value of the fair value hedge derivatives.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives.

Millions of euro	Fair value	Distribution of expected cash flows					
Cash flow hedge derivatives on interest rates	**at Dec. 31, 2015**	2016	2017	2018	2019	2020	Beyond
Positive fair value	-	-	-	-	-	-	-
Negative fair value	(143)	(14)	(14)	(13)	(13)	(12)	(95)

The following table shows the impact of cash flow hedge derivatives on interest rate risk on equity during the period, gross of tax effects.

Millions of euro	**2015**	2014
Opening balance at January 1	**(93)**	**(86)**
Changes in fair value recognized in equity (OCI)	-	-
Changes in fair value recognized in profit or loss - recycling	6	(7)
Changes in fair value recognized in profit or loss - ineffective portion	-	-
Closing balance at December 31	**(87)**	**(93)**

Fair value hedge derivatives

The following table shows the cash flows expected in coming years from fair value hedge derivatives.

Millions of euro	Fair value	Distribution of expected cash flows					
Fair value hedge derivatives	**at Dec. 31, 2015**	2016	2017	2018	2019	2020	Beyond
Positive fair value	35	12	13	11	31	-	-
Negative fair value	-	-	-	-	-	-	-

33.1.2 Exchange risk

The following table shows the notional amount and the fair value of the hedging instruments on exchange risk of transactions outstanding as at December 31, 2015 and December 31, 2014, broken down by type of hedged item.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedging instruments	**Hedged item**	**at Dec. 31, 2015**		at Dec. 31, 2014	
Cross currency interest rate swap (CCIRS)	Fixed-rate borrowings	1	5,484	(374)	5,119
Total		1	5,484	(374)	5,119

The cross currency interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge for the hedged item. More specifically, these derivatives hedge fixed-rate bonds denominated in foreign currencies.

The following table shows the notional amount and the fair value of derivatives on exchange risk as at December 31, 2015 and December 31, 2014, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Cash flow hedge derivatives:	**3,928**	**3,649**	**888**	**656**	**1,556**	**1,470**	**(887)**	**(1,030)**
- cross currency interest rate swaps	3,928	3,649	888	656	1,556	1,470	(887)	(1,030)
Total foreign exchange derivatives	**3,928**	**3,649**	**888**	**656**	**1,556**	**1,470**	**(887)**	**(1,030)**

The notional amount of the cross currency interest rate swaps at December 31, 2015 came to €5,484 million (€5,119 million at December 31, 2014), with a corresponding positive fair value of €1 million (negative €374 million at December 31, 2014). The notional amount and the relative fair value essentially changed as a result of developments in the exchange rate of the euro against the main other currencies.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on exchange risk.

Millions of euro	Fair value	Distribution of expected cash flows					
Cash flow hedge derivatives on exchange rates	**at Dec. 31, 2015**	2016	2017	2018	2019	2020	Beyond
Positive fair value	888	123	116	110	762	116	148
Negative fair value	(887)	(73)	(65)	(59)	(474)	(108)	(28)

The following table shows the impact of cash flow hedge derivatives on exchange risk on equity during the period, gross of tax effects.

Millions of euro	**2015**	2014
Opening balance at January 1	**(310)**	**(242)**
Changes in fair value recognized in equity (OCI)	-	-
Changes in fair value recognized in profit or loss - recycling	102	(68)
Changes in fair value recognized in profit or loss - ineffective portion	-	-
Closing balance at December 31	**(208)**	**(310)**

33.2 Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2015 and December 31, 2014.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014	**at Dec. 31, 2015**	at Dec. 31, 2014
Derivatives at FVTPL on interest rates:	**9,918**	**3,157**	**415**	**378**	**10,055**	**3,296**	**(486)**	**(460)**
- interest rate swaps	9,918	3,157	415	378	10,055	3,296	(486)	(460)
Derivatives at FVTPL on exchange rates:	**14,817**	**14,058**	**1,552**	**1,186**	**14,817**	**14,058**	**(1,568)**	**(1,194)**
- forwards	5,694	5,609	308	364	5,694	5,609	(311)	(369)
- cross currency interest rate swaps	9,123	8,449	1,244	822	9,123	8,449	(1,257)	(825)
Total derivatives at FVTPL	**24,735**	**17,215**	**1,967**	**1,564**	**24,872**	**17,354**	**(2,054)**	**(1,654)**

At December 31, 2015 the notional amount of derivatives at fair value through profit or loss on interest rates and foreign exchange rates came to €49,607 million (€34,569 million at December 31, 2014), corresponding to a negative fair value of €87 million (negative €90 million at December 31, 2014). Interest rate swaps at the end of the year refer primarily to hedges of the debt of the Group companies with the market and intermediated in the same notional amount with those companies in the amount of €9,918 million.

The overall change in the notional amount and the fair value of interest rate swaps (respectively, a positive €13,520 million and a positive €11 million) compared with the previous year is attributable to new transactions closed as part of the pre-hedge strategy for future bond issues in 2017-2018 and 2019-2020, designed to set the cost of future funding in advance and to the general decline in the interest rate yield curve over the course of the year.

Forward contracts, with a notional amount of €5,694 million, relate mainly to OTC derivatives entered into to mitigate the exchange risk associated with the prices of energy commodities within the provisioning process of Group companies and matched with market transactions. They also hedge the expected cash flows in currencies other than the currency of account connected with the acquisition of non-energy commodities.

The change in the notional amount and the fair value as compared with the previous year is associated with normal operations.

Cross currency interest rate swaps, with a notional amount of €9,123 million, relate to hedges of exchange risk on the debt of the Group companies denominated in currencies other than the euro and matched with market transactions.

The change in the notional amount and the fair value of the cross currency interest rate swaps is mainly due to developments in the exchange rate of the euro with other major currencies and the normal expiry of certain derivatives during 2015.

34. Fair value measurement

The Company measures fair value in accordance with IFRS 13 whenever required by international accounting standards.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The best estimate is the market price, i.e. its current price, publicly available and effectively traded on an active, liquid market.

The fair value of assets and liabilities is categorized into a fair value hierarchy that provides three levels defined as follows on the basis of the inputs to valuation techniques used to measure fair value:

> Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Company has access at the measurement date;
> Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
> Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

In this note, the relevant disclosures are provided in order to assess the following:

> for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the balance sheet after initial recognition, the valuation techniques and inputs used to develop those measurements; and
> for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.

For this purpose:

> recurring fair value measurements are those that IFRSs require or permit in the balance sheet at the end of each reporting period;
> non-recurring fair value measurements are those that IFRSs require or permit in the balance sheet in particular circumstances.

The fair value of derivative contracts is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on a regulated market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve and translating amounts in currencies other than the euro using exchange rates provided by the European Central Bank. For contracts involving commodities, the measurement is conducted using prices, where available, for the same instruments on both regulated and unregulated markets.

In accordance with the new international accounting standards, in 2013 the Group included a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk.

More specifically, the Group measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market. Changes in the assumptions underlying the estimated inputs could have an effect on the fair value reported for such instruments.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).

Amounts denominated in currencies other than the euro are converted into euros at the exchange rate provided by the European Central Bank.

The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.

For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation techniques for each category of financial instrument and market data at the closing date of the year, including the credit spreads of Enel SpA.

34.1 Assets measured at fair value in the balance sheet

The following table shows, for each class of assets measured at fair value on a recurring or non-recurring basis in the balance sheet, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current assets				Current assets			
	Notes	Fair value at Dec. 31, 2015	Level 1	Level 2	Level 3	Fair value at Dec. 31, 2015	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on exchange risk	33	888	-	888	-	-	-	-	-
Total		**888**	**-**	**888**	**-**	**-**	**-**	**-**	**-**
Fair value hedge derivatives:									
- on interest rate risk	33	35	-	35	-	-	-	-	-
Total		**35**	**-**	**35**	**-**	**-**	**-**	**-**	**-**
Fair value through profit or loss:									
- on interest rate risk	33	413	-	413	-	2	-	2	-
- on exchange risk	33	1,255	-	1,255	-	297	-	297	-
Total		**1,668**	**-**	**1,668**	**-**	**299**	**-**	**299**	**-**
TOTAL		**2,591**	**-**	**2,591**	**-**	**299**	**-**	**299**	**-**

34.2 Liabilities measured at fair value in the balance sheet

The following table reports, for each class of liabilities measured at fair value on a recurring or non-recurring basis in the balance sheet, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current liabilities				Current liabilities			
	Notes	Fair value at Dec. 31, 2015	Level 1	Level 2	Level 3	Fair value at Dec. 31, 2015	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on interest rate risk	33	143	-	143	-	-	-	-	-
- on exchange risk	33	887	-	887	-	-	-	-	-
Total		**1,030**	**-**	**1,030**	**-**	**-**	**-**	**-**	**-**
Fair value through profit or loss:									
- on interest rate risk	33	419	-	419	-	67	-	67	-
- on exchange risk	33	1,268	-	1,268	-	300	-	300	-
Total		**1,687**	**-**	**1,687**	**-**	**367**	**-**	**367**	**-**
TOTAL		**2,717**	**-**	**2,717**	**-**	**367**	**-**	**367**	**-**

34.3 Liabilities not measured at fair value in the balance sheet

The following table shows, for each class of liabilities not measured at fair value in the balance sheet but for which the fair value shall be disclosed, the fair value at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		LIABILITIES			
	Notes	Fair value at Dec. 31, 2015	Level 1	Level 2	Level 3
Bonds:					
- fixed rate	31.2.1	17,001	17,001	-	-
- floating rate	31.2.1	2,931	1,737	1,194	-
Total		**19,932**	**18,738**	**1,194**	**-**

35. Related parties

Related parties have been identified on the basis of the provisions of international accounting standards and the applicable CONSOB measures.

The transactions Enel SpA entered into with its subsidiaries mainly involved the provision of services, the sourcing and employment of financial resources, insurance coverage, human resource management and organization, legal and corporate services, and the planning and coordination of tax and administrative activities.

All the transactions are part of routine operations, are carried out in the interest of the Company and are settled on an arm's length basis, i.e. on the same market terms as agreements entered into between two independent parties.

Finally, the Enel Group's corporate governance rules, which are discussed in greater detail in the Report on Corporate Governance and Ownership Structure available on the Company's website (www.enel.com), establish conditions for ensuring that transactions with related parties are performed in accordance with procedural and substantive propriety.

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at http://www.enel.com/en-GB/governance/rules/related_parties/) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In 2015, no transactions were carried out for which it was necessary to make the disclosures required in the rules on transactions with related parties adopted with CONSOB Resolution 17221 of March 12, 2010, as amended with Resolution 17389 of June 23, 2010.

The following tables summarize commercial, financial and other relationships between the Company and related parties.

Commercial and other relationships

2015

Millions of euro	Receivables	Payables	Costs		Revenue	
			Goods	Services	Goods	Services
	at Dec. 31, 2015	**at Dec. 31, 2015**	**2015**		**2015**	
Subsidiaries:						
Central Geradora Termelétrica Fortaleza SA	1	-	-	-	-	1
Edegel SA	2	-	-	-	-	2
Empresa de Distribución Eléctrica de Lima Norte SAA	3	-	-	-	-	2
Enel Brasil SA	15	-	-	-	-	15
Endesa Distribución Eléctrica SL	19	1	-	1	-	8
Endesa Generación SA	3	-	-	-	-	5
Enel Latinoamérica SA	-	-	-	1	-	-
Endesa SA	-	1	-	3	-	-
Enel Distributie Banat SA	1	-	-	-	-	1
Enel Distributie Dobrogea SA	1	-	-	-	-	1
Enel Distributie Muntenia SA	3	-	-	-	-	2
Enel Distribuzione SpA	361	167	-	-	-	45
Enel Energia SpA	102	26	-	-	-	7
Enel Iberoamérica SL	1	8	-	9	-	1
Enel France Sas	2	1	-	-	-	-
Enel Green Power SpA	17	115	-	-	-	16
Enel Green Power North America Inc.	1	1	-	-	-	-
Enel Ingegneria e Ricerca SpA	2	6	-	-	-	1
Enel Russia PJSC	18	4	-	-	-	7
Enel Produzione SpA	132	153	-	-	-	23
Enel Romania Srl	4	-	-	-	-	1
Enel Italia Srl	84	64	-	58	-	80
Enel Servizio Elettrico SpA	57	13	-	-	-	4
Enel Sole Srl	2	3	-	1	-	1
Enel Trade SpA	5	85	-	-	-	4
Enel.Factor SpA	-	2	-	-	-	-
Enel Insurance NV	1	-	-	-	-	-
Enel.si Srl	1	2	-	-	-	-
Enelpower SpA	-	3	-	-	-	-
Endesa Energía SA	4	-	-	-	-	4
Enersis SA	3	-	-	-	-	2
Gas y Electricidad Generación SAU	1	-	-	-	-	2
Nuove Energie Srl	-	1	-	-	-	-
Slovenské elektrárne AS	16	-	-	-	-	7
Unión Eléctrica de Canarias Generación SAU	1	-	-	-	-	1
Total	**863**	**656**	**-**	**73**	**-**	**243**
Other related parties:						
GSE	1	-	-	-	-	-
Fondazione Centro Studi Enel	-	-	-	-	-	1
Total	**1**	**-**	**-**	**-**	**-**	**1**
TOTAL	**864**	**656**	**-**	**73**	**-**	**244**

2014

Millions of euro	Receivables	Payables	Costs		Revenue	
			Goods	Services	Goods	Services
	at Dec. 31, 2014	at Dec. 31, 2014	2014		2014	
Subsidiaries:						
Endesa Distribución Eléctrica SL	16	-	-	-	-	16
Endesa Generación SA	(2)	-	-	-	-	3
Enel Latinoamérica SA	-	1	-	1	-	(3)
Endesa SA	-	4	-	5	-	1
Enel Distributie Banat SA	-	-	-	-	-	1
Enel Distributie Dobrogea SA	-	-	-	-	-	1
Enel Distributie Muntenia SA	1	-	-	-	-	1
Enel Distribuzione SpA	146	289	-	-	-	73
Enel Energia SpA	109	4	-	-	-	59
Enel Iberoamérica SL	1	-	-	-	-	1
Enel France Sas	2	1	-	-	-	-
Enel Green Power Partecipazioni Speciali Srl	-	2	-	-	-	-
Enel Green Power SpA	41	10	-	-	-	21
Enel Green Power España SL	-	-	-	-	-	(2)
Enel Green Power North America Inc.	1	1	-	-	-	-
Enel Ingegneria e Ricerca SpA	8	3	-	(1)	-	2
Enel Longanesi Developments Srl	-	1	-	-	-	-
Enel Russia PJSC	16	4	-	1	-	4
Enel Produzione SpA	88	169	-	-	-	33
Enel Romania Srl	4	-	-	-	-	-
Enel Italia Srl	22	47	-	49	-	1
Enel Servizio Elettrico SpA	6	74	-	-	-	8
Enel Sole Srl	3	-	-	-	-	4
Enel Trade SpA	18	105	-	-	-	3
Enel.Factor SpA	-	13	-	-	-	-
Enel Insurance NV	1	-	-	-	-	1
Enel.si Srl	7	2	-	-	-	1
Enelpower SpA	-	3	-	-	-	-
Endesa Energía SA	6	-	-	-	-	6
Gas y Electricidad Generación SAU	-	-	-	-	-	1
Nuove Energie Srl	-	1	-	-	-	1
Slovenské elektrárne AS	17	-	-	-	-	6
Sviluppo Nucleare Italia Srl	-	3	-	3	-	-
Unión Eléctrica de Canarias Generación SAU	-	-	-	-	-	2
Total	**511**	**737**	**-**	**58**	**-**	**245**
Other related parties:						
GSE	1	1	-	-	-	-
Total	**1**	**1**	**-**	**-**	**-**	**-**
TOTAL	**512**	**738**	**-**	**58**	**-**	**245**

Financial relationships

2015

Millions of euro	Receivables	Payables	Guarantees	Costs	Revenue	Dividends
	at Dec. 31, 2015			2015		
Subsidiaries:						
Enel Distribuzione SpA	165	890	3,719	2	48	1,245
Enel Energia SpA	9	395	1,087	-	10	159
Enel Iberoamérica SL	1	-	-	-	1	500
Enel Finance International NV	1,459	2,432	21,846	1,533	48	-
Enel Green Power Chile Ltda	-	-	-	1	2	-
Enel Green Power International BV	107	-	-	-	13	-
Enel Green Power México S de RL de Cv	-	3	-	-	2	-
Enel Green Power North America Inc.	-	-	51	1	2	-
Enel Green Power SpA	331	7	1,804	67	132	109
Enel Ingegneria e Ricerca SpA	1	3	33	1	2	-
Enel Investment Holding BV	1	87	376	-	1	-
Enel Longanesi Developments Srl	28	-	2	-	-	-
Enel M@P Srl	1	-	1	-	-	-
Enel Produzione SpA	119	648	2,415	145	36	-
Enel Italia Srl	101	84	73	-	6	9
Enel Servizio Elettrico SpA	1,017	-	1,798	-	8	-
Enel Sole Srl	17	-	110	-	1	-
Enel Trade Romania Srl	-	-	8	-	-	-
Enel Trade SpA	47	364	1,560	497	347	-
Enel.Factor SpA	123	2	-	2	2	-
Enel.Newhydro Srl	-	15	1	-	-	-
Enel.si Srl	4	-	36	-	-	-
Enelpower SpA	-	36	1	-	-	-
Marcinelle Energie SA	-	-	8	-	-	-
Nuove Energie Srl	13	-	86	-	-	-
Enel Oil & Gas SpA	-	2	-	-	-	-
Total	**3,544**	**4,968**	**35,015**	**2,249**	**661**	**2,022**
Other related parties:						
Emittenti Titoli SpA	-	-	-	-	-	1
CESI SpA	-	-	-	-	-	1
Total	**-**	**-**	**-**	**-**	**-**	**2**
TOTAL	**3,544**	**4,968**	**35,015**	**2,249**	**661**	**2,024**

2014

Millions of euro	Receivables	Payables	Guarantees	Costs	Revenue	Dividends
	at Dec. 31, 2014			2014		
Subsidiaries:						
Concert Srl	-	2	-	-	-	-
Enel Distribuzione SpA	218	1,258	4,005	1	189	1,373
Enel Energia SpA	11	-	1,009	-	8	16
Enel Iberoamérica SL	2	2	-	-	2	-
Enel Finance International NV	1,714	3,105	25,522	750	173	-
Enel France Sas	-	-	26	-	-	-
Enel Green Power International BV	98	-	-	1	32	-
Enel Green Power México S de RL de Cv	23	-	-	-	1	-
Enel Green Power North America Inc.	14	-	45	2	1	-
Enel Green Power Romania Srl	5	-	-	-	-	-
Enel Green Power SpA	67	9	1,543	3	71	109
Enel Ingegneria e Ricerca SpA	98	-	67	-	5	-
Enel Investment Holding BV	1	88	365	-	3	-
Enel Longanesi Developments Srl	27	-	1	-	-	-
Enel M@P Srl	1	-	5	-	-	-
Enel Produzione SpA	137	112	2,691	129	35	223
Enel Italia Srl	102	200	91	-	6	7
Enel Servizio Elettrico SpA	1,242	-	1,660	-	8	85
Enel Sole Srl	41	-	111	-	3	-
Enel Trade Romania Srl	-	-	6	-	-	-
Enel Trade SpA	1,231	239	1,424	286	115	-
Enel.Factor SpA	160	-	-	-	2	3
Enel.Newhydro Srl	-	16	6	-	-	-
Enel.si Srl	5	-	36	-	-	-
Enelpower SpA	-	34	1	-	-	1
Marcinelle Energie SA	-	-	9	-	-	-
Nuove Energie Srl	5	-	86	-	-	-
PH Chucas SA	7	-	-	-	-	-
Sviluppo Nucleare Italia Srl	-	11	4	-	-	-
Total	**5,209**	**5,076**	**38,713**	**1,172**	**654**	**1,817**
Other related parties:						
CESI SpA	-	-	-	-	-	1
Total	**-**	**-**	**-**	**-**	**-**	**1**
TOTAL	**5,209**	**5,076**	**38,713**	**1,172**	**654**	**1,818**

The impact of transactions with related parties on the balance sheet, income statement and cash flows is reported in the following tables.

Impact on balance sheet

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		at Dec. 31, 2015			at Dec. 31, 2014	
Assets						
Derivatives - non-current	2,591	317	12.2%	1,979	819	41.4%
Other non-current financial assets	107	71	66.4%	146	117	80.1%
Other non-current assets	409	164	40.1%	467	177	37.9%
Trade receivables	283	278	98.2%	132	127	96.2%
Derivatives - current	299	26	8.7%	280	50	17.9%
Other current financial assets	3,403	3,130	92.0%	5,040	4,223	83.8%
Other current assets	460	422	91.7%	244	208	85.2%
Liabilities						
Derivatives - non-current	2,717	1,365	50.2%	2,484	469	18.9%
Other non-current liabilities	243	243	100.0%	287	287	100.0%
Short-term borrowings	4,914	3,243	66.0%	4,746	4,319	91.0%
Trade payables	164	59	36.0%	139	55	39.6%
Derivatives - current	367	276	75.2%	359	234	65.2%
Other current financial liabilities	643	84	13.1%	694	54	7.8%
Other current liabilities	1,046	354	33.8%	975	396	40.6%

Impact on income statement

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		2015			2014	
Revenue	245	244	99.6%	246	245	99.6%
Services and other operating expenses	399	73	18.3%	324	58	17.9%
Income from equity investments	2,024	2,024	100.0%	1,818	1,818	100.0%
Financial income on derivatives	3,358	500	14.9%	2,190	460	21.0%
Other financial income	177	161	91.0%	222	194	87.4%
Financial expense on derivatives	3,024	2,248	74.3%	1,954	1,169	59.8%
Other financial expense	1,243	1	0.1%	1,377	3	0.2%

Impact on cash flows

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		2015			2014	
Cash flows from operating activities	1,062	1,092	102.8%	926	667	72.0%
Cash flows from investing/disinvesting activities	(560)	(559)	99.8%	(11)	(10)	90.9%
Cash flows from financing activities	(1,549)	29	-1.9%	2,934	2,682	91.4%

36. Contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Sureties and guarantees given:			
- third parties	376	405	(29)
- subsidiaries	35,015	38,713	(3,698)
Total	**35,391**	**39,118**	**(3,727)**

Sureties granted to third parties regard guarantees issued by the Parent Company as part of the disposal to third parties of assets owned by Enel SpA or in the interest of its subsidiaries and they essentially regard the sale of real estate assets (€375 million). The guarantee is meant to ensure the performance of contractual obligations, specifically payments due and the commitment to renew at least 50% of the long-term lease agreements for six years.

Sureties issued on behalf of subsidiaries include:

- €21,748 million issued on behalf of Enel Finance International securing bonds denominated in dollars, pounds, euros and yen as part of the €35 billion Global Medium-Term Notes Program;
- €3,050 million issued to the European Investment Bank (EIB) for loans granted to Enel Distribuzione, Enel Produzione and Enel Green Power;
- €2,046 million issued to the tax authorities in respect of participation in the Group VAT procedure on behalf of Enel.Newhydro, Enel Trade, Enel Produzione, Enelpower, Enel Servizio Elettrico, Nuove Energie, Enel Ingegneria e Ricerca, Enel M@p, Enel.si, Enel Green Power, Enel Sole and Enel Longanesi Developments;
- €1,407 million in favor of Cassa Depositi e Prestiti issued on behalf of Enel Distribuzione, which received the Enel Grid Efficiency II loan;
- €1,150 million issued by Enel SpA to the Acquirente Unico (Single Buyer) on behalf of Enel Servizio Elettrico for obligations under the electricity purchase contract;
- €525 million issued to INPS on behalf of various Group companies whose employees elected to participate in the structural staff reduction plan (Article 4 of Law 92/2012);
- €495 million issued to Terna on behalf of Enel Distribuzione, Enel Trade, Enel Produzione and Enel Energia in respect of agreements for electricity transmission services;
- €387 million issued to Snam Rete Gas on behalf of Enel Trade for gas transport capacity;
- €365 million as counter-guarantees in favor of the banks that guaranteed the Energy Markets Operator (GME) on behalf of Enel Trade and Enel Produzione;
- €364 million issued to financial counterparties on behalf of Enel Investment Holding securing bonds as part of the €35 billion Global Medium-Term Notes Program;
- €97 million issued on behalf of Enel Finance International to secure the Euro Commercial Paper program;
- €80 million issued to RWE Supply & Trading GmbH on behalf of Enel Trade for electricity purchases;
- €50 million issued to E.ON on behalf of Enel Trade for trading on the electricity market;
- €32 million issued to Wingas GmbH & CO.KG on behalf of Enel Trade for the supply of gas;
- €3,218 million issued to various beneficiaries as part of financial support activities by the Parent Company on behalf of subsidiaries.

In its capacity as the Parent Company, Enel SpA has also granted letters of patronage to a number of Group companies, essentially for assignments of receivables.

37. Contingent liabilities and assets

Please see note 49 to the consolidated financial statements for information on contingent liabilities and asset.

38. Events after the reporting date

Please see note 50 to the consolidated financial statements for information on events after the reporting date.

39. Fees of audit firm pursuant to Article 149-*duodecies* of the CONSOB "Issuers Regulation"

Fees paid in 2015 to the audit firm and entities belonging to its network for services are summarized in the following table, pursuant to the provisions of Article 149-*duodecies* of the CONSOB "Issuers Regulation".

Type of service	Entity providing the service	Fees (millions of euro)
Enel SpA		
Auditing	of which:	
	- Reconta Ernst & Young SpA	1.6
	- Entities of Ernst & Young network	-
Certification services	of which:	
	- Reconta Ernst & Young SpA	0.6
	- Entities of Ernst & Young network	-
Other services	of which:	
	- Reconta Ernst & Young SpA	0.5
	- Entities of Ernst & Young network	-
Total		**2.7**
Enel SpA subsidiaries		
Auditing	of which:	
	- Reconta Ernst & Young SpA	2.3
	- Entities of Ernst & Young network	12.6
Certification services	of which:	
	- Reconta Ernst & Young SpA	0.6
	- Entities of Ernst & Young network	3.9
Tax advisory	of which:	
	- Reconta Ernst & Young SpA	-
	- Entities of Ernst & Young network	0.5
Other services	of which:	
	- Reconta Ernst & Young SpA	-
	- Entities of Ernst & Young network	0.5
Total		**20.4**
TOTAL		**23.1**

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the Company financial reports

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel SpA at December 31, 2015, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation 11971 of May 14, 1999

1. The undersigned Francesco Starace and Alberto De Paoli, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   a. the appropriateness with respect to the characteristics of the Company and
   b. the effective adoption of the administrative and accounting procedures for the preparation of the separate financial statements of Enel SpA in the period between January 1, 2015 and December 31, 2015.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the separate financial statements of Enel SpA has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   b. the assessment of the internal control system for financial reporting did not identify any material issues.

3. In addition, we certify that separate financial statements of Enel SpA at December 31, 2015:
   a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation 2002/1606/EC of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the performance and financial position of the issuer.

4. Finally, we certify that the report on operations, included in the Annual Report 2015 and accompanied by the financial statements of Enel SpA at December 31, 2015, contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Rome, March 22, 2016

Francesco Starace
Chief Executive Officer of Enel SpA

Alberto De Paoli
Officer responsible for the preparation
of the financial reports of Enel SpA

Reports

Report of the Board of Auditors to the Shareholders' Meeting of Enel SpA

Report of the Board of Auditors to the Shareholders' Meeting of Enel SpA (pursuant to Article 153 of Legislative Decree 58/1998)

Shareholders,

During the year ended December 31, 2015 we performed the oversight activities envisaged by law at Enel SpA (hereinafter also "Enel" or the "Company"). In particular, pursuant to the provisions of Article 149, paragraph 1, of Legislative Decree 58 of February 24, 1998 (hereinafter the "Consolidated Law on Financial Intermediation") and Article 19, paragraph 1 of Legislative Decree 39 of January 27, 2010 (hereinafter "Decree 39/2010") we monitored:

> compliance with the law and the corporate bylaws as well as compliance with the principles of sound administration in the performance of the Company's business;
> the Company's financial reporting process and the adequacy of the administrative and accounting system, as well as the reliability of the latter in representing operational events;
> the statutory audit of the annual statutory and consolidated accounts and the independence of the audit firm;
> the adequacy and effectiveness of the internal control and risk management system;
> the adequacy of the organizational structure of the Company, within the scope of our responsibilities;
> the implementation of the corporate governance rules as provided for by the Corporate Governance Code for Listed Companies (hereinafter, the "Corporate Governance Code"), which the Company has adopted;
> the appropriateness of the instructions given by the Company to its subsidiaries to enable it to meet statutory market disclosure requirements.

In performing our checks and assessments of the above issues, we did not find any particular issues to report.

In compliance with the instructions issued by CONSOB with Communication DEM/1025564 of April 6, 2001, as amended, we report the following:

> we monitored compliance with the law and the bylaws and we have no issues to report;
> on a quarterly basis, we received adequate information from the Chief Executive Officer, as well as through our participation in the meetings of the Board of Directors of Enel, on activities performed, general developments in operations and the outlook, and on transactions with the most significant impact on performance or the financial position carried out by the Company and its subsidiaries. We report that the actions approved and implemented were in compliance with the law and the bylaws and were not manifestly imprudent, risky, in potential conflict of interest or in contrast with the resolutions of the Shareholders' Meeting or otherwise prejudicial to the integrity of the Company's assets. For a discussion of the features of the most significant transactions, please see the report on operations accompanying the separate financial statements of the Company for 2015 and the consolidated financial statements of the Enel Group for 2015 (in the section "Significant events in 2015");
> we did not find any atypical or unusual transactions conducted with third parties, Group companies or other related parties;
> in the section "Related parties" of the notes to the separate 2015 financial statements of the Company, the directors describe the main related-party transactions – identified on the basis of international accounting standards and the instructions of CONSOB – carried out by the Company, to which readers may refer for details on the transactions and their financial impact. They also detail the procedures adopted to ensure that related-party transactions are carried out in accordance with the principles of transparency and procedural and substantive fairness. The transactions were carried out in compliance with the approval and execution processes set out in the related procedure – adopted in compliance with the provisions of Article 2391-bis of the Italian Civil Code and the implementing regulations issued by CONSOB – described in the Report on Corporate Governance and Ownership Structure for 2015. All transactions with related parties reported in the notes to the separate 2015 financial statements of the Company were executed as part of ordinary operations in the interest of the Company and settled on market terms and conditions;
> the Company declares that it has prepared its statutory financial statements for 2015 on the basis of international accounting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation 1606/2002/EC and in force at the close of 2015, as well as the provisions of Legislative De-

cree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The Company's separate financial statements for 2015 have been prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU, as indicated in the accounting policies for the individual items of the consolidated financial statements. The notes to the Company's separate financial statements also refer readers to the consolidated financial statements for information on the accounting standards and measurement criteria adopted, with the exception of equity investments in subsidiaries and associates, which are carried in the Company's separate financial statements at purchase costs adjusted for any impairment losses. The notes to the Company's separate financial statements also refer readers to the consolidated financial statements for information on recently issued accounting standards. The separate financial statements for 2015 of the Company were audited by the independent auditors Reconta Ernst & Young SpA, which issued an unqualified opinion, including with regard to the consistency of the report on operations with the financial statements, pursuant to Article 14 of Decree 39/2010;

> the Company declares that it has also prepared the consolidated financial statements of the Enel Group for 2015 on the basis of international accounting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation 1606/2002/EC and in force at the close of 2015, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The 2015 consolidated financial statements of the Enel Group are also prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU (as indicated in the discussion of measurement criteria for the individual items) and non-current assets (or disposal groups) classified as held for sale, which are measured at the lower of carrying amount and fair value less costs to sell. The notes to the consolidated financial statements provide a detailed discussion of the accounting standards and measurement criteria adopted. As regards recently issued accounting standards, the notes to the consolidated financial statements discuss (i) new standards applied in 2015, which according to the notes did not have a material impact in the year under review, with the exception of the "IFRIC 11 - Levies", which, while not giving rise to any restatement of comparative figures on an annual basis, did involve a number of changes in the interim income statement; and (ii) standards that will apply in the future. The consolidated financial statements for 2015 of the Enel Group were audited by the independent auditors Reconta Ernst & Young SpA, which issued an unqualified opinion, including with regard to the consistency of the report on operations with the consolidated financial statements, pursuant to Article 14 of Decree 39/2010.
Under the terms of its engagement, Reconta Ernst & Young SpA also issued unqualified opinions on the financial statements for 2015 of the most significant Italian companies of the Enel Group. Moreover, during periodic meetings with the representatives of the audit firm, Reconta Ernst & Young SpA, the latter did not raise any issues concerning the reporting packages of the main foreign companies of the Enel Group, selected by them on the basis of the work plan established for the auditing of the consolidated financial statements of the Enel Group, that would have a sufficiently material impact to be reported in the opinion on those financial statements;

> taking due account of the recommendations of the European Securities and Markets Authority issued on January 21, 2013, and most recently confirmed with the Public Statement of October 27, 2015, to ensure greater transparency concerning the methods used by listed companies in testing goodwill for impairment, in line with the recommendations contained in the joint Bank of Italy - CONSOB - ISVAP document 4 of March 3, 2010, and in the light of indications of CONSOB in its Communication 7780 of January 28, 2016, the compliance of the impairment testing procedure with the provisions of IAS 36 was expressly approved by the Board of Directors of the Company, having obtained a favorable opinion in this regard from the Control and Risk Committee in February 2016, i.e. prior to the date of approval of the financial statements for 2015;

> we examined the Board of Directors' proposal for the allocation of net income for 2015 and the distribution of available reserves and have no comments in this regard;

> we note that the Board of Directors of the Company certified, following appropriate checks by the Control and Risk Committee, that as at the date on which the 2015 financial statements were approved, the Enel Group continued to meet the conditions established by CONSOB (set out in Article 36 of the Market Rules, approved with Resolution 16191 of October 29, 2007 as amended) concerning the accounting transparency and adequacy of the organizational structures and internal control systems that subsidiaries established and regulated under the law of non-EU countries must comply with so that Enel shares can continue to be listed on regulated markets in Italy;

- we monitored, within the scope of our responsibilities, the adequacy of the organizational structure of the Company (and the Enel Group as a whole), obtaining information from department heads and in meetings with the boards of auditors or equivalent bodies of a number of the main Enel Group companies in Italy and abroad, for the purpose of the reciprocal exchange of material information. As from the second half of 2014, the organizational structure of the Enel Group is based on a matrix of Divisions and geographical areas. It is organized into: (i) Divisions, which are responsible for managing and developing assets, optimizing their performance and the return on capital employed in the various geographical areas in which the Group operates. The Divisions comprise: Global Infrastructure and Networks, Global Generation, Renewable Energy, Global Trading and Upstream Gas (note that the latter two Divisions were merged in March 2016); (ii) Areas and Countries, which are responsible for managing relationships with local institutional bodies and regulatory authorities, as well as selling electricity and gas, in each of the countries in which the Group is present, while also providing staff and other service support to the divisions. Areas and Countries comprise: Italy, Iberian Peninsula, Latin America, Eastern Europe; (iii) Global service functions, which are responsible for managing information and communication technology activities and procurement at the Group level; and (iv) Holding company functions, which are responsible for managing governance processes at the Group level. They include: Administration, Finance and Control, Human Resources and Organization, Communication, Legal and Corporate Affairs, Audit, European Affairs, and Innovation and Sustainability. The Board of Auditors feels that the organizational system described above is adequate to support the strategic development of the Company and the Enel Group and is consistent with control requirements;
- during meetings with the boards of auditors or equivalent bodies of a number of the Group's main companies in Italy and abroad, no material issues emerged that would require reporting here;
- we monitored the independence of the audit firm Reconta Ernst & Young SpA, having received from them specific written confirmation that they met that requirement (pursuant to the provisions of Article 17, paragraph 9, letter a) of Decree 39/2010) and having discussed the substance of that declaration with the audit partner. In this regard, we also monitored – as provided for under Article 19, paragraph 1(d), of Decree 39/2010 – the nature and the scale of non-audit services provided to the Company and other Enel Group companies by Reconta Ernst & Young SpA and the entities belonging to its network, the fees for which are reported in the notes to the financial statements of the Company. Following our examinations, the Board of Auditors feels that there are no critical issues concerning the independence of the audit firm Reconta Ernst & Young SpA. We held periodic meetings with the representatives of the audit firm, pursuant to Article 150, paragraph 3, of the Consolidated Law on Financial Intermediation, and no material issues emerged that would require mention in this report.

  As regards the provisions of Article 19, paragraph 3, of Decree 39/2010, Reconta Ernst & Young SpA provided the Board of Auditors with the report for 2015 "on key issues emerging during the statutory audit", which did not find any significant shortcomings in the internal control system concerning financial reporting. The audit firm also reported that, as it performed its engagement, it provided suggestions concerning a number of issues that, after being agreed with the competent units of the Company, enabled improvements to be implemented. The audit firm also reported that it did not prepare any management letter for 2015;
- we monitored the financial reporting process, the appropriateness of the administrative and accounting system and its reliability in representing operational events, as well as compliance with the principles of sound administration in the performance of the Company's business and we have no comments in that regard. We conducted our checks by obtaining information from the head of the Administration, Finance and Control department (taking due account of the head's role as the officer responsible for the preparation of the Company's financial reports), examining Company documentation and analyzing the findings of the examination performed by Reconta Ernst & Young SpA. The Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel issued a statement (regarding the Company's 2015 financial statements) certifying (i) the appropriateness with respect to the characteristics of the Company and the effective adoption of the administrative and accounting procedures used in the preparation of the financial statements; (ii) the compliance of the content of the financial reports with international accounting standards endorsed by the European Union pursuant to Regulation 1606/2002/EC; (iii) the correspondence of the financial statements with the information in the books and other accounting records and their ability to provide a true and fair representation of the performance and financial position of the Company; and (iv) that the report on operations accompanying the financial statements contains

a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed. The statement also affirmed that the appropriateness of the administrative and accounting procedures used in the preparation of the financial statements of the Company had been verified in an assessment of the internal control system for financial reporting (supported by the findings of the independent monitoring performed by the Company's Audit department) and that the assessment of the internal control system did not identify any material issues. An analogous statement was prepared for the consolidated financial statements for 2015 of the Enel Group;

> we monitored the adequacy and effectiveness of the internal control system, primarily through periodic meetings with the head of the Audit department of the Company and holding most of the meetings jointly with the Control and Risk Committee as well as with the participation of the Chairman of the Board of Auditors in the other meetings of the Control and Risk Committee and the subsequent examination of the associated documentation during those meetings. In the light of our examination and in the absence of significant issues, the internal control and risk management system can be considered adequate and effective. In March 2016, the Board of Directors of the Company expressed an analogous assessment of the situation and also noted, in February 2015 and November 2015, that the main risks associated with the strategic targets set out, respectively, in the 2015-2019 business plan and the 2016-2020 business plan were compatible with the management of the Company in a manner consistent with those targets;

> in July 2015, the Board of Auditors received two reports of censurable facts pursuant to Article 2408 of the Italian Civil Code from a shareholder, who alleged serious shortcomings and omissions in both the description in the 2014 Annual Report of a dispute in which the Company is involved and in the supplementary disclosures provided on the dispute during the Shareholders' Meeting in response to questions submitted by the representative of the shareholder (pursuant to Article 127-ter of the Consolidated Law on Financial Intermediation). Following appropriate enquiries, and taking due account of the analysis of the dispute in question conducted during previous meetings of the Board of Directors and the Board of Auditors of Enel, the latter did not find any serious management irregularities or any simple irregularities in the events involved in the complaint and reported those conclusions to the shareholder. In September 2015, the Board of Auditors received two additional complaints from the same shareholder charging the Board of Auditors with failing to perform its oversight duties in examining the above complaints and essentially restating using the same arguments the complaints involved, adding a number of circumstances drawn from the interim financial reports at June 30, 2015 of Enel and a number of its subsidiaries. Following additional enquiries, the Board of Auditors did not find any information that would alter its original finding of no irregularities in the events addressed by the complaints. Once again, the Board of Auditors informed the shareholder of its conclusions. Since September 2015, the Board of Auditors has not received any further reports concerning the affair. In addition, in December 2015, the Board of Auditors received a notice requesting the termination of a series of contracts for the supply of electricity as they were considered inappropriately executed by an Italian company of the Enel Group with a number of squatters. The Board of Auditors asked the competent Company units to conduct an appropriate investigation, which found no irregularities to report;

> we monitored the effective implementation of the Corporate Governance Code, which the Company has adopted, verifying the compliance of Enel's governance arrangements with the recommendations of the Code. Detailed information on the Company's corporate governance system can be found in the Report on Corporate Governance and Ownership Structure for 2015. In June 2015 and February 2016, the Board of Auditors verified that the Board of Directors, in evaluating the independence of non-executive directors, correctly applied the assessment criteria specified in the Corporate Governance Code and the principle of the priority of substance over form set out in that Code, adopting a transparent procedure, the details of which are discussed in the Report on Corporate Governance and Ownership Structure for 2015. As regards the "self-assessment" of the independence of its members, the Board of Auditors verified compliance, most recently in February 2016, with the requirements set out in both the Consolidated Law on Financial Intermediation and the Corporate Governance Code;

> since the listing of its shares, the Company has adopted specific rules (most recently amended in December 2012) for the internal management and processing of confidential information, which also set out the procedures for the disclosure of documentation and information concerning the Company and the Group, with specific regard to inside information. Those rules (which can be consulted at www.enel.com) contain appropriate provisions directed at subsidiaries to enable Enel to

comply with statutory market disclosure requirements, pursuant to Article 114, paragraph 2, of the Consolidated Law on Financial Intermediation;

> in 2002 the Company also adopted (and has subsequently updated) a Code of Ethics (also available at www.enel.com) that expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate conduct in accordance with standards of maximum transparency and fairness with respect to all stakeholders;
> with regard to the provisions of Legislative Decree 231 of June 8, 2001 which introduced into Italian law a system of administrative (in fact criminal) liability for companies for certain types of offences committed by its directors, managers or employees on behalf of or to the benefit of the company since July 2002 Enel has adopted a compliance program consisting of a "general part" and various "special parts" concerning the difference offences specified by Legislative Decree 231/2001 that the program is intended to prevent. For a description of the manner in which the model has been implemented by the various Group companies, please see the Report on Corporate Governance and Ownership Structure for 2015. The structure that monitors the operation and compliance with the program and is responsible for updating it (hereinafter, "the Supervisory Body") is a collegial body. In 2015 it was composed of two external members with expertise on corporate organization matters, one of whom acted as chairman of the body, and the head of the Audit department, the head of the Legal and Corporate Affairs department and the Secretary of the Board of Directors of the Company, since they have specific professional expertise regarding the application of the compliance program and are not directly involved in operating activities. The Board of Auditors received adequate information on the main activities carried out in 2015 by the Supervisory Body. Our examination of those activities found no facts or situations that would require mention in this report;
> in 2015, the Board of Auditors issued the following opinions:
  - a favorable opinion at the meeting of January 26, 2015 concerning the 2015 Audit Plan in accordance with the provisions of Article 7.C.1, letter c) of the Corporate Governance Code, preliminary to the resolutions pertaining to the Board of Directors in that regard;
  - a favorable opinion at the meeting of February 11, 2015, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, concerning the supplementary instruments concerning the resolution on the remuneration and job conditions of the Chairman of the Board of Directors and the Chief Executive Officer/General Manager during the 2014-2016 term;
  - a favorable opinion at the meeting of May 7, 2015 on the findings of Reconta Ernst & Young in its report on the major issues that arose in the statutory audit in 2014, in accordance with the provisions of Article 7.C.1, letter e) of the Corporate Governance Code, preliminary to the assessments pertaining to the Board of Directors in that regard;
> a report on the fixed and variable compensation accrued by those who served as Chairman of the Board of Directors, the Chief Executive Officer/General Manager and other directors in 2015 for their respective positions and any compensation instruments awarded to them will be contained (as provided for in the draft version, which the Board of Auditors has seen) in the Remuneration Report referred to in Article 123-ter of the Consolidated Law on Financial Intermediation. It will be submitted for approval by the Board of Directors, acting on a proposal of the Nomination and Compensation Committee, and published in compliance with the time limits established by law. The design of these compensation instruments is in line with best practices, complying with the principle of establishing a link with appropriate financial and non-financial performance targets and pursuing the creation of shareholder value over the medium and long term. The proposals to the Board of Directors concerning such forms of compensation and the determination of the associated parameters were prepared by the Nomination and Compensation Committee, which is made up of independent directors, drawing on the findings of benchmarking analyses at the national and international level performed by an independent consulting firm. In addition, in determining the compensation package of the new directors with special duties in the 2014-2016 term, the resolution of the Shareholders' Meeting of May 22, 2014 was implemented. That resolution, in application of Article 84-ter of Decree Law 69 of June 21, 2013 (ratified with amendments with Law 98 of August 9, 2013), established that for the election of the Board of Directors by that Shareholders' Meeting the remuneration of directors with special duties could not be set by the Board of Directors in an amount exceeding 75% of the total remuneration of any form, including under an employment relationships with the Company, established during the previous term. Finally, the Report on Remuneration referred to in Article 123-ter of the Consolidated Law on Financial Intermediation will contain, in compliance with the applicable CONSOB regulations, specific disclosures on the remuneration earned in 2015 by key management personnel.

The Board of Auditors' oversight activity in 2015 was carried out in 17 meetings and with participation in the 15 meetings of the Board of Directors, and, through the Chairman, in the 15 meetings of the Control and Risk Committee (of which 13 joint meetings with the Board of Auditors), in the 7 meetings of the Nomination and Compensation Committee, in the 1 meeting of the Related Parties Committee and in the 6 meetings of the Corporate Governance Committee. The delegate of the State Audit Court participated in the meetings of the Board of Auditors and those of the Board of Directors.
During the course of this activity and on the basis of information obtained from Reconta Ernst & Young SpA, no omissions, censurable facts, irregularities or other significant developments were found that would require reporting to the regulatory authorities or mention in this report.
Based on the oversight activity performed and the information exchanged with the independent auditors Reconta Ernst & Young SpA, we recommend that you approve the Company's financial statements for the year ended December 31, 2015 in conformity with the proposals of the Board of Directors.

Rome, April 13, 2016

The Board of Auditors

Chairman
Sergio Duca

Auditor
Lidia D'Alessio

Auditor
Gennaro Mariconda

Report of the independent audit firm on the 2015 financial statements of Enel SpA

Building a better
working world

Enel S.p.A.

Financial statements as of December 31, 2015

Independent auditors' report in accordance with articles 14 and 16 of Legislative Decree n. 39, dated January 27, 2010
(Translation from the original italian text)

EY
Building a better working world

Reconta Ernst & Young S.p.A.
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00198 Roma

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Independent auditors' report
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders of
Enel S.p.A.

Report on the financial statements

We have audited the accompanying financial statements of Enel S.p.A., which comprise the balance sheet as of December 31, 2015, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flow for the year then ended, a summary of significant accounting policies and the notes to the separate financial statements.

Directors' responsibility for the financial statements

The Directors of Enel S.p.A. are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated February 28, 2005.

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 International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated January 27, 2010. Those standards require 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 professional 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 of the financial statements that give a true and fair view 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 Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Enel S.p.A. as of December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated February 28, 2005.

Building a better working world

Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and Ownership Structure with the financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated February 24, 1998, with the financial statements. The Directors of Enel S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Enel S.p.A. as of December 31, 2015.

Rome, April 13, 2016

Reconta Ernst & Young S.p.A.
Signed by: Massimo delli Paoli, Partner

This report has been translated into the English language solely for the convenience of international readers.

Report of the independent audit firm on the 2015 consolidated financial statements of the Enel Group

Building a better working world

Enel S.p.A.

Consolidated financial statements as of December 31, 2015

Independent auditors' report in accordance with articles 14 and 16 of Legislative Decree n. 39, dated January 27, 2010
(Translation from the original italian text)

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Independent auditors' report
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders of
Enel S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Enel Group, which comprise the balance sheet as of December 31, 2015, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, and the statement of cash flow for the year then ended, and a summary of significant accounting policies and the notes to the financial statements.

Directors' responsibility for the consolidated financial statements

The Directors of Enel S.p.A. are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated February 28, 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated January 27, 2010. Those standards require 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 consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Enel Group as of December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated February 28, 2005.

Reconta Ernst & Young S.p.A.
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Capitale Sociale € 1.402.500,00 i.v.
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Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and Ownership Structure with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated February 24, 1998, with the consolidated financial statements. The Directors of Enel S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of the Enel Group as of December 31, 2015.

Rome, April 13, 2016

Reconta Ernst & Young S.p.A.
Signed by: Massimo delli Paoli, Partner

This report has been translated into the English language solely for the convenience of international readers.

Summary of the resolutions of the Ordinary and Extraordinary Shareholders' Meeting

The Ordinary and Extraordinary Shareholders' Meeting of Enel SpA held in Rome in single call on May 26, 2016 at the Enel Conference Center at 125, Viale Regina Margherita, adopted the following resolutions during the ordinary session:

1. approved the financial statements of Enel SpA for the year ended December 31, 2015, having acknowledged the results of the consolidated financial statements of the Enel Group for the year ended December 31, 2015, which closed with net income attributable to shareholders of the Parent Company of €2,196 million;

2. resolved:

   (i) to allocate Enel SpA's net income for the year 2015, amounting to €1,010,654,499.31, as follows:

   a) to earmark for distribution to the shareholders, as dividend, €0.08 for each of the 10,166,679,946 ordinary shares in circulation on June 20, 2016, the scheduled ex-dividend date, for an overall amount of €813,334,395.68;

   b) to earmark for the statutory reserve the part of the net income necessary to bring the amount of the aforesaid reserve up to one-fifth of the share capital, as specified by Article 2430, paragraph 1, of the Civil Code, for an overall amount of €152,664,430.20;

   c) to earmark for "retained earnings" the remaining part of the net income, equal to €44,655,673.43;

   (ii) to earmark for the distribution to the shareholders also a part of the available reserve named "retained earnings" allocated in the financial statements of Enel SpA (amounting as of December 31, 2015 to €5,303,025,796.26 overall), for an amount of €0.08 for each of the 10,166,679,946 ordinary shares in circulation on June 20, 2016, the scheduled ex-dividend date, for an overall amount of €813,334,395.68;

   paying, before withholding tax, if any, an overall dividend of €0.16 per ordinary share – of which €0.08 as distribution of the 2015 net income and €0.08 as partial distribution of the available reserve named "retained earnings" – as from June 22, 2016, with the ex-dividend date of coupon no. 24 falling on June 20, 2016 and the "record date" (i.e. the date of the title to the payment of the dividend) coinciding with June 21, 2016;

3. appointed the new Board of Statutory Auditors, which will remain in office until the approval of the 2018 financial statements, in the persons of:

   - Sergio Duca - Chairman;
   - Roberto Mazzei – Regular Auditor;
   - Romina Guglielmetti - Regular Auditor;
   - Alfonso Tono - Alternate Auditor;
   - Michela Barbiero - Alternate Auditor;
   - Franco Tutino - Alternate Auditor;

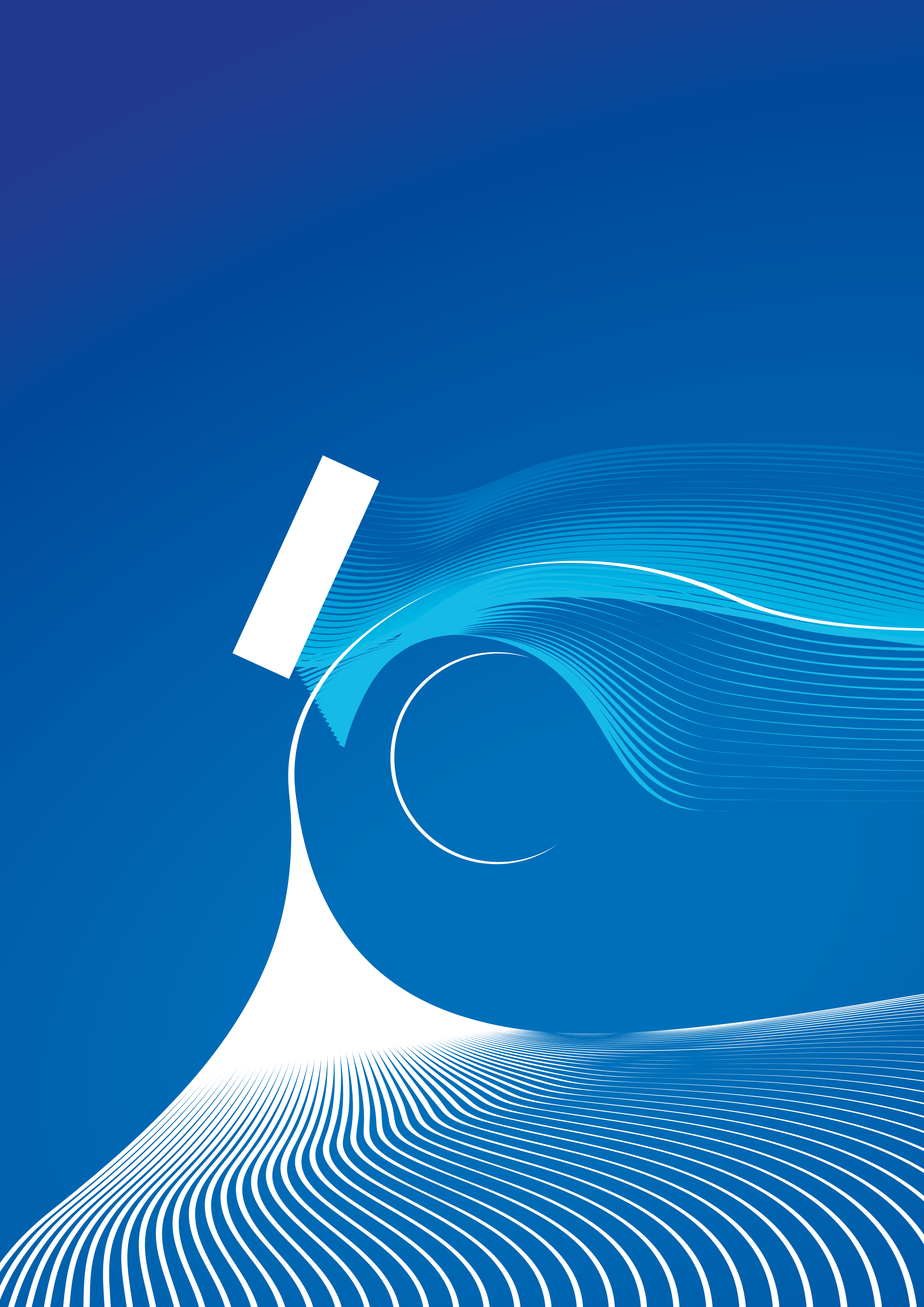
   confirming their yearly gross compensation at €85,000 for the Chairman and €75,000 for each of the other regular Statutory Auditors, in addition to the reimbursement of properly documented travel and living expenses incurred in the performance of their duties;

4. approved the long term incentive plan for 2016 reserved to the management of Enel SpA and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code, whose features are described in the relevant information document prepa-

red pursuant to Article 84-*bis*, paragraph 1, of the Issuers' Regulation adopted by Consob with resolution 11971/1999, and to grant the Board of Directors, with the faculty to sub-delegate, all powers necessary for the actual implementation of the aforesaid plan;

5. resolved in favor of the first section of the remuneration report drawn up pursuant to Article 123-*ter* of Legislative Decree 58 dated February 24, 1998, and Article 84-*quater* of the Issuers' Regulation adopted by Consob with resolution 11971/1999, containing the description of the policy for the remuneration of Directors, General Manager and Executives with strategic responsibilities adopted by the Company for the financial year 2016, as well as the procedures used for the adoption and implementation of such policy.

In the extraordinary session, the Shareholders' Meeting approved an amendment of Article 14.3 of the corporate bylaws, concerning the procedure for the appointment of the Board of Directors by slating vote, in order to allow the entire Board to be elected by slating vote even in the event that the slate that has obtained the most votes at the Shareholders' Meeting contains a lower number of candidates than 7/10 of the directors to be elected, assigned to that slate by the corporate bylaws.



Attachments

Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2015

In compliance with CONSOB Notice DEM/6064293 of July 28, 2006 and Article 126 of CONSOB Resolution 11971 of May 14, 1999, a list of subsidiaries and associates of Enel SpA at December 31, 2015, pursuant to Article 2359 of the Italian Civil Code, and of other significant equity investments is provided below. Enel has full title to all investments.

The following information is included for each company: name, registered office, share capital, currency in which share capital is denominated, activity, method of consolidation, Group companies that have a stake in the company and their respective ownership share, and the Group's ownership share.

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Parent company									
Enel SpA	Rome	Italy	9,403,357,795.00	EUR	Holding company	Holding			100.00%
Subsidiaries									
Cataldo Hydro Power Associates LP	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Pyrites Hydro LLC	50.00%	34.83%
							Hydro Development Group Acquisition LLC	50.00%	
Società di sviluppo, realizzazione e gestione del gasdotto Algeria-Italia via Sardegna SpA (in breve "Galsi SpA")	Milan	Italy	37,419,179.00	EUR	Energy and infrastructure engineering	-	Enel Produzione SpA	17.65%	17.65%
3-101-665717 SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	PH Chucas SA	100.00%	42.67%
3Sun Srl	Catania	Italy	35,205,984.00	EUR	Development, design, construction and operation of solar panel manufacturing plants	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Adams Solar PV Project Two (RF) (Pty) Ltd	Johannesburg	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	40.97%
Adria Link Srl	Gorizia	Italy	500,000.00	EUR	Design, construction and operation of merchant lines	Equity	Enel Produzione SpA	33.33%	33.33%
Agassiz Beach LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Agatos Green Power Trino	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Solar Energy Srl	80.00%	54.63%
Agrupación Acefhat AIE	Barcelona	Spain	793,340.00	EUR	Design and services	-	Endesa Distribución Eléctrica SL	16.67%	11.69%
Aguilón 20 SA	Zaragoza	Spain	2,682,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	51.00%	35.20%
Albany Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Almeyda Solar SpA	Santiago	Chile	1,736,965,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	100.00%	68.23%
Almussafes Servicios Energéticos SL	Valencia	Spain	3,010.00	EUR	Management and maintenance of power plants	Line-by-line	Enel Green Power España SL	100.00%	69.01%
Alpe Adria Energia SpA	Udine	Italy	450,000.00	EUR	Design, construction and operation of merchant lines	Equity	Enel Produzione SpA	40.50%	40.50%
Altomonte FV Srl	Rome	Italy	5,100,000.00	EUR	Electricity generation from renewable resources	Equity	Ultor Srl	100.00%	34.14%
Alvorada Energia SA	Rio de Janeiro	Brazil	17,117,415.92	BRL	Electricity generation and sale	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Ampla Energia e Serviços SA	Rio de Janeiro	Brazil	129,823.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Enel Brasil SA	46.89%	55.79%
							Chilectra Inversud SA	21.02%	
							Chilectra SA	10.34%	
							Enersis SA	21.38%	
Annandale Solar	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Apiacás Energia SA	Rio de Janeiro	Brazil	21,216,846.33	BRL	Electricity generation	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Aquenergy Systems LLC	Greenville (South Carolina)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Aquilae Solar SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Equity	Endesa Ingeniería SLU	50.00%	35.05%
Aragonesa de Actividades Energéticas SA	Teruel	Spain	60,100.00	EUR	Electricity generation	Line-by-line	Endesa Red SA	100.00%	70.10%
Asociación Nuclear Ascó-Vandellós II AIE	Tarragona	Spain	19,232,400.00	EUR	Management and maintenance of power plants	Joint operation	Endesa Generación SA	85.41%	59.87%
Astronomy & Energy SpA	Santiago	Chile	5,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Parque Eólico Renaico SpA	100.00%	68.23%
Athonet Smartgrid Srl	Bolzano	Italy	14,285.71	EUR	Research, development and design	Equity	Enel Italia Srl	30.00%	30.00%
Atwater Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Aurora Distributed Solar LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Aurora Land Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Autumn Hills LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Aysén Energía SA	Santiago	Chile	4,900,100.00	CLP	Electricity	Equity	Centrales Hidroeléctricas de Aysén SA	99.00%	18.54%
							Empresa Nacional de Electricidad SA	0.51%	
Aysén Transmisión SA	Santiago	Chile	22,368,000.00	CLP	Electricity generation and sale	Equity	Empresa Nacional de Electricidad SA	0.51%	18.54%
							Centrales Hidroeléctricas de Aysén SA	99.00%	
Barnet Hydro Company LLC	Burlington (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	10.00%	68.29%
							Sweetwater Hydroelectric LLC	90.00%	
Beaver Falls Water Power Company	Philadelphia (Pennsylvania)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Beaver Valley Holdings LLC	67.50%	46.09%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Beaver Valley Holdings LLC	Philadelphia (Pennsylvania)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Beaver Valley Power Company LLC	Philadelphia (Pennsylvania)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Black River Hydro Association	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Cataldo Hydro Power Associates LP	75.00%	43.19%
							Enel Green Power North America Inc.	25.00%	
BLP Energy Private Limited	New Delhi	India	30,000,000.00	INR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Development BV	68.00%	46.44%
BLP Vayu (Project 1) Private Limited	Haryana	India	7,500,000.00	INR	Electricity generation from renewable resources	Line-by-line	BLP Energy Private Limited	100.00%	46.44%
BLP Vayu (Project 2) Private Limited	Haryana	India	45,000,000.00	INR	Electricity generation from renewable resources	Line-by-line	BLP Energy Private Limited	100.00%	46.44%
BLP Wind Project (Amberi) Private Limited	New Delhi	India	5,000,000.00	INR	Electricity generation from renewable resources	Line-by-line	BLP Energy Private Limited	100.00%	46.44%
Boiro Energía SA	Boiro	Spain	601,010.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	27.61%
Boott Field LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Boott Hydropower LLC	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Bp Hydro Associates	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	32.00%	68.29%
							Chi Idaho LLC	68.00%	
Bp Hydro Finance Partnership	Salt Lake City (Utah)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Bp Hydro Associates	75.92%	68.29%
							Enel Green Power North America Inc.	24.08%	
Braila Power SA	Chiscani	Romania	1,900,000.00	RON	Electricity generation	Equity	Enel Investment Holding BV	29.93%	29.93%
Buffalo Dunes Wind Project LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Development Holdings LLC	75.00%	51.22%
Business Venture Investments 1468 (Pty) Ltd	Lombardy East	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Bypass Limited LLC	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Bypass Power Company LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi West LLC	100.00%	68.29%
Canastota Wind Power LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Caney River Wind Project LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Rocky Caney Wind LLC	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Carbopego - Abastecimientos e Combustiveis SA	Abrantes	Portugal	50,000.00	EUR	Fuel supply	Equity	Endesa Generación SA	49.99%	35.05%
							Endesa Generación Portugal SA	0.01%	
Carodex (Pty) Ltd	Houghton	South Africa	116.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	98.49%	67.26%
Castle Rock Ridge Limited Partnership	Calgary (Alberta)	Canada	-	CAD	Electricity generation from renewable resources	Line-by-line	Enel Alberta Wind Inc.	0.10%	68.29%
							Enel Green Power Canada Inc.	99.90%	
Cefeidas Desarrollo Solar SL	Puerto del Rosario	Spain	3,008.00	EUR	Photovoltaic plants	Equity	Endesa Ingeniería SLU	50.00%	35.05%
Centrais Elétricas Cachoeira Dourada SA	Goiania	Brazil	289,340,000.00	BRL	Electricity generation and sale	Line-by-line	Enel Brasil SA	99.75%	51.03%
Central Dock Sud SA	Buenos Aires	Argentina	35,595,178,229.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Inversora Dock Sud SA	69.99%	24.24%
Central Eólica Canela SA	Santiago	Chile	12,284,740,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Compañía Eléctrica Tarapacá SA	75.00%	27.96%
Central Geradora Termelétrica Fortaleza SA	Caucaia	Brazil	151,940,000.00	BRL	Thermal generation plants	Line-by-line	Enel Brasil SA	100.00%	51.15%
Central Hidráulica Güejar-Sierra SL	Seville	Spain	364,210.00	EUR	Operation of hydro-electric plants	Equity	Enel Green Power España SL	33.30%	22.98%
Central Térmica de Anllares AIE	Madrid	Spain	595,000.00	EUR	Operation of thermal plants	Equity	Endesa Generación SA	33.33%	23.36%
Central Vuelta de Obligado SA	Buenos Aires	Argentina	500,000.00	ARS	Electrical facilities construction	Equity	Endesa Costanera SA	1.30%	9.80%
							Central Dock Sud SA	6.40%	
							Hidroeléctrica El Chocón SA	33.20%	
Centrales Hidroeléctricas de Aysén SA	Santiago	Chile	158,975,665,182.00	CLP	Design	Equity	Empresa Nacional de Electricidad SA	51.00%	18.54%
							Compañía Eléctrica Tarapacá SA	0.00%	
Centrales Nucleares Almaraz-Trillo AIE	Madrid	Spain	-	EUR	Management of nuclear plants	Equity	Endesa Generación SA	23.57%	16.76%
							Nuclenor SA	0.69%	
Centrum Pre Vedu a Vyskum Sro	Kalná nad Hronom	Slovakia	6,639.00	EUR	Research and development on natural sciences and engineering	Held for sale	Slovenské elektrárne AS	100.00%	66.00%
CESI - Centro Elettrotecnico Sperimentale Italiano Giacinto Motta SpA	Milan	Italy	8,550,000.00	EUR	Research and testing services, analysis and consulting, engineering, design and certification	Equity	Enel SpA	42.70%	42.70%
Chepei Desarollo Solar L	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Equity	Endesa Ingeniería SLU	50.00%	35.05%
Cherokee Falls Hydroelectric Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Black River LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Chi Idaho LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Minnesota Wind LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Operations Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Power Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Power Marketing Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi West LLC	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chilectra Inversud SA	Santiago	Chile	569,020,000.00	USD	Holding company	Line-by-line	Chilectra SA	100.00%	60.07%
Chilectra SA	Santiago	Chile	36,792,868,194.00	CLP	Holding company, Electricity distribution	Line-by-line	Enersis SA	99.09%	60.07%
							Compañía Eléctrica Tarapacá SA	0.00%	
							Endesa SA	0.00%	
Chinango SAC	Lima	Peru	294,249,298.00	PEN	Electricity generation, sale and transmission	Line-by-line	Edegel SA	80.00%	28.42%
Chisago Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Chisholm View Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Wind Holdings LLC	100.00%	34.83%
Chladiace Veze Bohunice Spol Sro	Bohunice	Slovakia	16,598.00	EUR	Engineering and construction	Held for sale	Slovenské elektrárne AS	35.00%	23.10%
Codensa SA ESP	Bogotá DC	Colombia	13,209,330,000.00	COP	Electricity distribution and sale	Line-by-line	Chilectra SA	9.35%	29.34%
							Enersis SA	39.13%	
Cogeneración El Salto SL (in liquidation)	Zaragoza	Spain	36,060.73	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	20.00%	13.80%
Cogeneración Lipsa SL	Barcelona	Spain	720,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	20.00%	13.80%
Comercializadora de Energía SA	Buenos Aires	Argentina	14,010,014.00	ARS	Electricity trading	Line-by-line	Enersis SA	55.00%	49.70%
							Endesa Argentina SA	45.00%	
Compagnia Porto di Civitavecchia SpA	Rome	Italy	21,372,000.00	EUR	Construction of port infrastructure	Equity	Enel Produzione SpA	25.00%	25.00%
Companhia Energética do Ceará SA	Fortaleza	Brazil	442,950,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Enersis SA	15.18%	39.32%
							Enel Brasil SA	58.87%	
Compañía de Interconexión Energética SA	Rio de Janeiro	Brazil	285,050,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Enel Brasil SA	100.00%	51.15%
Compañía de Transmisión del Mercosur SA	Buenos Aires	Argentina	14,175,999.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Compañía de Interconexión Energética SA	100.00%	51.15%
							Enel Latinoamérica SA	0.00%	
Compañía Eléctrica Tarapacá SA	Santiago	Chile	331,815,034,140.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Empresa Nacional de Electricidad SA	96.21%	37.28%
							Enersis SA	3.78%	
Compañía Energética Veracruz SAC	Lima	Peru	2,886,000.00	PEN	Hydroelectric projects	Line-by-line	Generalima SA	100.00%	60.62%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Compañía Eólica Tierras Altas SA	Soria	Spain	13,222,000.00	EUR	Wind plants	Equity	Enel Green Power España SL	35.63%	24.59%
Compostilla Re SA	Luxembourg	Luxembourg	12,000,000.00	EUR	Reinsurance	Held for sale	Enel Insurance NV	100.00%	85.05%
Concert Srl	Rome	Italy	10,000.00	EUR	Product, plant and equipment certification	Line-by-line	Enel Ingegneria e Ricerca SpA	49.00%	100.00%
							Enel Produzione SpA	51.00%	
Coneross Power Corporation Inc.	Greenville (South Carolina)	USA	110,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Consolidated Hydro New Hampshire LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Consolidated Hydro New York LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Consolidated Hydro Southeast LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Consolidated Pumped Storage Inc.	Wilmington (Delaware)	USA	550,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	81.82%	55.87%
Consorcio Eólico Marino Cabo de Trafalgar SL	Cadiz	Spain	200,000.00	EUR	Wind plants	Equity	Enel Green Power España SL	50.00%	34.51%
Copenhagen Hydro LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Corporación Eólica de Zaragoza SL	Zaragoza	Spain	1,021,600.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	25.00%	17.25%
Crucero Oeste Cinco SpA	Santiago	Chile	1,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Parque Eólico Renaico SpA	100.00%	68.23%
Crucero Oeste Cuatro SpA	Santiago	Chile	1,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Parque Eólico Renaico SpA	100.00%	68.23%
Crucero Oeste Dos SpA	Santiago	Chile	1,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Parque Eólico Renaico SpA	100.00%	68.23%
Crucero Oeste Tres SpA	Santiago	Chile	1,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Parque Eólico Renaico SpA	100.00%	68.23%
Crucero Oeste Uno SpA	Santiago	Chile	1,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Parque Eólico Renaico SpA	100.00%	68.23%
Danax Energy (Pty) Ltd	Houghton	South Africa	100.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
De Rock'I Srl	Bucharest	Romania	5,629,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	0.00%	68.29%
							Enel Green Power Romania Srl	100.00%	
Depuración Destilación Reciclaje SL	Boiro	Spain	600,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	27.61%
Desarollo Photosolar SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Equity	Endesa Ingeniería SLU	50.00%	35.05%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Desarrollo de Fuerzas Renovables S de RL de Cv	Mexico City	Mexico	13,564,350.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv Energía Nueva Energía Limpia México S de RL de Cv	99.99% 0.01%	68.29%
Diego de Almagro Matriz SpA	Santiago	Chile	351,604,338.00	CLP	Electricity generation from renewable resources	Line-by-line	Empresa Eléctrica Panguipulli SA	100.00%	68.23%
Dietrich Drop LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Diseño de Sistemas en silicio SA (in liquidation)	Valencia	Spain	578,000.00	EUR	Photovoltaic plants	-	Endesa Servicios SL	14.39%	10.09%
Distribuidora de Energía Eléctrica del Bages SA	Barcelona	Spain	108,240.00	EUR	Electricity distribution and sale	Line-by-line	Hidroeléctrica de Catalunya SL Endesa Red SA	45.00% 55.00%	70.10%
Distribuidora Eléctrica de Cundinamarca SA ESP	Bogotá DC	Colombia	1,000,000.00	COP	Electricity distribution and sale	Equity	Inversora Codensa Sas Codensa SA ESP	0.00% 49.00%	14.38%
Distribuidora Eléctrica del Puerto de La Cruz SA	Tenerife	Spain	12,621,210.00	EUR	Electricity purchase, transmission and distribution	Line-by-line	Endesa Red SA	100.00%	70.10%
Distrilec Inversora SA	Buenos Aires	Argentina	497,610,000.00	ARS	Holding company	Line-by-line	Empresa Nacional de Electricidad SA Chilectra SA Enersis SA	0.89% 23.42% 27.19%	30.87%
Dodge Center Distributed Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Dominica Energía Limpia S de RL de Cv	Colonia Guadalupe Inn	Mexico	279,282,225.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA Enel Green Power México S de RL de Cv	0.04% 99.96%	68.29%
Drift Sand Wind Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Eastwood Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Edegel SA	Lima	Peru	2,302,143,514.88	PEN	Electricity generation, distribution and sale	Line-by-line	Generandes Perú SA Empresa Nacional de Electricidad SA	54.20% 29.40%	35.53%
EGP BioEnergy Srl	Rome	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Puglia Srl	100.00%	68.29%
EGP Geronimo Holding Company Inc.	Wilmington (Delaware)	USA	1,000.00	USD	Holding company	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
EGP Salt Wells Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
EGP Solar 1 LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Solar Holdings LLC	100.00%	34.83%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
EGP Stillwater Solar LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Stillwater LLC	100.00%	34.83%
EGP Stillwater Solar PV II LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
EGP Timber Hills Project LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
EGP NA Development Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Development LLC	100.00%	68.29%
EGP NA Hydro Holdings LLC	Delaware	USA	-	USD	Holding company	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
EGP NA Renewable Energy Partners LLC	Delaware	USA	-	USD	Holding company	Line-by-line	EGPNA REP Holdings LLC	51.00%	34.83%
EGP NA REP Holdings LLC	Delaware	USA	-	USD	Holding company	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
EGP NA REP Hydro Holdings LLC	Delaware	USA	-	USD	Holding company	Line-by-line	EGPNA Renewable Energy Partners LLC	100.00%	34.83%
EGP NA REP Solar Holdings LLC	Delaware	USA	-	USD	Holding company	Line-by-line	EGPNA Renewable Energy Partners LLC	100.00%	34.83%
EGP NA REP Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Renewable Energy Partners LLC	100.00%	34.83%
EGP NA Wind Holdings 1 LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Wind Holdings LLC	100.00%	34.83%
El Dorado Hydro LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Elcogas SA	Puertollano	Spain	809,690.40	EUR	Electricity generation	Equity	Enel SpA	4.32%	33.05%
							Endesa Generación SA	40.99%	
Elcomex Solar Energy Srl	Costanza	Romania	4,590,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	0.00%	68.29%
							Enel Green Power Romania Srl	100.00%	
Elecgas SA	Santarem (Pego)	Portugal	50,000.00	EUR	Combined-cycle electricity generation	Equity	Endesa Generación Portugal SA	50.00%	35.05%
Electra Capital (RF) (Pty) Ltd	Johannesburg	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	40.97%
Eléctrica Cabo Blanco SA	Lima	Peru	46,508,170.00	PEN	Holding company	Line-by-line	Enersis SA	80.00%	60.62%
							Generalima SA	20.00%	
Eléctrica de Jafre SA	Girona	Spain	165,880.00	EUR	Electricity distribution and sale	Equity	Hidroeléctrica de Catalunya SL	47.46%	33.27%
Eléctrica de Lijar SL	Cadiz	Spain	1,081,820.00	EUR	Electricity transmission and distribution	Equity	Endesa Red SA	50.00%	35.05%
Electricidad de Puerto Real SA	Cadiz	Spain	6,611,130.00	EUR	Distribution and supply of electricity	Equity	Endesa Red SA	50.00%	35.05%
Electrogas SA	Santiago	Chile	61,832,327.00	USD	Holding company	Equity	Empresa Nacional de Electricidad SA	42.50%	15.45%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Elk Creek Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Emgesa Panama SA	Panama	Panama	10,000.00	USD	Electricity trading	Line-by-line	Emgesa SA ESP	100.00%	22.87%
Emgesa SA ESP	Bogotá DC	Colombia	655,222,310,000.00	COP	Electricity generation and sale	Line-by-line	Enersis SA	21.61%	22.87%
							Empresa Nacional de Electricidad SA	26.87%	
Emittenti Titoli SpA	Milan	Italy	5,200,000.00	EUR	-	-	Enel SpA	10.00%	10.00%
Empresa Carbonífera del Sur SA	Madrid	Spain	18,030,000.00	EUR	Mining	Line-by-line	Endesa Generación SA	100.00%	70.10%
Empresa de Distribución Eléctrica de Lima Norte SAA	Lima	Peru	638,560,000.00	PEN	Electricity distribution and sale	Line-by-line	Inversiones Distrilima SA	51.68%	45.79%
							Enersis SA	24.00%	
Empresa de Energía Cundinamarca SA ESP	Bogotá DC	Colombia	39,699,630,000.00	COP	Electricity distribution and sale	Equity	Distribuidora Eléctrica de Cundinamarca SA ESP	82.34%	11.84%
Empresa Distribuidora Sur SA	Buenos Aires	Argentina	898,590,000.00	ARS	Electricity distribution and sale	Line-by-line	Distrilec Inversora SA	56.36%	43.41%
							Chilectra SA	20.85%	
							Enersis SA	22.25%	
Empresa Eléctrica de Colina Ltda	Santiago	Chile	82,222,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Luz Andes Ltda	0.00%	60.07%
							Chilectra SA	100.00%	
Empresa Eléctrica de Piura SA	Lima	Peru	73,982,594.00	PEN	Electricity generation	Line-by-line	Eléctrica Cabo Blanco SA	60.00%	58.50%
							Generalima SA	36.50%	
Empresa Eléctrica Panguipulli SA	Santiago	Chile	48,038,937.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	99.99%	68.23%
							Enel Green Power Latin America Ltda	0.01%	
Empresa Eléctrica Pehuenche SA	Santiago	Chile	200,319,020.73	CLP	Electricity generation, transmission and distribution	Line-by-line	Empresa Nacional de Electricidad SA	92.65%	33.69%
Empresa Nacional de Electricidad SA	Santiago	Chile	1,331,714,090,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Enersis SA	59.98%	36.36%
Empresa Nacional de Geotermia SA	Santiago	Chile	12,647,752,517.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	51.00%	34.80%
Empresa Propietaria de La Red SA	Panama	Panama	58,500,000.00	USD	Electricity transmission and distribution	-	Enel Latinoamérica SA	11.11%	70.14%
En-Brasil Comercio e Serviços SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity	Line-by-line	Enel Brasil SA	99.99%	51.15%
							Central Geradora Termelétrica Fortaleza SA	0.01%	
Endesa Argentina SA	Buenos Aires	Argentina	514,530,000.00	ARS	Holding company	Line-by-line	Empresa Nacional de Electricidad SA	99.66%	36.36%
							Compañía Eléctrica Tarapacá SA	0.34%	
Endesa Capital SA	Madrid	Spain	60,200.00	EUR	Finance company	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Comercialização de Energia SA	Oporto	Portugal	250,000.00	EUR	Electricity generation and sale	Line-by-line	Endesa Energía SA	100.00%	70.10%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Endesa Costanera SA	Buenos Aires	Argentina	701,988,378.00	ARS	Electricity generation and sale	Line-by-line	Endesa Argentina SA	49.68%	27.52%
							Empresa Nacional de Electricidad SA	24.85%	
							Southern Cone Power Argentina SA	1.15%	
Endesa Distribución Eléctrica SL	Barcelona	Spain	1,204,540,060.00	EUR	Electricity distribution	Line-by-line	Endesa Red SA	100.00%	70.10%
Endesa Energía SA	Madrid	Spain	12,981,860.00	EUR	Marketing of energy products	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Energía XXI SL	Madrid	Spain	2,000,000.00	EUR	Marketing and energy-related services	Line-by-line	Endesa Energía SA	100.00%	70.10%
Endesa Financiación Filiales SA	Madrid	Spain	4,621,003,006.00	EUR	Finance company	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Generación II SA	Seville	Spain	63,107.00	EUR	Electricity generation	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Generación Nuclear	Seville	Spain	60,000.00	EUR	Subholding company in the nuclear sector	Line-by-line	Endesa Generación SA	100.00%	70.10%
Endesa Generación Portugal SA	Paço de Arcos (Oeiras)	Portugal	50,000.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	99.20%	70.09%
							Endesa Energía SA	0.20%	
							Enel Green Power España SL	0.40%	
							Energías de Aragón II SL	0.20%	
Endesa Generación SA	Seville	Spain	1,940,379,737.02	EUR	Electricity generation and sale	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Ingeniería SLU	Seville	Spain	1,000,000.00	EUR	Consulting and engineering services	Line-by-line	Endesa Red SA	100.00%	70.10%
Endesa Operaciones y Servicios Comerciales SL	Barcelona	Spain	10,138,580.00	EUR	Services	Line-by-line	Endesa Energía SA	100.00%	70.10%
Endesa Power Trading Ltd	London	United Kingdom	2.00	GBP	Trading	Line-by-line	Endesa SA	100.00%	70.10%
Endesa Red SA	Barcelona	Spain	719,901,728.28	EUR	Electricity distribution	Line-by-line	Endesa SA	100.00%	70.10%
Endesa SA	Madrid	Spain	1,270,502,540.40	EUR	Holding company	Line-by-line	Enel Iberoamérica Srl	70.10%	70.10%
Endesa Servicios SL	Madrid	Spain	89,999,790.00	EUR	Services	Line-by-line	Endesa SA	100.00%	70.10%
Enel Alberta Wind Inc.	Calgary (Alberta)	Canada	16,251,021.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	68.29%
Enel Atlantic Canada Limited Partnership	Newfoundland	Canada	-	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	99.90%	68.29%
							Newind Group Inc.	0.10%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Enel Brasil SA	Rio de Janeiro	Brazil	1,320,049,091.42	BRL	Holding company	Line-by-line	Edegel SA	4.00%	51.15%
							Chilectra Inversud SA	5.94%	
							Chilectra SA	5.33%	
							Empresa Nacional de Electricidad SA	34.64%	
							Enersis SA	50.09%	
Enel Cove Fort II LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Enel Cove Fort LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	34.83%
Enel Distributie Banat SA	Timisoara	Romania	382,158,580.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Distributie Dobrogea SA	Costanza	Romania	280,285,560.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Distributie Muntenia SA	Bucharest	Romania	271,635,250.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	64.43%	64.43%
Enel Distribuzione SpA	Rome	Italy	2,600,000,000.00	EUR	Electricity distribution	Line-by-line	Enel SpA	100.00%	100.00%
Enel Energia SpA	Rome	Italy	302,039.00	EUR	Electricity and gas sales	Line-by-line	Enel SpA	100.00%	100.00%
Enel Energie Muntenia SA	Bucharest	Romania	37,004,350.00	RON	Electricity sale	Line-by-line	Enel Investment Holding BV	64.43%	64.43%
Enel Energie SA	Bucharest	Romania	140,000,000.00	RON	Electricity sale	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Energy South Africa	Gauteng	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Finance International NV	Amsterdam	The Netherlands	1,478,810,370.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel Fortuna SA	Panama	Panama	100,000,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	50.06%	34.18%
Enel France Sas	Paris	France	34,937,000.00	EUR	Holding company	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Gas Rus LLC	Moscow	Russian Federation	350,000.00	RUB	Energy services	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Geothermal LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Renewable Energy Partners LLC	100.00%	34.83%
Enel GP Newfoundland and Labrador Inc.	Newfoundland	Canada	1,000.00	CAD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Wind Holdings LLC	100.00%	34.83%
Enel Green Power Boa Vista Eólica SA	Niterói (Rio de Janeiro)	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Bom Jesus da Lapa Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Enel Green Power Brasil Participações Ltda	Rio de Janeiro	Brazil	2,131,724,676.70	BRL	Holding company	Line-by-line	Enel Green Power International BV	99.99%	68.29%
							Enel Green Power Latin America Ltda	0.01%	
Enel Green Power Bulgaria EAD	Sofia	Bulgaria	35,231,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Cabeça de Boi SA	Rio de Janeiro	Brazil	76,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Enel Green Power CAI Agroenergy Srl	Rome	Italy	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Calabria Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Canada Inc.	Montreal (Quebec)	Canada	85,681,857.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Enel Green Power Chile Ltda	Santiago	Chile	15,649,360,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Latin America Ltda	99.99%	68.23%
							Hydromac Energy BV	0.01%	
Enel Green Power Colombia SA	Bogotá DC	Colombia	300,000,000.00	COP	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Costa Rica SA	San José	Costa Rica	27,500,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Cristal Eólica SA	Rio de Janeiro	Brazil	144,640,892.85	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Critalândia I Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	68.22%
Enel Green Power Critalândia II Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	68.22%
Enel Green Power Damascena Eólica SA	Rio de Janeiro	Brazil	70,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Delfina A Eólica SA	Rio de Janeiro	Brazil	70,379,344.85	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	68.22%
Enel Green Power Delfina B Eólica SA	Rio de Janeiro	Brazil	23,054,973.26	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	68.22%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Enel Green Power Delfina C Eólica SA	Rio de Janeiro	Brazil	7,298,322.77	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	68.22%
Enel Green Power Delfina D Eólica SA	Rio de Janeiro	Brazil	24,624,368.53	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	68.22%
Enel Green Power Delfina E Eólica SA	Rio de Janeiro	Brazil	24,623,467.93	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	68.22%
Enel Green Power Desenvolvimento Ltda	Rio de Janeiro	Brazil	13,900,297.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Latin America Ltda	0.01%	68.29%
							Enel Green Power Brasil Participações Ltda	99.99%	
Enel Green Power Development BV	Amsterdam	The Netherlands	20,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Dois Riachos Eólica SA	Rio de Janeiro	Brazil	135,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Enel Green Power Ecuador SA	Quito	Ecuador	26,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Latin America Ltda	1.00%	68.29%
							Enel Green Power International BV	99.00%	
Enel Green Power Egypt SAE	Cairo	Egypt	250,000.00	EGP	Management, operation and maintenance of energy production plant of all types and their distribution networks	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power El Salvador SA de Cv	San Salvador	El Salvador	3,071,090.00	SVC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Latin America Ltda	0.00%	67.61%
							Enel Green Power International BV	99.00%	
Enel Green Power Emiliana Eólica SA	Rio de Janeiro	Brazil	177,500,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power España SL	Madrid	Spain	11,152.74	EUR	Electricity generation from renewable resources	Line-by-line	Endesa Generación SA	40.00%	69.01%
							Enel Green Power International BV	60.00%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Enel Green Power Esperança Eólica SA	Rio de Janeiro	Brazil	135,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Fazenda SA	Rio de Janeiro	Brazil	62,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Enel Green Power Finale Emilia Srl	Rome	Italy	10,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	70.00%	47.80%
Enel Green Power Granadilla SL	Tenerife	Spain	3,012.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	65.00%	44.86%
Enel Green Power Guatemala SA	Guatemala	Guatemala	5,000.00	GTQ	Holding company	Line-by-line	Enel Green Power Latin America Ltda	2.00%	68.29%
							Enel Green Power International BV	98.00%	
Enel Green Power Hellas SA	Maroussi	Greece	7,737,850.00	EUR	Holding company. Energy services	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Horizonte MP Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Enel Green Power International BV	Amsterdam	The Netherlands	244,532,298.00	EUR	Holding company	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Ituverava Norte Solar SA	Rio de Janeiro	Brazil	1,639,346.69	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	68.22%
Enel Green Power Ituverava Solar SA	Rio de Janeiro	Brazil	1,639,346.69	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	68.22%
Enel Green Power Ituverava Sul Solar SA	Rio de Janeiro	Brazil	1,639,346.69	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	68.22%
Enel Green Power Joana Eólica SA	Rio de Janeiro	Brazil	165,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
							Enel Green Power Brasil Participações Ltda	99.00%	
Enel Green Power Kenya Limited	Nairobi	Kenya	100,000.00	KES	Electricity generation, transmission, distribution sale and purchase	Line-by-line	Enel Green Power International BV	99.00%	68.29%
							Enel Green Power RSA (Pty) Ltd	1.00%	
Enel Green Power Latin America Ltda	Santiago	Chile	30,728,470.00	CLP	Holding company	Line-by-line	Hydromac Energy BV	99.90%	68.23%
							Enel Green Power International BV	0.01%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Enel Green Power Maniçoba Eólica SA	Rio de Janeiro	Brazil	70,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power México S de RL de Cv	Mexico City	Mexico	2,399,774,165.00	MXN	Holding company	Line-by-line	Enel Green Power Latin America Ltda	0.01%	68.29%
							Enel Green Power International BV	99.99%	
Enel Green Power Modelo I Eólica SA	Rio de Janeiro	Brazil	175,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	68.12%
							Enel Brasil SA	1.00%	
Enel Green Power Modelo II Eólica SA	Rio de Janeiro	Brazil	150,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil SA	1.00%	68.12%
							Enel Green Power Brasil Participações Ltda	99.00%	
Enel Green Power Morro do Chapéu I Eólica SA	Niterói (Rio de Janeiro)	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	67.61%
Enel Green Power Morro do Chapéu II Eólica SA	Niterói (Rio de Janeiro)	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	67.61%
Enel Green Power Mourão SA	Rio de Janeiro	Brazil	8,513,128.89	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.90%	68.22%
Enel Green Power Namibia (Pty) Ltd	Windhoek	Namibia	100.00	NAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power North America Development LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power North America Inc.	Wilmington (Delaware)	USA	50.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Nova Lapa Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Enel Green Power Nova Olinda B Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Enel Green Power Nova Olinda C Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Enel Green Power Nova Olinda Norte Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Enel Green Power Nova Olinda Sul Solar SA	Rio de Janeiro	Brazil	-	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Enel Green Power Panama SA	Panama	Panama	3,000.00	USD	Holding company	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Paranapanema SA	Rio de Janeiro	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Enel Green Power Partecipazioni Speciali Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Pau Ferro Eólica SA	Rio de Janeiro	Brazil	178,670,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.28%
							Enel Green Power Brasil Participações Ltda	99.00%	
Enel Green Power Pedra do Gerônimo Eólica SA	Rio de Janeiro	Brazil	230,000,000.00	BRL	Electricity generation from renewable resources	Enel Green Power Desenvolvimento Ltda	Enel Green Power Desenvolvimento Ltda	1.00%	68.28%
							Enel Green Power Brasil Participações Ltda	99.00%	
Enel Green Power Peru SA	Lima	Peru	1,000.00	PEN	Electricity generation from renewable resources	Line-by-line	Empresa Eléctrica Panguipulli SA	0.01%	68.23%
							Enel Green Power International BV	99.90%	
Enel Green Power Primavera Eólica SA	Rio de Janeiro	Brazil	144,640,892.85	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
							Enel Green Power Brasil Participações Ltda	99.00%	
Enel Green Power Puglia Srl	Rome	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power RA SAE	Cairo	Egypt	15,000,000.00	EGP	Management, operation and maintenance of energy production plant of all types and their distribution networks	Line-by-line	Enel Green Power Egypt SAE	100.00%	68.29%
Enel Green Power Romania Srl	Rusu de Sus (Nuşeni)	Romania	2,430,631,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power RSA (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Development BV	100.00%	68.29%
Enel Green Power RSA 2 (Pty) Ltd	Johannesburg	South Africa	120.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Enel Green Power Salto Apiacás SA	Niterói (Rio de Janeiro)	Brazil	14,412,120.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
							Enel Green Power Brasil Participações Ltda	99.00%	
Enel Green Power San Gillio Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Equity	Altomonte FV Srl	80.00%	27.32%
Enel Green Power São Abraão Eólica SA	Niterói (Rio de Janeiro)	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	67.61%
Enel Green Power São Judas Eólica SA	Rio de Janeiro	Brazil	144,640,892.85	BRL	Electricity generation and sale from renewable sources	Line-by-line	Enel Green Power Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power SHU SAE	Cairo	Egypt	15,000,000.00	EGP	Management, operation and maintenance of energy production plant of all types and their distribution networks	Line-by-line	Enel Green Power Egypt SAE	100.00%	68.29%
Enel Green Power Solar Energy Srl	Rome	Italy	10,000.00	EUR	Design, development, construction and operation of photovoltaic plants (holding company)	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power SpA	Rome	Italy	1,000,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel SpA	68.29%	68.29%
Enel Green Power Strambino Solar Srl	Turin	Italy	250,000.00	EUR	Electricity generation from renewable resources	Equity	Altomonte FV Srl	60.00%	20.49%
Enel Green Power Tacaicó Eólica SA	Rio de Janeiro	Brazil	125,765,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.28%
							Enel Green Power Brasil Participações Ltda	99.00%	
Enel Green Power Tefnut SAE	Cairo	Egypt	15,000,000.00	EGP	Management, operation and maintenance of energy production plant of all types and their distribution networks	Line-by-line	Enel Green Power Egypt SAE	100.00%	68.29%
Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	Istanbul	Turkey	61,654,658.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Uruguay SA	Oficina 1508	Uruguay	400,000.00	UYU	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Villoresi Srl	Rome	Italy	1,200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	51.00%	34.83%
Enel Iberoamérica Srl	Madrid	Spain	500,000,000.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Enel Ingegneria e Ricerca SpA	Rome	Italy	30,000,000.00	EUR	Analysis, design, construction and maintenance of engineering works	Line-by-line	Enel SpA	100.00%	100.00%
Enel Insurance NV	Amsterdam	The Netherlands	60,000.00	EUR	Holding company	Line-by-line	Endesa SA	50.00%	85.05%
							Enel Investment Holding BV	50.00%	
Enel Investment Holding BV	Amsterdam	The Netherlands	1,593,050,000.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel Italia Srl	Rome	Italy	50,000,000.00	EUR	Personnel administration activities, information technology and business services	Line-by-line	Enel SpA	100.00%	100.00%
Enel Kansas LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Enel Latinoamérica SA	Madrid	Spain	796,683,058.00	EUR	Holding company	Line-by-line	Enel Iberoamérica Srl	100.00%	100.00%
Enel Longanesi Developments Srl	Rome	Italy	10,000,000.00	EUR	Prospecting and development of hydrocarbon fields	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel M@P Srl	Rome	Italy	100,000.00	EUR	Metering, remote control and connectivity services via power line communication	Line-by-line	Enel Distribuzione SpA	100.00%	100.00%
Enel Minnesota Holdings LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGP Geronimo Holding Company Inc.	100.00%	68.29%
Enel Nevkan Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Enel Oil & Gas España SL	Madrid	Spain	33,000.00	EUR	Prospecting and development of hydrocarbon fields	Line-by-line	Enel Oil & Gas SpA	100.00%	100.00%
Enel Oil & Gas SpA	Rome	Italy	200,000,000.00	EUR	Upstream gas-extraction of natural gas	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Open Fiber SpA	Milan	Italy	5,000,000.00	EUR	Installation of electronic plant (including maintenance and repair)	Line-by-line	Enel SpA	100.00%	100.00%
Enel Productie Srl	Bucharest	Romania	20,210,200.00	RON	Electricity generation	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Produzione SpA	Rome	Italy	1,800,000,000.00	EUR	Electricity generation	Line-by-line	Enel SpA	100.00%	100.00%
Enel Romania Srl	Judetul Ilfov	Romania	200,000.00	RON	Business services	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Russia PJSC	Ekaterinburg	Russian Federation	35,371,898,370.00	RUB	Electricity generation	Line-by-line	Enel Investment Holding BV	56.43%	56.43%
Enel Salt Wells LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Enel Servicii Comune SA	Bucharest	Romania	33,000,000.00	RON	Energy services	Line-by-line	Enel Distributie Banat SA	50.00%	51.00%
							Enel Distributie Dobrogea SA	50.00%	
Enel Servizio Elettrico SpA	Rome	Italy	10,000,000.00	EUR	Electricity sale	Line-by-line	Enel SpA	100.00%	100.00%
Enel Sole Srl	Rome	Italy	4,600,000.00	EUR	Public lighting systems	Line-by-line	Enel SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Enel Soluções Energéticas Ltda	Niterói (Rio de Janeiro)	Brazil	5,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	0.01%	68.29%
							Enel Green Power Brasil Participações Ltda	99.99%	
Enel Stillwater LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	34.83%
Enel Surprise Valley LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Enel Texkan Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Power Inc.	100.00%	68.29%
Enel Trade d.o.o.	Zagabria	Croatia	2,240,000.00	HRK	Electricity trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade Romania Srl	Bucharest	Romania	21,250,000.00	RON	Electricity sourcing and trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade Serbia d.o.o.	Belgrade	Serbia	300,000.00	EUR	Electricity trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade SpA	Rome	Italy	90,885,000.00	EUR	Fuel trading and logistics - Electricity sales	Line-by-line	Enel SpA	100.00%	100.00%
Enel.Factor SpA	Rome	Italy	12,500,000.00	EUR	Factoring	Line-by-line	Enel SpA	100.00%	100.00%
Enel.Newhydro Srl	Rome	Italy	1,000,000.00	EUR	Engineering and water systems	Line-by-line	Enel SpA	100.00%	100.00%
Enel.si Srl	Rome	Italy	5,000,000.00	EUR	Plant engineering and energy services	Line-by-line	Enel Energia SpA	100.00%	100.00%
Enelco SA	Athens	Greece	60,108.80	EUR	Plant construction, operation and maintenance	Line-by-line	Enel Investment Holding BV	75.00%	75.00%
Enelpower Contractor And Development Saudi Arabia Ltd	Riyadh	Saudi Arabia	5,000,000.00	SAR	Plant construction, operation and maintenance	Line-by-line	Enelpower SpA	51.00%	51.00%
Enelpower do Brasil Ltda	Rio de Janeiro	Brazil	1,242,000.00	BRL	Electrical engineering	Line-by-line	Enel Green Power Brasil Participações Ltda	99.99%	68.29%
							Enel Green Power Latin America Ltda	0.01%	
Enelpower SpA	Milan	Italy	2,000,000.00	EUR	Engineering and construction	Line-by-line	Enel SpA	100.00%	100.00%
Energética de Rosselló AIE	Barcelona	Spain	3,606,060.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	27.00%	18.63%
Energía de La Loma SA	Jaén	Spain	4,450,000.00	EUR	Biomass	Line-by-line	Enel Green Power España SL	60.00%	41.41%
Energia Eolica Srl	Rome	Italy	4,840,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Energía Global de México (Enermex) SA de Cv	Mexico City	Mexico	50,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.00%	67.61%
Energía Global Operaciones SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	100.00%	68.29%
Energía Limpia de Palo Alto S de RL de Cv	Mexico City	Mexico	613,953,610.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	68.29%
							Hidroelectricidad del Pacífico S de RL de Cv	0.01%	
Energía Marina SpA	Santiago	Chile	2,404,240,000.00	CLP	Electricity generation from renewable resources	Equity	Enel Green Power Chile Ltda	25.00%	17.06%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Energía Nueva de Iguu S de RL de Cv	Mexico City	Mexico	41,582,307.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.90%	68.23%
							Energía Nueva Energía Limpia México S de RL de Cv	0.01%	
Energía Nueva Energía Limpia México S de RL de Cv	Mexico City	Mexico	5,339,650.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	0.04%	68.29%
							Enel Green Power International BV	99.96%	
Energías Alternativas del Sur SL	Las Palmas de Gran Canaria	Spain	5,589,393.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	53.77%	37.11%
Energías de Aragón I SL	Zaragoza	Spain	3,200,000.00	EUR	Electricity transmission, distribution and sale	Line-by-line	Endesa Red SA	100.00%	70.10%
Energías de Aragón II SL	Zaragoza	Spain	18,500,000.00	EUR	Electricity generation	Line-by-line	Enel Green Power España SL	100.00%	69.01%
Energías de Graus SL	Barcelona	Spain	1,298,160.00	EUR	Hydroelectric plants	Line-by-line	Enel Green Power España SL	66.67%	46.01%
Energías de La Mancha SA	Villarta de San Juan (Ciudad Real)	Spain	279,500.00	EUR	Biomass	Line-by-line	Enel Green Power España SL	68.42%	47.22%
Energías Especiales de Careón SA	La Coruña	Spain	270,450.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	77.00%	53.14%
Energías Especiales de Pena Armada SA	Madrid	Spain	963,300.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	55.21%
Energías Especiales del Alto Ulla SA	Madrid	Spain	1,722,600.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	69.01%
Energías Especiales del Bierzo SA	Torre del Bierzo	Spain	1,635,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	34.51%
Energías Renovables La Mata SAPI de Cv	Mexico City	Mexico	656,615,400.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	68.29%
							Energía Nueva de Iguu S de RL de Cv	0.01%	
Energie Electrique de Tahaddart SA	Tangeri	Morocco	750,400,000.00	MAD	Combined-cycle generation plants	Equity	Endesa Generación SA	32.00%	22.43%
Energosluzby AS (in liquidation)	Trnava	Slovakia	33,194.00	EUR	Business services	-	Slovenské elektrárne AS	100.00%	66.00%
Energotel AS	Bratislava	Slovakia	2,191,200.00	EUR	Operation of optical fiber network	Held for sale	Slovenské elektrárne AS	20.00%	13.20%
ENergy Hydro Piave Srl	Soverzene	Italy	800,000.00	EUR	Electricity purchases and sales	Line-by-line	Enel Produzione SpA	51.00%	51.00%
Enerlasa SA (in liquidation)	Madrid	Spain	1,021,700.58	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	45.00%	31.06%
Enerlive Srl	Rome	Italy	6,520,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Maicor Wind Srl	100.00%	40.97%
Enersis SA	Santiago	Chile	5,669,280.72	CLP	Electricity generation and distribution	Line-by-line	Enel Latinoamérica SA	40.32%	60.62%
							Enel Iberoamérica Srl	20.30%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Eólica del Noroeste SL	La Coruña	Spain	36,100.00	EUR	Wind plant development	Line-by-line	Enel Green Power España SL	51.00%	35.20%
Eólica del Principado SAU	Oviedo	Spain	90,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	27.61%
Eólica Fazenda Nova - Geração e Comercialização de Energia SA	Rio Grande do Norte	Brazil	1,839,000.00	BRL	Wind plants	Line-by-line	Enel Brasil SA	99.95%	51.13%
Eólica Valle del Ebro SA	Zaragoza	Spain	5,559,340.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	50.50%	34.85%
Eólica Zopiloapan SAPI de Cv	Mexico City	Mexico	1,877,201,540.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	56.98%	65.88%
							Enel Green Power Partecipazioni Speciali Srl	39.50%	
Eólicas de Agaete SL	Las Palmas de Gran Canaria	Spain	240,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	55.21%
Eólicas de Fuencaliente SA	Las Palmas de Gran Canaria	Spain	216,360.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	55.00%	37.96%
Eólicas de Fuerteventura AIE	Fuerteventura (Las Palmas)	Spain	-	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	27.61%
Eólicas de La Patagonia SA	Buenos Aires	Argentina	480,930.00	ARS	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	34.51%
Eólicas de Lanzarote SL	Las Palmas de Gran Canaria	Spain	1,758,000.00	EUR	Electricity generation and distribution	Equity	Enel Green Power España SL	40.00%	27.61%
Eólicas de Tenerife AIE	Santa Cruz de Tenerife	Spain	420,708.40	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	34.51%
Eólicas de Tirajana AIE	Las Palmas de Gran Canaria	Spain	-	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	60.00%	41.41%
Erdwärme Oberland GmbH	Munich	Germany	116,667.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	78.57%	53.65%
Essex Company LLC	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Estrellada SA	Montevideo	Uruguay	448,000.00	UYU	Electricity generation from renewable resources	Line-by-line	Enel Green Power Uruguay SA	100.00%	68.29%
Explotaciones Eólicas de Escucha SA	Zaragoza	Spain	3,505,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	70.00%	48.31%
Explotaciones Eólicas El Puerto SA	Teruel	Spain	3,230,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	73.60%	50.79%
Explotaciones Eólicas Saso Plano SA	Zaragoza	Spain	5,488,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	65.00%	44.86%
Explotaciones Eólicas Sierra Costera SA	Zaragoza	Spain	8,046,800.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	62.11%
Explotaciones Eólicas Sierra La Virgen SA	Zaragoza	Spain	4,200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	62.11%

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Fiesta City Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Florence Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Fotovoltaica Insular SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Equity	Endesa Ingeniería SLU	50.00%	35.05%
Fowler Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Fuentes Renovables de Guatemala SA	Guatemala	Guatemala	5,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Renovables de Guatemala SA	40.00%	68.29%
							Enel Green Power Guatemala SA	60.00%	
Fulcrum LLC	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Garob Wind Farm (Pty) Ltd	Gauteng	South Africa	100	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Gas Atacama Chile SA	Santiago	Chile	185,025,186.00	USD	Electricity generation	Line-by-line	Gas Atacama SA	99.90%	36.80%
							Compañía Eléctrica Tarapacá SA	0.05%	
Gas Atacama SA	Santiago	Chile	291,484,088.00	USD	Holding company	Line-by-line	Inversiones Gasatacama Holding Ltda	100.00%	36.82%
Gas y Electricidad Generación SAU	Palma de Mallorca	Spain	213,775,700.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	70.10%
Gasoducto Atacama Argentina SA	Santiago	Chile	208,173,124.00	USD	Natural gas transport	Line-by-line	Gas Atacama SA	57.23%	36.80%
							Compañía Eléctrica Tarapacá SA	0.03%	
							Gas Atacama Chile SA	42.71%	
Gasoducto Atacama Argentina SA Sucursal Argentina	Buenos Aires	Argentina	-	ARS	Natural gas transport	Line-by-line	Gasoducto Atacama Argentina SA	100.00%	36.80%
Gasoducto Taltal SA	Santiago	Chile	18,638.52	CLP	Natural gas transport	Line-by-line	Gasoducto Atacama Argentina SA	0.12%	36.80%
							Gas Atacama Chile SA	99.88%	
Gauley Hydro LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Gauley River Management Corporation	Willison (Vermont)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Gauley River Power Partners LLC	Willison (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Generadora de Occidente Ltda	Guatemala	Guatemala	16,261,697.33	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	1.00%	68.29%
							Enel Green Power International BV	99.00%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Generadora Eólica Alto Pacora SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	68.29%
Generadora Estrella Solar SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	68.29%
Generadora Fotovoltaica Chiriquí SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	68.29%
Generadora Montecristo SA	Guatemala	Guatemala	3,820,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	0.01%	68.29%
							Enel Green Power International BV	99.99%	
Generadora Solar Tolé SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	68.29%
Generalima SA	Lima	Peru	146,534,335.00	PEN	Holding company	Line-by-line	Enersis SA	100.00%	60.62%
Generandes Perú SA	Lima	Peru	853,429,020.00	PEN	Holding company	Line-by-line	Empresa Nacional de Electricidad SA	61.00%	45.82%
							Enersis SA	39.00%	
Geotérmica del Norte SA	Santiago	Chile	120,068,349,979.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	68.31%	46.61%
Gibson Bay Wind Farm (RF) (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	40.97%
Gnl Chile SA	Santiago	Chile	3,026,160.00	USD	Design and LNG supply	Equity	Empresa Nacional de Electricidad SA	33.33%	12.12%
Gnl Norte SA	Santiago	Chile	1,000,000.00	CLP	Electricity generation	Line-by-line	Gas Atacama Chile SA	50.00%	36.80%
							Gasoducto Taltal SA	50.00%	
Gnl Quintero SA	Santiago	Chile	114,057,353.00	USD	Design and LNG supply	Equity	Empresa Nacional de Electricidad SA	20.00%	7.27%
Goodwell Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Origin Goodwell Holdings LLC	100.00%	34.83%
Goodyear Lake Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Gorona del Viento El Hierro SA	Valverde de El Hierro	Spain	30,936,736.00	EUR	Development and maintenance of El Hierro generation plant	Equity	Unión Eléctrica de Canarias Generación SAU	23.21%	16.27%
Green Fuel Corporación SA (in liquidation)	Madrid	Spain	1,717,049.55	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	24.24%	16.73%
Guadarranque Solar 4 SL Unipersonal	Seville	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Endesa Generación II SA	100.00%	70.10%
GV Energie Rigenerabili ITAL-RO Srl	Bucharest	Romania	1,145,400.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	0.00%	68.29%
							Enel Green Power Romania Srl	100.00%	
Hadley Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Hastings Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Helio Atacama Nueve SpA	Santiago	Chile	1,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	100.00%	68.23%
Hidroeléctrica de Catalunya SL	Barcelona	Spain	126,210.00	EUR	Electricity transmission and distribution	Line-by-line	Endesa Red SA	100.00%	70.10%
Hidroeléctrica de Ourol SL	Lugo	Spain	1,608,200.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	20.70%
Hidroeléctrica Don Rafael SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	65.00%	44.39%
Hidroeléctrica El Chocón SA	Buenos Aires	Argentina	298,584,050.00	ARS	Electricity generation and sale	Line-by-line	Hidroinvest SA	59.00%	23.77%
							Empresa Nacional de Electricidad SA	2.48%	
							Endesa Argentina SA	6.19%	
Hidroelectricidad del Pacífico S de RL de Cv	Mexico City	Mexico	30,890,736.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	68.28%
Hidroflamicell SL	Barcelona	Spain	78,120.00	EUR	Electricity distribution and sale	Line-by-line	Hidroeléctrica de Catalunya SL	75.00%	52.58%
Hidroinvest SA	Buenos Aires	Argentina	55,312,093.00	ARS	Holding company	Line-by-line	Endesa Argentina SA	54.15%	34.94%
							Empresa Nacional de Electricidad SA	41.94%	
Hidromondego - Hidroeléctrica do Mondego Lda	Lisbon	Portugal	3,000.00	EUR	Hydroelectric power	Line-by-line	Endesa Generación Portugal SA	10.00%	70.10%
							Endesa Generación SA	90.00%	
High Shoals LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Highfalls Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Hispano Generación de Energía Solar SL	Jerez de los Caballeros (Badajoz)	Spain	3,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	51.00%	35.20%
Hope Creek LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Hydro Development Group Acquisition LLC	Albany (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Hydro Dolomiti Enel Srl	Trento	Italy	3,000,000.00	EUR	Electricity generation, purchases and sales	Held for sale	Enel Produzione SpA	49.00%	49.00%
Hydro Energies Corporation	Willison (Vermont)	USA	5,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Hydrogen Park-Marghera per l'idrogeno Scrl	Venice	Italy	245,000.00	EUR	Development of studies and projects for the use of hydrogen	Line-by-line	Enel Produzione SpA	60.00%	60.00%
Hydromac Energy BV	Amsterdam	The Netherlands	18,000.00	EUR	Holding company	Line-by-line	Enel Green Power International BV	100.00%	68.29%
I-EM Srl	Turin	Italy	28,571.43	EUR	Design and development	Equity	Enel Italia Srl	30.00%	30.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Ingendesa do Brasil Ltda	Rio de Janeiro	Brazil	500,000.00	BRL	Design, engineering and consulting	Line-by-line	Empresa Nacional de Electricidad SA	1.00%	37.27%
							Compañía Eléctrica Tarapacá SA	99.00%	
Inkolan Información y Coordinación de obras AIE	Bilbao	Spain	84,140.00	EUR	Information on infrastructure of Inkolan associates	Equity	Endesa Distribución Eléctrica SL	14.29%	10.02%
International Endesa BV	Amsterdam	The Netherlands	15,428,520.00	EUR	Holding company	Line-by-line	Endesa SA	100.00%	70.10%
International Multimedia University Srl (in bankruptcy)	Rome	Italy	24,000.00	EUR	Long-distance learning	-	Enel Italia Srl	13.04%	13.04%
Inversiones Distrilima SA	Lima	Peru	714,233,174.00	PEN	Holding company	Line-by-line	Enersis SA	69.85%	60.45%
							Chilectra SA	30.15%	
Inversiones Gasatacama Holding Ltda	Santiago	Chile	333,520,000.00	USD	Natural gas transport	Line-by-line	Empresa Nacional de Electricidad SA	50.00%	36.82%
							Compañía Eléctrica Tarapacá SA	50.00%	
Inversora Codensa Sas	Bogotá DC	Colombia	5,000,000.00	COP	Electricity transmission and distribution	Line-by-line	Codensa SA ESP	100.00%	29.34%
Inversora Dock Sud SA	Buenos Aires	Argentina	241,490,000.00	ARS	Holding company	Line-by-line	Enersis SA	57.14%	34.64%
Isamu Ikeda Energia SA	Rio de Janeiro	Brazil	61,474,475.77	BRL	Electricity generation and sale	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Italgest Energy (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Jack River LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Jessica Mills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Julia Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Kalenta SA	Maroussi	Greece	4,359,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Solar Energy Srl	100.00%	68.29%
Kavacik Eolìko Enerjì Elektrìc Üretìm ve Ticaret Anonìm Şirketì	Istanbul	Turkey	9,000,000.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketì	100.00%	68.29%
Kelley's Falls LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Kings River Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Kinneytown Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Kirklarelì Eolìko Enerjì Elektrìk Üretìm ve Ticaret Anonìm Şirketì	Istanbul	Turkey	5,250,000.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketì	100.00%	68.29%
Kongul Energì Sanayi ve Ticaret Anonìm Şirketì	Istanbul	Turkey	125,000,000.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketì	100.00%	68.29%
Kromschroeder SA	Barcelona	Spain	627,126.00	EUR	Services	Equity	Endesa Red SA	29.26%	20.51%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
La Pereda Co2 AIE	Oviedo	Spain	224,286.00	EUR	Services	Equity	Endesa Generación SA	33.33%	23.36%
LaChute Hydro Company LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Lake Emily Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Lake Pulaski Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Lawrence Creek Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Lester Prairie Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Lindahl Wind Project LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Little Elk Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Little Elk Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Littleville Power Company Inc.	Boston (Massachusetts)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Llano Sánchez Solar Power One SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	68.29%
Llano Sánchez Solar Power Cuatro SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	68.29%
Llano Sánchez Solar Power Tres SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	68.29%
Lower Saranac Hydro Partners LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Lower Saranac Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Lower Valley LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Lowline Rapids LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Luz Andes Ltda	Santiago	Chile	1,224,348.00	CLP	Electricity and fuel transport, distribution and sale	Line-by-line	Chilectra SA	99.90%	70.08%
							Enersis SA	0.10%	
Maicor Wind Srl	Rome	Italy	20,850,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	60.00%	40.97%
Marcinelle Energie SA	Charleroi	Belgium	110,061,500.00	EUR	Electricity generation, transport, sale and trading	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Marte Srl	Rome	Italy	5,100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	98.00%	68.29%
							Enel Green Power Solar Energy Srl	2.00%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Mascoma Hydro Corporation	Concord (New Hampshire)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Mason Mountain Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
Matrigenix (Pty) Ltd	Houghton	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Medidas Ambientales SL	Medina de Pomar (Burgos)	Spain	60,100.00	EUR	Environmental studies	Equity	Nuclenor SA	50.00%	17.53%
Metro Wind LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Mexicana de Hidroelectricidad Mexhidro S de RL de Cv	Mexico City	Mexico	181,728,701.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	68.28%
Mill Shoals Hydro Company ILLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Minas de Estercuel SA	Madrid	Spain	93,160.00	EUR	Mineral deposits	Line-by-line	Minas Gargallo SL	99.65%	69.79%
Minas Gargallo SL	Madrid	Spain	150,000.00	EUR	Mineral deposits	Line-by-line	Endesa Generación SA	99.91%	70.04%
Minicentrales del Canal de Las Bárdenas AIE	Zaragoza	Spain	1,202,000.00	EUR	Hydroelectric plants	-	Enel Green Power España SL	15.00%	10.35%
Minicentrales del Canal Imperial-Gallur SL	Zaragoza	Spain	1,820,000.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	36.50%	25.19%
Mira Energy (Pty) Ltd	Houghton	South Africa	100.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Missisquoi Associates LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Montrose Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Nevkan Renewables LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Nevkan Inc.	100.00%	68.29%
Newbury Hydro Company LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Newind Group Inc.	St. John (Newfoundland)	Canada	578,192.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	68.29%
Nojoli Wind Farm (RF) (Pty) Ltd	Johannesburg	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	40.97%
North Canal Waterworks	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Northwest Hydro LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi West LLC	100.00%	68.29%
Notch Butte Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Nuclenor SA	Burgos	Spain	102,000,000.00	EUR	Nuclear plant	Equity	Endesa Generación SA	50.00%	35.05%
Nueva Marina Real Estate SL	Madrid	Spain	3,200.00	EUR	Real estate	Line-by-line	Endesa Servicios SL	60.00%	42.06%
Nuove Energie Srl	Porto Empedocle	Italy	54,410,000.00	EUR	Construction and management of LNG regasification infrastructure	Line-by-line	Enel Trade SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Ochrana A Bezpecnost Se AS	Mochovce	Slovakia	33,193.92	EUR	Security services	Held for sale	Slovenské elektrárne AS	100.00%	66.00%
Odell Sponsorco LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	50.00%	34.14%
OGK-5 Finance LLC	Moscow	Russian Federation	10,000,000.00	RUB	Finance company	Line-by-line	Enel Russia PJSC	100.00%	56.43%
Origin Goodwell Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Wind Holdings 1 LLC	100.00%	34.83%
Origin Wind Energy LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Origin Goodwell Holdings LLC	100.00%	34.83%
Osage Wind Holdings LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Osage Wind LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Osage Wind Holdings LLC	50.00%	34.14%
Ottauquechee Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Ovacik Eoliko Enerjì Elektrìk Üretìm ve Tìcaret Anonìm Şrketì	Istanbul	Turkey	11,250,000.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power Turkey Enerji Yatirimlari Anonim Şrketì	100.00%	68.29%
Oxagesa AIE	Teruel	Spain	6,010.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	33.33%	23.00%
Oyster Bay Wind Farm (Pty) Ltd	Cape Town	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
P.E. Cote SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	65.00%	44.39%
P.V. Huacas SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	65.00%	44.39%
Padoma Wind Power LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Palo Alto Farms Wind Project LLC	Dallas (Texas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Pampa Solar Norte Cuatro SpA	Santiago	Chile	1,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Helio Atacama Nueve SpA	100.00%	68.23%
Pampa Solar Norte Dos SpA	Santiago	Chile	1,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Helio Atacama Nueve SpA	100.00%	68.23%
Pampa Solar Norte Uno SpA	Santiago	Chile	1,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Helio Atacama Nueve SpA	100.00%	68.23%
Paravento SL	Lugo	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	62.11%
Parc Eolic Els Aligars SL	Barcelona	Spain	1,313,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	20.70%
Parc Eolic La Tossa-La Mola D’en Pascual SL	Barcelona	Spain	1,183,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	20.70%
Parque Eólico A Capelada AIE	Santiago de Compostela	Spain	5,857,586.40	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	69.01%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Parque Eólico Carretera de Arinaga SA	Las Palmas de Gran Canaria	Spain	1,603,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	55.21%
Parque Eólico de Aragón AIE	Zaragoza	Spain	601,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	55.21%
Parque Eólico de Barbanza SA	La Coruña	Spain	3,606,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	75.00%	51.76%
Parque Eólico de Belmonte SA	Madrid	Spain	120,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	50.16%	34.62%
Parque Eólico de San Andrés SA	La Coruña	Spain	552,920.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	82.00%	56.59%
Parque Eólico de Santa Lucía SA	Las Palmas de Gran Canaria	Spain	901,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	65.67%	45.32%
Parque Eólico Finca de Mogán SA	Las Palmas de Gran Canaria	Spain	3,810,340.00	EUR	Construction and operation of wind plants	Line-by-line	Enel Green Power España SL	90.00%	62.11%
Parque Eólico Montes de Las Navas SA	Madrid	Spain	6,540,000.00	EUR	Construction and operation of wind plants	Line-by-line	Enel Green Power España SL	75.50%	52.11%
Parque Eólico Punta de Teno SA	Tenerife	Spain	528,880.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	52.00%	35.89%
Parque Eólico Renaico SpA	Santiago	Chile	1,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	100.00%	68.23%
Parque Eólico Sierra del Madero SA	Soria	Spain	7,193,970.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	58.00%	40.03%
Parque Eólico Taltal SA	Santiago	Chile	20,878,010,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Latin America Ltda	0.01%	68.23%
							Enel Green Power Chile Ltda	99.99%	
Parque Eólico Valle de los Vientos SA	Santiago	Chile	566,096,564.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Latin America Ltda	0.01%	68.23%
							Enel Green Power Chile Ltda	99.99%	
Parque Solar Carrera Pinto SA	Santiago	Chile	10,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	99.00%	67.54%
Parque Talinay Oriente SA	Santiago	Chile	66,092,165,171.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	34.57%	65.17%
							Enel Green Power Chile Ltda	60.92%	
Paynesville Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Pegop - Energia Eléctrica SA	Abrantes	Portugal	50,000.00	EUR	Electricity generation	Equity	Endesa Generación Portugal SA	0.02%	35.05%
							Endesa Generación SA	49.98%	
Pelzer Hydro Company LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Pereda Power SL	La Pereda (Mieres)	Spain	5,000.00	EUR	Development of generation activities	Line-by-line	Endesa Generación II SA	70.00%	49.07%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
PH Chucas SA	San José	Costa Rica	100,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	22.17%	42.67%
							Enel Green Power Costa Rica SA	40.31%	
PH Don Pedro SA	San José	Costa Rica	100,001.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	33.44%	22.84%
PH Guacimo SA	San José	Costa Rica	50,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	65.00%	44.39%
PH Río Vólcan SA	San José	Costa Rica	100,001.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	34.32%	23.44%
Pine Island Distributed Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Planta Eólica Europea SA	Seville	Spain	1,198,530.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	56.12%	38.73%
PowerCrop Macchiareddu Srl	Bologna	Italy	100,000.00	EUR	Electricity generation from renewable resources	Equity	PowerCrop Srl	100.00%	34.14%
PowerCrop Russi Srl	Bologna	Italy	100,000.00	EUR	Electricity generation from renewable resources	Equity	PowerCrop Srl	100.00%	34.14%
PowerCrop Srl	Bologna	Italy	4,000,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power SpA	50.00%	34.14%
Prairie Rose Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Prairie Rose Wind LLC	100.00%	34.83%
Prairie Rose Wind LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Wind Holdings LLC	100.00%	34.83%
Primavera Energia SA	Rio de Janeiro	Brazil	36,965,444.64	BRL	Electricity generation and sale	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Productor Regional de Energía Renovable III SA	Valladolid	Spain	88,398.00	EUR	Construction and operation of wind plants	Line-by-line	Enel Green Power España SL	82.89%	57.21%
Productor Regional de Energía Renovable SA	Valladolid	Spain	710,500.00	EUR	Construction and operation of wind plants	Line-by-line	Enel Green Power España SL	85.00%	58.66%
Productora de Energías SA	Barcelona	Spain	30,050.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	30.00%	20.70%
Prof-Energo LLC	Sredneuralsk	Russian Federation	10,000.00	RUB	Energy services	Line-by-line	Sanatorium-Preventorium Energetik LLC	100.00%	56.43%
Progas SA	Santiago	Chile	1,526,000.00	CLP	Gas distribution	Line-by-line	Gas Atacama SA	0.10%	36.80%
							Gas Atacama Chile SA	99.90%	
Promociones Energéticas del Bierzo SL	Ponferrada	Spain	12,020.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	69.01%
Proveedora de Electricidad de Occidente S de RL de Cv	Mexico City	Mexico	89,708,735.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	68.28%
Proyecto Almería Mediterraneo SA	Madrid	Spain	601,000.00	EUR	Desalinization and water supply	Equity	Endesa SA	45.00%	31.55%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Proyecto Eólico El Pedregal SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica SA	65.00%	44.39%
Proyectos Universitarios de Energías Renovables SL	Alicante	Spain	180,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	33.33%	23.00%
PT Bayan Resources Tbk	Jakarta	Indonesia	333,333,350,000.00	IDR	Energy	-	Enel Investment Holding BV	10.00%	10.00%
Pulida Energy (RF) (Pty) Ltd	Houghton	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	52.70%	35.99%
Pyrites Hydro LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Quatiara Energia SA	Rio de Janeiro	Brazil	16,566,510.61	BRL	Electricity generation	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Rattlesnake Creek Wind Project LLC	Lincoln (Nebraska)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Reaktortest Sro	Trnava	Slovakia	66,389.00	EUR	Nuclear power research	Held for sale	Slovenské elektrárne AS	49.00%	32.34%
Red Centroamericana de Telecomunicaciones SA	Panama	Panama	2,700,000.00	USD	Telecommunications	-	Enel Latinoamérica SA	11.11%	11.11%
Renovables de Guatemala SA	Guatemala	Guatemala	1,924,465,600.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	0.01%	68.29%
							Enel Green Power International BV	42.83%	
							Enel Green Power SpA	57.16%	
Res Holdings BV	Amsterdam	The Netherlands	18,000.00	EUR	Holding company	Equity	Enel Investment Holding BV	49.50%	49.50%
Rock Creek Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Rock Creek Wind Project LLC	Clayton (California)	USA	-	USD	Holding company	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Rocky Caney Wind LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Rocky Ridge Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Rocky Caney Wind LLC	100.00%	68.29%
Rusenergosbyt LLC	Moscow	Russian Federation	2,760,000.00	RUB	Electricity trading	Equity	Res Holdings BV	100.00%	49.50%
Rusenergosbyt Siberia LLC	Krasnoyarskiy Kray	Russian Federation	4,600,000.00	RUB	Electricity sale	Equity	Rusenergosbyt LLC	50.00%	24.75%
Rusenergosbyt Yaroslavl	Yaroslavl	Russian Federation	100,000.00	RUB	Electricity sale	Equity	Rusenergosbyt LLC	50.00%	24.75%
Ruthton Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Sacme SA	Buenos Aires	Argentina	12,000.00	ARS	Monitoring of electricity system	Equity	Empresa Distribuidora Sur SA	50.00%	21.70%
Salmon Falls Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Salto de San Rafael SL	Seville	Spain	461,410.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	50.00%	34.51%
San Juan Mesa Wind Project II LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
Sanatorium-Preventorium Energetik LLC	Nevinnomyssk	Russian Federation	10,571,300.00	RUB	Energy services	Line-by-line	Enel Russia PJSC	99.99%	56.43%
							OGK-5 Finance LLC	0.01%	
Santo Rostro Cogeneración SA (in liquidation)	Seville	Spain	207,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	45.00%	31.06%
Scandia Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Se Hazelton A.LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Se Predaj Sro	Bratislava	Slovakia	4,505,000.00	EUR	Electricity supply	Held for sale	Slovenské elektrárne AS	100.00%	66.00%
SE Služby inžinierskych stavieb Sro	Kalná nad Hronom	Slovakia	200,000.00	EUR	Services	Held for sale	Slovenské elektrárne AS	100.00%	66.00%
Serra do Moncoso Cambas SL	La Coruña	Spain	3,125.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	69.01%
Servicio de Operación y Mantenimiento para Energías Renovables S de RL de Cv	Mexico City	Mexico	3,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	0.01%	0.01%
Servicios Informáticos e Inmobiliarios Ltda	Santiago	Chile	61,948,673,981.00	CLP	ICT	Line-by-line	Enersis SA	99.90%	60.62%
							Chilectra SA	0.10%	
SIET - Società Informazioni Esperienze Termoidrauliche SpA	Piacenza	Italy	697,820.00	EUR	Analysis, design and research in thermal technology	Equity	Enel.Newhydro Srl	41.55%	41.55%
Sistema Eléctrico de Conexión Montes Orientales SL	Granada	Spain	44,900.00	EUR	Electricity generation	Equity	Enel Green Power España SL	16.70%	11.53%
Sistema Eléctrico de Conexión Valcaire SL	Madrid	Spain	175,200.00	EUR	Electricity generation	Equity	Enel Green Power España SL	28.13%	19.41%
Sistemas Energéticos Mañón Ortigueira SA	La Coruña	Spain	2,007,750.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	96.00%	66.25%
Slate Creek Associates LP	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Slate Creek Hydro Company LLC	95.00%	33.09%
Slate Creek Company LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Slovenské elektrárne Česká republika Sro	Prague	Czech Republic	3,000.00	CZK	Electricity supply	Held for sale	Slovenské elektrárne AS	100.00%	66.00%
Slovenské elektrárne AS	Bratislava	Slovakia	1,269,295,724.66	EUR	Electricity generation	Held for sale	Enel Produzione SpA	66.00%	66.00%
Smart P@Per SpA	Potenza	Italy	2,184,000.00	EUR	Services	-	Enel Servizio Elettrico SpA	10.00%	10.00%
SMART-I Srl	Rome	Italy	14,571.43	EUR	Research, development and design	Equity	Enel Italia Srl	24.00%	24.00%
Smoky Hills Wind Farm LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Texkan Wind LLC	100.00%	68.29%
Smoky Hills Wind Project II LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Nevkan Renewables LLC	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Snyder Wind Farm LLC	Dallas (Texas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Texkan Wind LLC	100.00%	68.29%
Socibe Energia SA	Rio de Janeiro	Brazil	19,969,032.25	BRL	Electricity generation and sale	Line-by-line	Enel Green Power Brasil Participações Ltda	100.00%	68.29%
Sociedad Agrícola de Cameros Ltda	Santiago	Chile	5,738,046,495.00	CLP	Financial investment	Line-by-line	Servicios Informáticos e Inmobiliarios Ltda	57.50%	34.86%
Sociedad Eólica de Andalucía SA	Seville	Spain	4,507,590.78	EUR	Electricity generation	Line-by-line	Enel Green Power España SL	64.74%	44.68%
Sociedad Eólica El Puntal SL	Seville	Spain	1,643,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	34.51%
Sociedad Eólica Los Lances SA	Cadiz	Spain	2,404,048.42	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	60.00%	41.41%
Sociedad Portuaria Central Cartagena SA	Bogotá DC	Colombia	5,800,000.00	COP	Construction and management of port infrastructure	Line-by-line	Emgesa SA ESP	94.95%	23.15%
							Inversora Codensa Sas	4.90%	
Sol de Media Noche Fotovoltaica SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Equity	Endesa Ingeniería SLU	50.00%	35.05%
Sol Real Istmo SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	68.29%
Sol Real Uno SA	Panama	Panama	10,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	100.00%	68.29%
Soliloquoy Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Somersworth Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Sotavento Galicia SA	Santiago de Compostela	Spain	601,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	36.00%	24.84%
Southern Cone Power Argentina SA	Buenos Aires	Argentina	19,874,798.00	ARS	Holding company	Line-by-line	Empresa Nacional de Electricidad SA	98.03%	36.38%
							Compañía Eléctrica Tarapacá SA	1.97%	
Southwest Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Spartan Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Stipa Nayaá SA de Cv	Colonia Cuauhtémoc	Mexico	1,811,016,348.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Partecipazioni Speciali Srl	40.16%	65.13%
							Enel Green Power México S de RL de Cv	55.21%	
Sublunary Trading (RF) (Pty) Ltd	Johannesburg	South Africa	8,757,214.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Solar Energy Srl	57.00%	38.92%
Suministradora Eléctrica de Cádiz SA	Cadiz	Spain	12,020,240.00	EUR	Electricity distribution and supply	Equity	Endesa Red SA	33.50%	23.48%

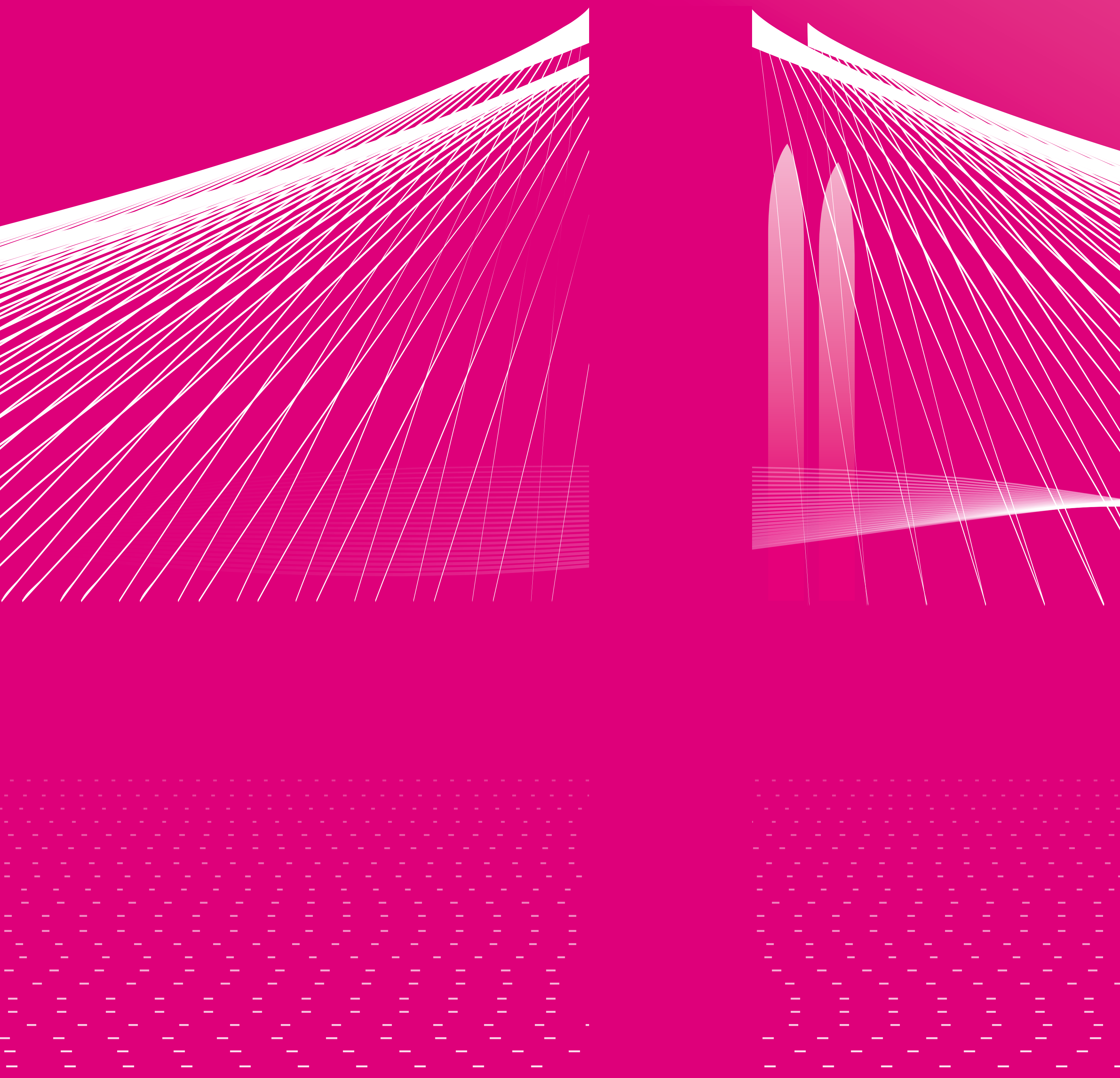
Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Suministro de Luz y Fuerza SL	Torroella de Montgrí (Girona)	Spain	2,800,000.00	EUR	Electricity distribution and supply	Line-by-line	Hidroeléctrica de Catalunya SL	60.00%	42.06%
Summit Energy Storage Inc.	Wilmington (Delaware)	USA	2,050,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	75.00%	51.22%
Sun River LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Sweetwater Hydroelectric LLC	Concord (New Hampshire)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Taranto Solar Srl	Rome	Italy	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Tecnatom SA	Madrid	Spain	4,025,700.00	EUR	Electricity generation and services	Equity	Endesa Generación SA	45.00%	31.55%
Tecnoguat SA	Guatemala	Guatemala	30,948,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	75.00%	51.22%
Tejo Energia Produção e Distribuição de Energia Eléctrica SA	Paço de Arcos (Oeiras)	Portugal	5,025,000.00	EUR	Electricity generation, transmission and distribution	Equity	Endesa Generación SA	38.89%	27.26%
Teploprogress OJSC	Sredneuralsk	Russian Federation	128,000,000.00	RUB	Electricity sale	Line-by-line	OGK-5 Finance LLC	60.00%	33.86%
Termoeléctrica José de San Martín SA	Buenos Aires	Argentina	500,000.00	ARS	Construction and management of a combined-cycle plant	Equity	Central Dock Sud SA	5.32%	7.29%
							Endesa Costanera SA	5.51%	
							Hidroeléctrica El Chocón SA	18.85%	
Termoeléctrica Manuel Belgrano SA	Buenos Aires	Argentina	500,000.00	ARS	Construction and management of a combined-cycle plant	Equity	Hidroeléctrica El Chocón SA	18.85%	7.29%
							Central Dock Sud SA	5.32%	
							Endesa Costanera SA	5.51%	
Termotec Energía AIE (in liquidation)	Valencia	Spain	481,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	45.00%	31.06%
TERRAE Iniziative per lo sviluppo agroindustriale SpA	Rome	Italy	19,060,811.37	EUR	Agro-industrial activities	Equity	Enel Green Power SpA	20.00%	13.66%
Texkan Wind LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Texkan Inc.	100.00%	68.29%
Tko Power LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Tobivox (RF) (Pty) Ltd	Houghton	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	40.97%
Toledo Pv AEIE	Madrid	Spain	26,890.00	EUR	Photovoltaic plants	Equity	Enel Green Power España SL	33.33%	23.00%
Tradewind Energy Inc.	Wilmington (Delaware)	USA	200,000.00	USD	Electricity generation from renewable resources	Equity	Enel Kansas LLC	19.90%	13.59%
Transmisora de Energía Renovable SA	Guatemala	Guatemala	233,561,800.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	0.00%	68.29%
							Enel Green Power International BV	100.00%	

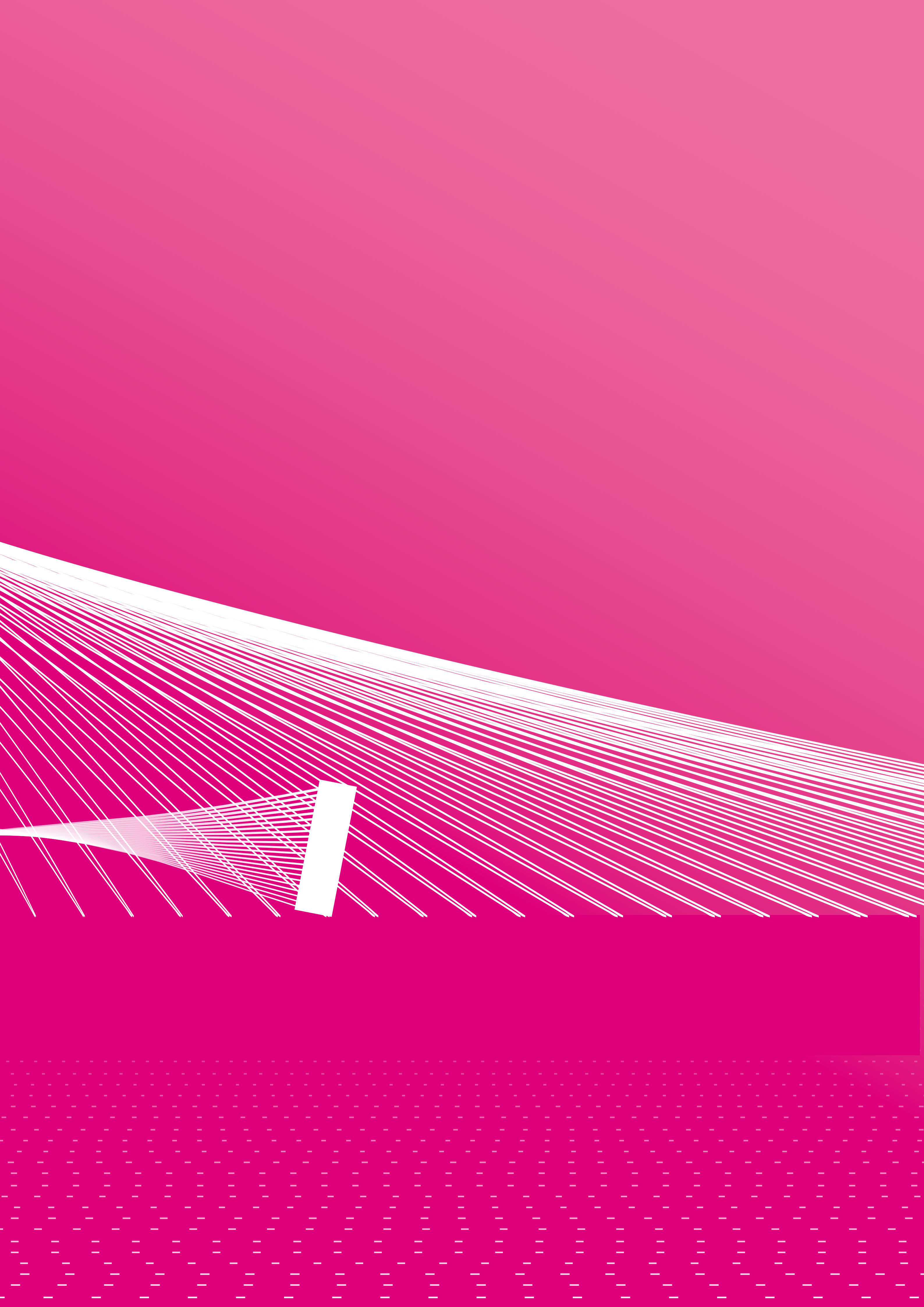
Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Transmisora Eléctrica de Quillota Ltda	Santiago	Chile	440,644,600.00	CLP	Electricity transmission and distribution	Equity	Compañía Eléctrica Tarapacá SA	50.00%	18.64%
Transportadora de Energía SA	Buenos Aires	Argentina	100,000.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Compañía de Interconexión Energética SA	100.00%	51.15%
Transportes y Distribuciones Eléctricas SA	Olot (Girona)	Spain	72,120.00	EUR	Electricity transmission	Line-by-line	Endesa Distribución Eléctrica SL	73.33%	51.41%
Triton Power Company	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Highfalls Hydro Company Inc.	98.00%	68.29%
							Enel Green Power North America Inc.	2.00%	
Tsar Nicholas LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Twin Falls Hydro Associates	Seattle (Washington)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Twin Falls Hydro Company LLC	99.51%	34.66%
Twin Falls Hydro Company LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA REP Hydro Holdings LLC	100.00%	34.83%
Twin Lake Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Twin Saranac Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Ufefys SL (in liquidation)	Aranjuez	Spain	304,150.00	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	40.00%	27.61%
Ukuqala Solar (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Ultor Srl	Rome	Italy	5,100,000.00	EUR	Electricity generation	Equity	Marte Srl	50.00%	34.14%
Unión Eléctrica de Canarias Generación SAU	Las Palmas de Gran Canaria	Spain	190,171,520.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	70.10%
Upington Solar (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Ustav Jaderného Výzkumu Rez AS	Rez	Czech Republic	524,139,000.00	CZK	Nuclear power research and development	Equity	Slovenské elektrárne AS	27.77%	18.33%
Vektör Enerji Üretim Anonim Şirketi	Istanbul	Turkey	740,000.00	TRY	Plant construction and electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Vientos del Altiplano S de RL de Cv	Mexico City	Mexico	813,702,087.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	68.29%
							Hidroelectricidad del Pacífico S de RL de Cv	0.01%	
Viruleiros SL	Santiago de Compostela	Spain	160,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	67.00%	46.24%
Walden LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Waseca Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
West Faribault Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
West Hopkinton Hydro LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
West Waconia Solar LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Western New York Wind Corporation	Albany (New York)	USA	300.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Willimantic Power Corporation	Hartford (Connecticut)	USA	1,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Wind Park of Koryfao SA	Maroussi	Greece	60,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Wind Parks Anatolis-Prinias SA	Maroussi	Greece	1,158,188.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Wind Parks of Bolibas SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Distomos SA	Maroussi	Greece	556,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Folia SA	Maroussi	Greece	424,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Gagari SA	Maroussi	Greece	389,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Goraki SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Gourles SA	Maroussi	Greece	555,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Kafoutsi SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Katharas SA	Maroussi	Greece	538,648.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Wind Parks of Kerasias SA	Maroussi	Greece	475,990.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Wind Parks of Milias SA	Maroussi	Greece	614,774.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Wind Parks of Mitikas SA	Maroussi	Greece	442,639.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Wind Parks of Paliopirgos SA	Maroussi	Greece	200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Petalo SA	Maroussi	Greece	575,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Platanos SA	Maroussi	Greece	425,467.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Wind Parks of Skoubi SA	Maroussi	Greece	472,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidaton method	Held by	% holding	Group % holding
Wind Parks of Spilias SA	Maroussi	Greece	547,490.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Wind Parks of Strouboulas SA	Maroussi	Greece	576,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Trikorfo SA	Maroussi	Greece	260,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	29.25%	19.97%
Wind Parks of Vitalio SA	Maroussi	Greece	361,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Vourlas SA	Maroussi	Greece	554,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Winter's Spawn LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
WP Bulgaria 1 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 10 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 11 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 12 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 13 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 14 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 15 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 19 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 21 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 26 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 3 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 6 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 8 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 9 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
Yacylec SA	Buenos Aires	Argentina	20,000,000.00	ARS	Electricity transmission	Equity	Enersis SA	22.22%	13.47%
Yedesa-Cogeneración SA (in liquidation)	Almería	Spain	234,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	40.00%	27.61%

Corporate governance





Report on Corporate Governance and Ownership Structure

The corporate governance structure of Enel SpA complies with the principles set forth in the edition of the Corporate Governance Code for listed companies[1] most recently amended in July 2015, which has been adopted by the Company. Furthermore, the aforementioned corporate governance structure is inspired by CONSOB's recommendations on this matter and, more generally, international best practice.

The corporate governance system adopted by Enel and the Group is essentially aimed at creating value for the shareholders over the medium-long term, taking into account the social importance of the Group's business operations and the consequent need, in conducting such operations, to adequately consider all the interests involved.

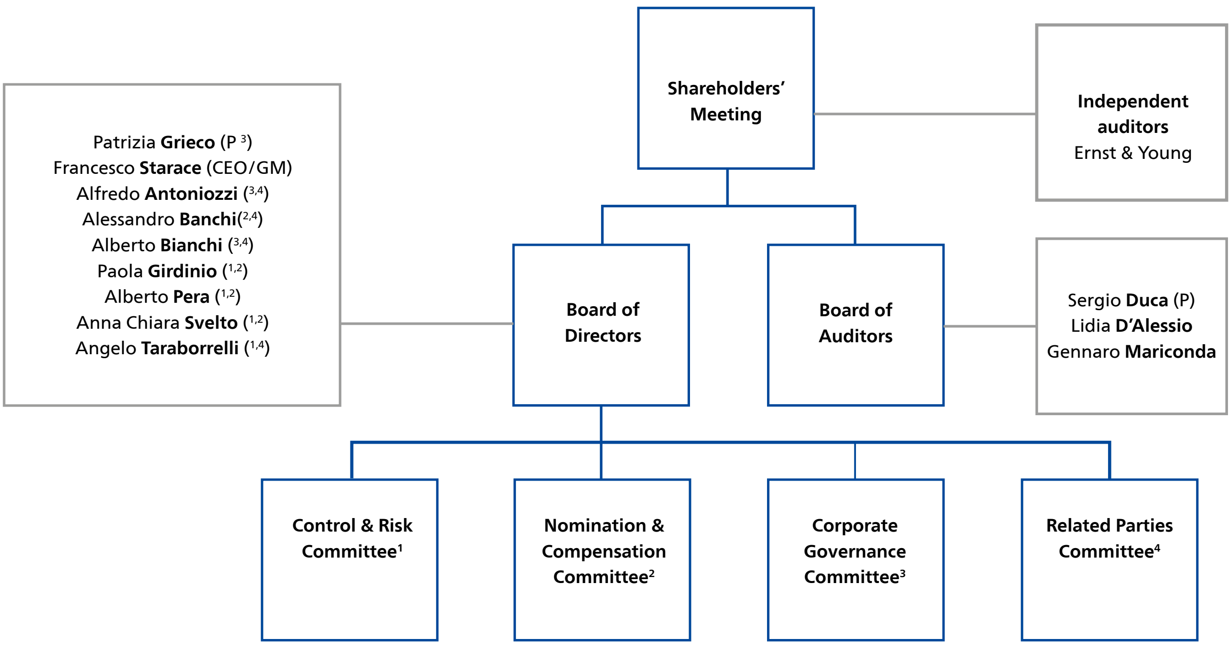
In compliance with the provisions of Italian law governing companies with listed shares, the Company's organization is characterized by:

> a Board of Directors charged with managing the Company;

> a Board of Auditors charged with monitoring: (i) compliance with the law and the bylaws, and with the principles of sound administration in the performance of company business; (ii) the financial reporting process, as well as the adequacy of the organizational structure, the internal control system and the administrative-accounting system of the Company; (iii) the statutory auditing of the annual accounts and the consolidated accounts, as well as the independence of the statutory audit firm; and (iv) the manner in which the corporate governance rules set out in the Corporate Governance Code are actually implemented;

> a Shareholders' Meeting, which is competent to take decisions concerning, among other issues – in ordinary or extraordinary session: (i) the appointment and termination of members of the Board of Directors and the Board of Auditors and their compensation and responsibilities; (ii) the approval of the financial statements and allocation of net income; (iii) the purchase and sale of treasury shares; (iv) stock-based compensation plans; (v) amendments of the bylaws; and (vi) the issue of convertible bonds.

The statutory auditing of the accounts is performed by a specialized firm entered in the appropriate official register. It was engaged by the Shareholders' Meeting on the basis of a reasoned proposal of the Board of Auditors.



For more detailed information on the corporate governance system, please see the Report on Corporate Governance and Ownership Structure of Enel, which has been published on the Company's website (www.enel.com, in the "Governance" section).

(1) The current edition of the Code is available on the website of Borsa Italiana (http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.en.htm).

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