--------------------------------------------------------------------------------------------------- Enel 2004

**Ethics and good corporate governance**

*“A company like Enel – one of the largest in Italy – has an obligation to take re-*

*sponsibility for the social and environmental impact of its activities as well as for its economic results. In these years we have worked intensely to be in the forefront also with regard to corporate social responsibility, accepting the challenge pre- sented by the experiences of the major international companies.”*

Piero Gnudi, Enel’s Chairman, is one of Italy’s most prominent public accountants. His career has been characterized by his work on the boards of directors of sever- al leading Italian companies, which has led him to participate in delicate process- es of change in the country’s economic and industrial system.

Enel’s Chairman since May 2002, Gnudi has concentrated especially on the

Company’s corporate governance mechanisms.

“By governance,” Gnudi explains, “is meant a set of rules, processes, and man- agement and auditing systems in order to have fair, effective, and transparent

management of a company and which allows its stakeholders (shareholders, lenders, human resources, customers, institutions, future generations, and local communities) to be promptly and accurately in- formed about the company’s compliance with the rules it has established for itself and about the sus- tainability of its actions.”

“Companies that are characterized by high ethical standards,” Gnudi continues, “are the most attrac- tive for young people, especially the most talented ones, and are the ones where the pride of belong- ing and motivation to achieve are strongest and most deeply rooted.”

Enel assumes its corporate responsibility also at the international level. “We have accepted the princi- ples of the United Nations’ Global Compact and are among the 62 companies that in Davos subscribed to the Partnering Against Corruption Initiative (PACI), with its ‘zero tolerance policy to stamp out cor- ruption and bribery’ that was announced at the meeting of the 2005 World Economic Forum. We are developing a corporate procedure,” Gnudi adds, “that incorporates these principles, transforming them into rules and practice. Enel’s presence in many international indexes that measure the sustain- ability of companies is an incentive for us to maintain extremely high standards in this regard.”

Enel is also among the most active companies in supporting social solidarity. “Eight operating compa- nies of the Group combined their efforts to found a non-profit organization, Enel Cuore Onlus. In 2004, the latter had 6 million euros at its disposal for funding rigorously selected, wide-ranging solidarity ini- tiatives, which enabled incisive and enduring projects to be carried out in support of the most vulner- able people. In very little time,” Gnudi says in conclusion, ”Enel Cuore has become a benchmark for non-profit organizations in Italy, as well as representing one of the most familiar and recognizable faces

of our system of corporate social responsibility.”

**Piero Gnudi**

**Chairman**

------------------------------------------------------------------------------ Supplementary Information

66 years old

Designated by the Ministry of the Economy and Finance

From 1994 to 1999 a director of IRI and subsequently chairman of the Liquidation Committee from 2000 until 2002

Member of the steering committee of Assonime and chairman of Emittenti Titoli

Member of the board and the executive committee of Confindustria

Vice-chairman of UniCredit Banca d’Impresa and a director of UniCredito

Member of the executive committee of the Aspen Institute

----------------------------------------------------------------------------------------------------------------**Creating value with sustainability**

*“We want to continue to be a safe haven for those who invest in our Company,*

*and the determination with which we are pursuing our corporate social responsi- bility and Enel’s overall sustainability is the best guarantee we can offer.”*

Enel’s Chief Executive Officer since 2002, Paolo Scaroni acquired in International companies the experience that got him involved with environmental, social, and corporate-governance issues in accordance with the interests of financial analysts and investors. “Beginning in 2002,” Scaroni explains, “we have dedicated a lot of attention to these subjects both inside and outside our Company. We have launched a program of training in the issues of corporate social responsibility for

4,500 executives and superintendents, while including 70 specific sustainability objectives in our strategic plan. And we are gradually including these objectives in our incentive plans for executives.”

In May 2005, Enel received an important acknowledgement for these activities from Sodalitas – an association promoting social entrepreneurship – as part of the Sodalitas Social Award. Scaroni also considers corporate social responsibility to be a fundamental part of Enel’s life. “Our first objective is to create value with our businesses,” he says, “remunerating our shareholders and gaining positions of excellence in the electricity and gas industries. In order to achieve this objec- tive, we have to be efficient. At the same time, we want to integrate our recent acquisitions abroad al- so with regard to sustainability. This commitment will require further development of our capabilities in the collection and management of data regarding sustainability. A detailed example of our ability to collect and manage these data is published at the end of this Report and the reporting system used, which involves about 200 people in the Company, was considered one of the best by an important sus- tainability index.”

“Large international investors want companies to pay dividends and minimize risk,” Scaroni continues, “just like small long-term investors. For both kinds, sustainability is an important consideration in their investment decisions. Enel’s shareholders include 47 ethical funds – those specialized in socially re- sponsible investment – which hold about 20% of all the shares held by institutional investors. Along with these, we have 2.5 million individual shareholders, and 623,000 investors bought the Enel shares that were placed on the market in October 2004, while more than 220,000 people subscribed the

bonds we recently issued.”

**Paolo Scaroni**

**Chief Executive Officer**

------------------------------------------------------------------------------ Supplementary Information

58 years old

Designated by the Ministry of the Economy and Finance

Chairman of the board of directors of Alliance Unichem Plc

Member of the board of the Columbia University Business School in New York City

Member of ABN AMRO Bank’s supervisory board

Member of the boards of directors of Marzotto and Il Sole 24 Ore

President of Unindustria

Venezia

--------------------------------------------------------------------------------------------------- Enel 2005

**A CONTINUING COMMITMENT**

Enel’s fourth Sustainability Report photographs the face of a company that

continues to change and evolve rapidly while it copes with several histori- cally decisive transformations, in particular its international growth and the approach of the complete liberalization of the electricity market in Italy. Looking at these objectives, we want to provide the growing public of peo- ple, associations, and institutions that discuss with us – our stakeholders – the opportunity to observe the complex reality of the Enel Group by telling them what we are doing to get the Company to grow in a sustainable way, that is, with the utmost respect for their legitimate expectations.

In order to talk to customers, employees, retail and professional investors, lo- cal communities, institutions, and suppliers spread out in distant and diverse countries, it was necessary to produce a Report that was at the same time simple and complex, but above all trustworthy, on the basis of shared and

internationally recognized standards. Even though we don’t want to relinquish the objective of con- stant improvement, we believe we’ve succeeded.

Leafing through this document, shareholders, bondholders, and institutional investors can compare fi- nancial indicators and strategies aimed at creating value with the most advanced models of corporate governance and management, geared to transparency and effectiveness through the introduction of internal procedures that in many cases go well beyond what is required by the law.

Our customers – to whom we are bound by 40 years of work and commitment at the service of the coun- try’s development – will be able to evaluate the quality of a relationship that is based more and more on listening and dialogue. We are aware of the challenge that the complete liberalization of the market will create for us when, in July 2007, all Italian families (and not only persons with a VAT registration num- ber) will be free to choose their supplier. And it is precisely because we respect the total sovereignty of the customer that we were the first – and you will find a lot of evidence of it in this Report – to introduce into Italy not only flexible and made-to-order rates, but also IT systems such as digital meters and the network for reading them at a distance that make such flexibility possible. This great effort represents enormous investments as well as a lot of work by the women and men at Enel and requires a parallel ef- fort in communication, which once again – whether we are talking about advertising, financial infor- mation, or communication with the media – must correspond to the highest standards of quality, trans- parency, and reliability, because consumer choice should be based above all on trust.

Our suppliers will find that the Sustainability Report describes reliable procedures, which have also been strengthened by the extension of the shield constituted by our Ethical Code to include the policy of Zero Tolerance for Corruption recently approved in accordance with the PACI (Pact Against Corruption Initiative), which Enel signed in January 2005 together with more than 60 other multinational companies.

We explain to institutions, local communities, and the future generations the

method that Enel uses in developing its activity, with the objective of creating not only value for the Company, but also value for Italy and the other countries where it does business, while respecting the environment. Once again the num- bers of the Sustainability Report describe the high level of investment in renew- able energy sources and the necessary diversification of the mix of fuels used, in order to secure the supply and contain the price of energy, conditions that are indispensable for growth. This document also tells about Enel’s commitment to adopting technical solutions aimed at ensuring the sustainability of its plants, which – as the by now almost complete certification of our plants and networks demonstrates – goes well beyond EC requirements and those of Italian law.

As shown by the content of this Report, corporate social responsibility ap- pears in many different ways: in research to increase the efficiency of our generating plants and reduce their emissions, for example, or in our constant support of culture and science, which has led Enel to become an important partner in the most important initiatives in the fields of music and art.

As far as our colleagues at Enel are concerned, we want to ensure that the management of people is based on the enhancement of their individual capabilities and the development of their potential in a company that is increasingly modern and oriented to the future, in Italy as well as in international mar- kets. Characterized by in-depth professional experience capable of elaborating a clear strategic vision and a profound awareness of the importance of customers and the market, Enel’s human capital is the foundation that will enable the Company to achieve further steady and balanced growth.

Last, but not least, there is Enel’s commitment to social initiatives in favor of society’s most needful members through an independent not-for-profit organization, Enel Cuore, which in less than two years has become one of the benchmarks for solidarity in Italy, through both several large-scale projects (mainly in favor of children, the elderly, and the ill) and smaller-scale ones widely spread all over Italy, and abroad as well, in an attempt to meet the needs expressed above all by the world of volunteer so- cial work and associations.

Our aspiration is that this edition of the Sustainability Report will continue to reinforce our dialogue with our stakeholders and feed a virtuous circle between excellence in our core business and positive

repercussions on the overall system in which we operate.

**Piero Gnudi**

**Chairman**

**Fulvio Conti**

**Chief Executive Officer**

--------------------------------------------------------------------------------------------------- Enel 2006

*Letter to our stakeholders*

*Since 2003, Enel has had an on-going dialogue with its stake- holders (shareholders, providers of capital, customers, suppli- ers, employees, communities, and institutions), in which it has informed the latter of the concrete actions that attest to the Company’s commitment in fulfilling its economic, social, and environmental responsibility. In doing so, we have adopt- ed the most stringent international criteria in collecting the data, commenting on them, and making them available to the public. Completeness and transparency have been our priorities. We have explained our plans for the future and told about the objectives we have achieved, those we intend to achieve, and the challenges we want to take up and win, in order to hand over a better world to the coming generations.*

*During the past five years, this commitment has obtained international recognition in a number of ways. We have been admitted to the most important indexes that measure Corporate Social Responsibility and growth sustainability, and over time we have improved our position in the rank- ings of the companies that are most engaged with this is- sue (for example, AccountAbility’s worldwide ranking for Fortune places us sixth). Socially responsible and ethical mu- tual funds are increasingly interested in Enel’s shares. Furthermore, during this period we have received various awards for our sustainability policy. Our social responsibility policies are studied at numerous universities and have been the subject of tens of theses.*

*Among the other commitments that we have recently un- dertaken is an ambitious plan providing for more than fourbillion euros of investment in the next five years, which will*

*take us to the forefront in the production of clean energy. Our aim is to progressively reduce our emissions of CO2 and our ambition is to produce energy with zero emissions. We are developing an important industrial project providing for the use of the most advanced technology available to enable us to produce energy from coal while fully respecting the en- vironment. We are also dedicating energy and resources to research on techniques of capturing and sequestrating CO2, as well as reducing our emissions of it.*

*With our recent takeover of Slovenské elektrárne, in Slovakia, we have gone back to managing nuclear plants with extremely high standards of safety and efficiency, which are already backed by all the relevant European and world bodies. Safety and efficiency in the management of these plants are absolute priorities for us.*

*During 2006, Enel continued to pursue the strategy of ex- panding its international operations, which has already en- abled us to have a significant presence in Europe and the Americas. Among other things, growing abroad requires at- tentiveness with regard to sustainability and social responsi- bility. Coordinated action is required to ensure that we listen to, understand, discuss with, and cooperate with the com- munities that host us in the countries where we do business.*

*In 2007, the liberalization of the Italian electricity market will be completed, by also involving individual customers and families. Enel has already taken up this challenge, presenting*

*itself as the most innovative electricity distributor in terms of technology and the services offered customers and receiving increasing recognition from the millions of the latter. The positive experience acquired in Italy is then transferred to about 3 million customers in other European markets.*

*We have decided to change the way we tell you about our commitment to sustainability and social responsibility, in or- der to improve the channels of communication with you. For this reason we have created a website* [*(www.enel.com/-*](http://www.enel.com/-) *en/sustainability) that will present even more information re- garding our social responsibility policy. This site is an instru- ment with which everyone can directly evaluate and analyze our actions, thus contributing to the interactive communica- tion of our sustainability plans.*

*Experts also have at their disposal on the same site a publi- cation that reports our sustainability plan according to the new GRI-G3 international standard, which includes com- plete descriptions of the more than 400 key performance in- dicators that we monitor to ensure that our social responsi- bility objectives are achieved.*

*We want to continue to communicate in an open and gen- uinely interactive manner, in order to strengthen the dia- logue that has always characterized our relations with our stakeholders. This tradition of attentiveness has now been enhanced with innovative and direct instruments, just as our approach to responsibility – which derives from managing a company with respect for the environment and the genera- tions to come – will remain innovative and direct.*

**Piero Gnudi** *Chairman*

**Fulvio Conti** *Chief Executive Officer and General Manager*

--------------------------------------------------------------------------------------------------- Enel 2007

Letter to our stakeholders

This is the sixth year that the Enel Group has published the Sustainability Report, a document that is ever more closely connected and correlated with our Annual Report, just as corporate social responsibility has become an integral part

of our corporate strategies and – like growth objectives and investment – is now permanently incorporated in our industrial plans.

During these six years, not only have there been great changes in Enel, but also in the situation in which a large company producing, distributing, and selling energy operates.

The energy question is first on the agenda of governments, international organizations, and institutions carrying out analysis and research. The responsibilities of whoever aspires to act as a protagonist in this industry have increased proportionately and the question of relations with stakeholders has taken on a degree of complexity that was unimaginable only a few years ago. A sense of responsibility toward the communities in which it has been living and operating for almost half a century is written in Enel’s DNA, but the new situation entails a managerial approach to corporate social responsibility (CSR) and we believe that these six years of environmental, social, and economic reporting represent a good photograph of the evolution of our Company toward new and complex scenarios.

In effect, the long-term challenge that Enel faces is to make sufficient energy available at a reasonable cost while respecting the environment. There is no single way to reconcile these apparently incompatible demands and win this challenge, but we have to exploit all the resources and technologies at our disposal.

For this reason, in the next few years Enel will be engaged on all fronts: from the development of renewable energy sources and the adoption of the most advanced technologies for sustainable production from traditional fossil sources to nuclear energy and research and development regarding new technologies

for both renewable and traditional sources.

The resources dedicated to the development of renewable sources and in technological innovation confirm Enel’s commitment in this field. In effect, the investment provided for by the Environment and Innovation Project will increase from 4.1 billion euros as of 2011 to 6.8 billion euros as of 2012. Of these funds, more than 600 million euros will be earmarked for research on new technologies, especially in the field of renewable energy. Use of the most advanced technologies currently available and the development on an industrial scale

of new ones – such as, for example, thermodynamic solar, hydrogen, CO2 capture and storage – will contribute significantly to the efforts to combat climate change, among other things through the export of the technologies to less developed countries (LDCs). In this way, such countries will have at their disposal effective instruments for reducing the environmental impact of their economic growth, achieving levels of efficiency and sustainability comparable to those of the most advanced countries.

Now a large multinational corporation, present in 21 countries on 4 continents, Enel is in an ideal position to stimulate this process and thus make a further contribution to the global effort for sustainability.

Its international growth has enabled Enel to start producing nuclear energy again, a precious resource which allows energy to be produced at a low cost and with zero emissions. We are thus once again developing our patrimony of nuclear expertise and we manage our plants in accordance with the most severe international standards of safety, which constitutes an absolute and unavoidable priority for us.

We are committed to rapidly improving our operating excellence, which is not limited to the environmental sphere, and the creation of value for all our shareholders.

Among the other objectives we have set for ourselves, we would like to highlight respect for the individual and his or her integrity, with particular emphasis on the issue of on-the-job safety. In order to govern this complex matter, a few essential general principles are necessary. They provide the foundations of our Code of Ethics and Zero Tolerance of Corruption Plan, which not only regulate the conduct of every Enel employee, but also make the Group’s duties with regard to all our stakeholders public and clear.

In effect, our Company has fiduciary duties with respect to everyone who has significant interests at stake in our business, in terms of both financial investment and the effects that our operations have on the economy, the environment,

and society.

To ensure such commitment, every year we establish our CSR objectives and priorities in accordance with the Group’s strategies and the principles of the U.N.’s Global Compact, integrating them in our industrial plan and subjecting them to planning and auditing on a half-year basis.

Furthermore, since last year the“Sustainability Meter”has been available on our website. This instrument is dedicated to stakeholders who are interested in comparing their positions on several specific economic, environmental, and social issues with those of Enel.

This document tells about the distance covered by tens of thousands of Enel women and men in 2007. It is meant to provide a reading that is clear and as simple as possible of what they have achieved in all our fields of activity, successes and problems, in accordance with the commitments and duties we have with regard to all our stakeholders, and in particular to future generations.

Chairman Chief Executive Officer and General Manager

*Piero Gnudi Fulvio Conti*

--------------------------------------------------------------------------------------------------- Enel 2008

Letter to our Stakeholders

2008 was an important year for Enel, one during which we laid solid foundations for completing the geographical and technological composition of the Group. We became stronger in Europe and Latin America, with a generating capacity of 83.3

GW at the end of 2008 – thanks to the consolidation of 67.05% of Endesa and 100% of OGK-5 – having achieved our business objectives and created opportunities for growth in the service of our 49.3 million customers.

With our acquisition of OGK-5 in Russia in March 2008 and the signing of our agreement with Acciona in February 2009, which meant that we had achieved full control of Endesa, we can say that our phase of international expansion has been successfully concluded.

In the next few years, our strategy will target financial solidity and the profitability of our industrial plan, as well as the dissemination of our corporate values throughout the newly consolidates companies. In pursuing these objectives, we shall always pay the utmost attention to the interests of all our stakeholders and observe the principles on which our social sustainability is based.

Furthermore, we shall make our operations ensuring that our business grows organically, and pursuing excellence in the service quality we provide. Sustainability permeates every aspect of our daily work. It is an integral part of the instruments at our disposal for doing our job, as well as of the safety conditions that protect us, our satisfaction, our professional development, and, with regard to the external world, the way in which we relate to our stakeholders: investors, customers, suppliers, institutions, future generations, employees, communities, and, in general, all of Enel’s partners. It is the distinctive characteristic of the corporate culture of the men and women who work at Enel and contribute to our dedication to excellence and maintain it constant over time.

Since 2002, Enel has publicly reported its corporate social responsibility through the Sustainability Report, of which this is the seventh edition. It is an important appointment with all our stakeholders, which we have renewed year after year, constantly improving its reporting systems.

In managing the economic, social, and environmental parameters that characterize its corporate responsibility, Enel applies the same methods used to govern its business. The policy of sustainability is pursued and implemented through strategic choices, operative and financial plans, and investment reported with the utmost strictness and transparency in the annual edition of the Sustainability Report.

We are deeply engaged in disseminating the principles and practice of corporate social responsibility, bringing and integrating experiences of participation not only to the economic, but also to the social and cultural development of the countries where we have operations, while constantly respecting diversity. As a guarantee of such commitment, every year we establish our CSR objectives and priorities in accordance with the Group’s strategic policies, as well as with the principles of the UN’s Global Compact, integrating them in our industrial plan and submitting them to planning and auditing on a semi-annual basis.

We want to pursue an attentive and transparent dialogue with our stakeholders

in all the communities and countries that host us, enhancing our corporate culture through this constant discussion. Above all, we believe it is essential to further strengthen our commitment to respect for individuals and their integrity, with particular regard to the implementation of training and prevention initiatives concerning occupational safety for all our employees and suppliers, as well as for the communities and countries in which we do business.

We shall revise our Code of Ethics, the pillar of our sustainability strategy, in 2009 in accordance with the best international practices and integrate it at the Group level. We shall improve, and extend to all the Group companies, the appropriate processes for ensuring transparency in our corporate actions, and prevent violations of human rights, especially with regard to child labor, incidents of corruption,

and business practices that are unfair or impede free competition.

Enel reaffirms its global commitment to environmental protection and the fight against climate change. Our environmental strategy is based on a mitigation plan that is consistent with our growing ability to apply the best available technologies for reducing the emission of greenhouse gases and other pollutants. Our objective is to be able to generate electricity at a low cost and with zero emissions. As an industry leader, we believe that commitment to the fight against climate change

is not only essential to protect the planet, but also, and especially, to ensure our competitiveness and further business growth for our Company.

For this reason, too, Enel considers the growth of the market for renewable energy to be essential, and has set up a dedicated company, Enel Green Power. Investment in the development of research and innovation in every field of our business is increasingly important to reduce their environmental impact: from clean coal, the capture and sequestration of CO2, and the field of hydrogen to the most advanced solar energy, systems for recharging electric cars, and smart grids that can manage the two-way flow of electricity that the spread of renewable energy entails. In this way, the efficiency of the system is maximized and the development of distributed generation is facilitated.

Our objectives are ambitious and complex, but within our reach. We are certain that our Company has the expertise, capabilities, and sense of responsibility necessary to achieve them, overcoming the difficulties that we will encounter along the way.

All the people who work in the Group in all the 22 countries in which we are present are, and will be, enthusiastically engaged in pursuing these objectives.

Enel is open to the world, a Company that is growing and developing organically and responsibly in the global energy market, increasing our capabilities and opportunities for development for all of us.

This is why we feel certain that we can commit ourselves to ensuring sustainable, economical, and accessible energy to future generations.

Chief Executive Officer Chairmain and General Manager *Piero Gnudi Fulvio Conti*

----------------------------------------------------------------------------- Supplementary Information

**our Mission**

Our mission at Enel is to generate and distribute value in the international energy market for the benefit of the needs of our customers, the investment of our shareholders, the competitiveness of the countries in which we do business, and the expectations of all the people who work with us. Enel operates in the service of communities, respecting the environment

and the safety of people, and with

a commitment to making the world a better place for future generations.

--------------------------------------------------------------------------------------------------- Enel 2009

A Letter to Our Stakeholders

During 2009, Enel completed its international expansion. Our Group is now present in 23 countries, with about 81,000 employees and 95.3 GW of installed capacity, including more than 34 GW generated from renewable energy sources (hydroelectric, geothermal, wind, solar, and biomass), which make us the world leader in the field of renewable energy. In Europe, Enel is the second largest listed utility in terms of operating income and installed capacity. Enel has grown and become a multinational, but always keeps in mind that growth must take place in tandem with corporate social responsibility and concern for the needs of all our stakeholders, in order to make our contribution to a sustainable future.

This commitment has been rewarded with important results. For the sixth year in a row we are present in the prestigious Dow Jones Sustainability Indexes, the ethical investment funds show confidence in Enel and as of February 2010 constituted more than 18% of the share capital held by institutional investors, and our Sustainability Report is a significant reference, with over 450 indicators measuring our constant commitment to corporate social responsibility.

Looking ahead, we hope that the Sustainability Report can be gradually integrated with our financial reporting, thus making it easier to read and ensuring a better evaluation of the Company’s actions.

The transparency of our actions is ensured by a complex and stringent system of corporate governance, which enables us to constantly steer our actions toward the creation of value for all our stakeholders while being aware of the social and environmental importance of the operations in which the Group is involved and reporting them regularly to the market and society.

In its management of the economic, social, and environmental parameters that characterize its corporate social responsibility, or CSR, Enel already applies the same diligence and methods it uses to govern its business. To guarantee these commitments, every year we establish our CSR objectives and priorities in accordance with both the Group’s strategy and the principles of the U.N.’s Global Compact, integrating this in our business plan and subjecting them to half-yearly planning and auditing. Likewise, our subsidiary Endesa, one of the largest electricity companies in the world and a leader in Spain and Latin America, has incorporated the values of CSR in its governance.

We want to be good citizens in all the countries that host our operations, constantly respecting diversity and trying to integrate with the different social situations. Several numbers show our ability to dialogue with society. In 2009, we involved more than 440,000 students throughout the world thanks to “Play Energy”, an educational project about the world of energy. In Italy 100,000 people visited 64 Enel plants with “Open Plants”, and in Chile 6,000 girls and boys participated in a soccer and volleyball tournament at facilities lit by Enel and Endesa in cooperation with UNICEF and other institutions.

We are starting an internal communication campaign to disseminate knowledge of the new Code of Ethics among all our employees in order to regulate our corporate behavior according to uniform standards based on the utmost fairness.

Safety and the unique importance of the individual have always been at the heart of our values and distinguish Enel’s corporate culture. The Company is deeply committed to disseminating and consolidating the awareness of safety issues, promoting responsible behavior by all its employees. The trend is one of the constant reduction of injuries at Enel. In the last five years (2005-2009), the Company has recorded a 56% reduction in the injury rate and 48% in the seriousness rate . In 2009, more than a million hours of training were dedicated to health and safety, with an expenditure of 105 million euro on safety activities. Other initiatives, such as the alternative procedure for settling disputes that we instituted together with all the Italian consumer associations, are aimed at satisfying our customers through a communicative and transparent approach. Enel’s environmental strategy is consistent with our increasing ability to apply the best technologies available to reduce emissions of greenhouse gases and other pollutants. Our objective is to be able to generate electricity economically with close to zero emissions. In 2009, we were one of the 60 electricity companies of the 27 countries of the European Union that, as part of an initiative of Eurelectric, had their respective chief executive officers subscribe to a commitment to transform the European electricity industry into a “neutral” one from the point of view of CO2 emissions by 2050.

Thanks to the significant percentage of our generating plants, including the nuclear ones, that are carbon-free, in 2009 we avoided the emission of about 100 million tons of CO2 into the air. In practice, it is as if we had cancelled the emissions of about 60 million cars.

We are also keeping our promise to future generations with our deep commitment to innovation, research, and the development of new technologies, for which we have planned investment amounting to about a billion euro for the period 2010-2014. In effect, we believe that research and innovation are important for improving existing technologies and exploring new ways to find satisfying solutions to the problems that the energy world will have to face in the near future.

We support technological initiatives that will lead to the generation of electricity with zero emissions, even with the use of fossil fuels. Together with Endesa, we are testing the most promising technologies for the capture and storage of CO2

(CCS), a solution that is essential for removing carbon from both the production

of electricity and heavy industry in general.

Another concrete example is the effort we have put into smart meters. Beginning in 2001, Enel has been a world pioneer in the creation and installation of this technology, which is decisive for an intelligent use of electricity. We now have 32 million smart meters in Italy and intend to install 13 million more of them for Endesa’s customers.

As far as our research is concerned, there are numerous examples of excellence: electricity generation from hydrogen, low-enthalpy geothermal generation, concentrated photovoltaic solar generation, the innovative thermodynamic solar Archimede power plant, and multi-generation systems like the Diamond, as well as – in the field of energy efficiency – the LED technology of the Archilede streetlights, smart grids, and electric mobility systems.

We believe that the task of the electricity industry is to ensure a supply of sustainable, economical, and accessible energy, while seeking to carry out as best we can our mission to grow and develop. We are aware of not only the successes, but also of the inevitable problems that such a policy entails.

To meet this challenge, Enel intends to adopt all the possible solutions, from nuclear generation and clean coal to renewable energy and energy efficiency. We feel the great responsibility of guiding the change towards a better future, in which our prosperity will depend on our respect for the environment and the innovation that we are able to achieve today, as well as on a better use of our resources and the priority we are able to establish for the value of knowledge.

Piero Gnudi

Chairman

Fulvio Conti

Chief Executive Officer

and general Manager

----------------------------------------------------------------------------- Supplementary Information

Our Mission

Enel’s mission is to generate and distribute value on the international energy market, to the benefit of the requirements of

our customers, the investments of our shareholders, the competitiveness of the countries in which we operate, and the expectations of everyone who works with us. Enel acts in the service of communities, respecting the environment and the safety of people, with the commitment to ensure a better world to coming generations.

--------------------------------------------------------------------------------------------------- Enel 2010

Letter to our stakeholders

Enel is one of the world leaders in energy. Thanks to the dedication of more than

78,000 people, we are now an integrated Group operating along the entire elec- tricity value chain in 40 countries.

The international expansion that we have experienced in the last few years has strengthened our conviction that the only way to ensure the success of our proj- ects is to make them an opportunity for growth for both us and the entire com- munity around us. Our development plans are assessed not only in terms of the economic return for the Company, but also for the benefits they can create for all our stakeholders. We believe that the real indicator of success for an energy utility is to always act both responsibly and ethically by keeping the social value of our actions clearly in mind.

Sticking to these criteria requires all the talent and day-to-day commitment of everyone in our Group. It requires a consistent and ambitious strategy based on three lines of action: innovation and excellence as drivers of sustainable growth and transparent reporting of all our activities.

Innovation for sustainable growth

One of the great challenges that humanity must face in the coming years is to have at its disposal sufficient energy for the economic growth that is enabling millions of people to rise above the poverty threshold, while producing this energy in an environmentally sustainable way. Enel’s growth objectives are based on a sustain- ability strategy that combines, on the one hand, the responsibility of ensuring se- cure and sufficient energy to meet the demand, which is increasing and shifting according to changes in the global economy, and on the other the necessity of re- sponding to the challenge of climate change by making an essential contribution to the drastic reduction of polluting emissions. We are convinced that operating excellence and technological innovation are the most efficient levers for making this balance possible. Our commitment is therefore addressed to the key fields of energy innovation: from renewable energy sources, energy efficiency, and energy accumulation to the reduction of emissions by conventional technologies, smart grids, and electric mobility.

On the renewable energy front, Enel Green Power remains a world leader in the industry, among other things thanks to the reorganization that preceded its listing on the stock exchange. The Enel Group’s installed renewable capacity in Europe and the Americas (hydro, geothermal, wind, photovoltaic, and biomass) already exceeds 34 GW, out of the Group’s total capacity of about 97.3 GW.

Also important is our commitment to make conventional energy sources “clean”. With a plan for investing almost a billion euro in technology in the period 2011-2015,

we are increasing the energy efficiency of our thermal production and trying out the most promising technologies for capturing and storing CO2. We recently in- augurated in Brindisi the largest pilot plant in Europe of this technology, whose

development will enable us to continue to use an indispensable source like coal by drastically abating its emissions.

We shall continue to concentrate on zero-emissions technologies and the im- provement of traditional sources, with the goal of increasing the share of our generation that does not produce greenhouse gases, which is already about 45%. Meanwhile, and until we have become an industry that is “neutral” with regard to CO2 emissions, we shall continue to partially compensate for them through the introduction of projects and best practices in Eastern Europe and in less developed countries, using the mechanisms introduced by the Kyoto Protocol (the Clean De- velopment Mechanism and Joint Implementation), in the adoption of which the Group is a global leader.

Our commitment to innovation for sustainability does not end with the generation of electricity. Enel is also a benchmark for smart grids, whose spread will enable us to evolve towards an integrated and multi-directional distribution system that is able to manage the interactions between producers and consumers of energy in real time. Smart grids will ensure more balanced distributed generation and will allow customers themselves to become producers of clean energy. Thanks to the 33 million electronic meters that have been installed in Italy since 2001 and the 13 million that are being installed in Spain, Enel has already put in place – ahead of the other companies – an important component of the infrastructure that will make possible the development of active grids and has begun to provide post- meter services aimed at getting customers to use energy more responsibly and rationally.

The objective of sustainability also regards the streets of our cities. For this reason Enel is laying the foundations for a radical change in the way we move around on them. With our E-Mobility Italy project in Italy and MOVELE project in Spain, we are constructing the recharging infrastructure that will allow people in 6 large Italian and Spanish cities to use zero-impact electric cars.

Responsibility also means using innovation to improve the living conditions of the poorest communities. Electricity is an extraordinary driver of growth and prosper- ity. For this reason we believe it is our duty to cooperate with the governments of the countries in which we are present to close the energy gap separating the 1.4 billion people in the world who still lack access to electricity. Among the numerous innovative solutions that we have tested, the Ecoelce project in Brazil stands out. Recognized by the UN’s 2008 World Business and Development Awards as one of the 25 most sustainable innovations of the last 25 years in the country, the project enables recyclable waste to be “exchanged” for discounts on electricity bills, thus encouraging responsible waste management, while at the same time providing financial support for families.

Excellence and growth inside the Group

If we want to be engines of innovation in the world that surrounds us, we must first of all be bearers of change ourselves, and therefore focus above all on a strong and shared Group identity that is able to generate value from diversity and sees in integration a powerful engine for disseminating the best practices. The foundations of this culture are those that have characterized Enel for many years: a policy of operating excellence, service quality, and the improvement of results, together with the utmost concern for the protection of the safety of the people who work at and with Enel.

On the last aspect we have set ourselves the most ambitious goal possible, which requires the utmost commitment of everyone, at every level of our organization: to become a Zero accidents company. To achieve it, numerous detailed, cross-com- pany safety projects have been initiated throughout the Group with excellent re- sults, which have created over the years a constant trend of decreasing injury rates. In effect, injury frequency decreased by about 23% with respect to 2009, while the seriousness rate fell by 7%.

Transparency and accountability

In addition to the potential provided by technology and our efforts to boost the internal growth of the Group, our commitment to sustainability is also focused on the transparency of our corporate actions, which is ensured by a strict corpo- rate governance system and a solid reporting system based on rigorous criteria of objectivity. In effect, the Group’s Sustainability Report achieves the A+ level of compliance with the sustainability reporting guidelines of the Global Reporting Initiative (GRI). In keeping with our vision, according to which sustainability con- sists in the combination of economic, social, and environmental aspects, we have initiated a process that in time will lead us to develop a single reporting system for the Group, in which the economic and financial indicators are integrated with the sustainability ones. In this way, all our stakeholders will have an increasingly integrated view of the Company’s overall performance and value. This will be a decisive step and will confirm the integration of sustainability in our way of doing business, which is already recognized by the “ethical” funds among our institu- tional shareholders (about 17% of the institutional floating capital at the end of 2010) and our presence in the prestigious Dow Jones sustainability indexes for the seventh year in a row. Furthermore, in January 2011 Enel became part of the Global Compact LEAD. This initiative of the United Nations’ Global Compact brings together the 56 best companies in the world, which are benchmarks for economic, social, and environmental sustainability.

Precisely the ambition to constitute a benchmark and the courage to assume one’s share of responsibility in facing the challenges of global development must guide our day-to-day work to supply reliable, efficient, and sustainable energy. In effect, it is the task of a responsible large company like ours to open new routes to the prosperity of the future and ensure that the energy we produce is the energy of change towards a sustainable future.

Chairman

Piero Gnudi

Fulvio Conti

Chief Executive Officer and General Manager

--------------------------------------------------------------------------------------------------- Enel 2011

Letter to our Stakeholders

In 2011 the global panorama was characterized by a persistent phase of economic and financial uncertainty which meant limited growth in developed economies, including those in Western Europe, and rather more vigorous growth in the emerging economies of Eastern Europe, Asia and Latin America.

The energy sector itself was affected by some significant events which contributed to a profound change in its prospects. Among these, the tsunami which struck the Fukushima Daiichi nuclear power plant – following the earthquake which devastated Japan – seems to have slowed down the development of this technology worldwide.

Following this event and the consequent debate on the safety of nuclear power plants, some European countries decided to review their own energy policies. For example, in Italy the refe- rendum of June 2011 marked the country’s, and Enel’s, withdrawal from its nuclear energy deve- lopment program.

To these factors we may add the events of the Arab spring which highlighted the importance of the security of energy supplies for European countries.

In this turbulent scenario, Enel continued to represent a reliable international company and a credible industrial Group which has been involved in the development of Italy and of many other countries for half a century.

Enel today means bringing energy to over 61 million customers every day, thanks to the work of over 75,000 employees; operating along the entire electricity value chain in 40 countries; having a technologically and geographically balanced production mix, with over 40% of generation in 2011 being zero emission; being a good citizen and promoting the welfare of the communities around us. These are the achievements that we take pride in and which drive Enel to be a key energy player worldwide.

Being a strong and credible company, in a still highly uncertain global situation, offers a sense of stability and security. Enel, for example, was one of the most active participants in the discussions between business and the G20 at the most recent ministerial meetings of the International Ener- gy Agency (IEA) and at the climate change conferences in Cancun and Durban.

The climate is a significant variable which affects our decisions and our performance. In particular, during 2011, the lack of rainfall caused a significant reduction in hydroelectric production, which was only partially offset by the marked increase (over 30%) in production from other renewable sources that are part of our power generation capacity. Overall, this caused a 5.4% increase in the Group’s CO2 emissions.

Despite last year’s performance, Enel confirms its commitment to combating climate change and its long-term strategy to limit CO2 emissions. Compared to 1990 (the base year for the Kyoto Pro- tocol) the Enel Group’s CO2 emissions have fallen by 34% and this downward trend will continue in future years with targeted investment and set timeframes.

**Leadership in renewables and in innovation**

Leadership in innovation is one of the priorities of the 2012-2016 Business Plan, a commitment which Enel has been tenaciously pursuing for some time with concrete investments. Electronic meters, for example, have enabled us to introduce the grids of the future. Enel is a world leader in the introduction of this technology, having installed 36 million meters in Italy since 2001, while another 13 million are currently being installed in Spain, besides numerous pilot projects for their use also in Latin America. To- gether with remote monitoring, electronic meters will be the cornerstone of smart grids which will, in their turn, be fundamental elements in the infrastructure and economic growth of numerous countri- es. Taking this as our starting point, we are launching pilot projects for the development of smart grids in Spain, Italy and Brazil.

Renewables represent another driver for sustainable development. Enel Green Power, the Group company which focuses solely on renewables, operates in 16 countries using all the main generation technologies. This geographic and technological diversification allows us to make the best possible use of the continuous growth in renewables. Our steadfast commitment is to making these energy sources not only sustainable, but also increasingly competitive compared to traditional generation technolo- gies, by increasing their efficiency and reliability.

We are also very focused on the issue of energy efficiency which is one of the most effective ways to reduce emissions. It is our belief that increasing efficiency must involve all the elements in the value chain, from electricity generation to transmission and distribution grids up to end uses, such as heating and air-conditioning systems, indoor and outdoor lighting, household utilities and mobility.

In this sense, Enel’s commitment is achieving very significant results on all directions, such as, for exam- ple, the constant improvement in the average yield on our thermoelectric capacity and the increase of approximately 10% in ISO 14001 certified net efficient capacity, which must be added to the constant improvement in the environmental performance of our power generation capacity. In the future we aim to reduce even further the environmental impact by investing in the innovative technology of car- bon capture and storage which we are already testing.

Our commitment to innovation continues with the development of projects for electric mobility throu- gh agreements with leading vehicle manufacturers such as Mercedes, Piaggio and Renault. The philo- sophy of sustainable urban development also underpins the realization of the smart city concept, for which Enel is a world leader in developing demonstration programs.

**One Company, One Ethics, One Report**

Being part of a community means working with our stakeholders in rigorous compliance with best go- vernance practice and maintaining transparency and accountability.

Today in Enel sustainability is part of our strategy, processes and daily activities and represents one of the mainstays of our Business Plan. We are convinced that corporate responsibility has a direct impact on competitiveness and long-term value creation.

The cornerstone of our Corporate Social Responsibility is the Code of Ethics, which summarizes the Group’s commitments and responsibilities in conducting its business and which is binding on all the companies in which Enel holds a majority stake, as is the Zero Tolerance of Corruption Plan. The same concept of global standardization lies behind the creation of the “One Company” project which seeks to redraw the Group’s organizational model, in order to ensure more streamlined and effective decision- making processes, by sharing common systems and conduct. The aim is to build, day by day, a Group identity which has a solid common base, but which at the same time can create value from diversity by joining the global and local dimensions.

This organizational development, in building the Enel of tomorrow, still puts the safety of its employees and external collaborators first, as shown by the number of dedicated training hours (almost 1.1 million in 2011) and the constantly falling trend in accidents, with a 14.5% reduction in the accident rate. The “zero accident” target is being pursued with increasing determination also in regard to our suppliers’

employees: in 2011 the accident rate at contracting companies fell by 15.7% compared to 2010.

In keeping with the vision of an increasingly integrated Group, we are also moving towards the so-called “One Report”, with the aim of setting out both our financial and non-financial performance in a single document, so as to allow shareholders and stakeholders a complete overview of the value created by the Company. To this end, the Report on Operations in the 2011 Annual Report includes a section dedi- cated to sustainability together with a set of quantitative performance indicators. Enel is also involved in the G4 Consortium of the GRI (Global Reporting Initiative) and in the Pilot Programme of the IIRC (Inter- national Integrated Reporting Council), in order to help establish an internationally agreed framework and guidelines for the integrated reporting of tomorrow.

In addition, we have strengthened our commitment to transparency and communication with Socially Responsible Investment (SRI) indexes and funds. Since 2006, Enel’s Sustainability Report has never failed to achieve an A+ rating in application of the GRI guidelines. Enel is also part of the Dow Jones Sustaina- bility Indexes for the eighth year running and in 2011 was readmitted to be part of the FTSE4Good index and is the only utility in the world to have been admitted to the Carbon Performance Leadership Index of the CDP (Carbon Disclosure Project).

**Combating energy poverty and creating shared value**

More widespread access to energy can improve the lives of billions of people worldwide. In its World Energy Outlook for 2011 the International Energy Agency (IEA) estimates that 1.3 billion people curren- tly have no access to electricity and 2.7 billion use fuels such as traditional biomass to cook on polluting and inefficient stoves, with fatal consequences for two million people a year.

It is also on the basis of these statistics that the General Assembly of the United Nations declared 2012 “International Year of Sustainable Energy for All” and called on institutions, companies and civil society to collaborate to extend access to energy, improve energy efficiency and increase the use of renewables. The Enel Group, as a member of the Global Compact LEAD, supports combating energy poverty with the “Enabling Electricity” program that aims to facilitate the access of infrastructure to electricity, encourage low-cost access to electricity in low-income areas and build up and share professional know-how and skills in the energy sector, in order to create shared value.

As the history of the previous century shows, the spread of electricity was the driver for economic, social and industrial growth. At a time of economic recession, an efficient energy market can, for industrialized countries, go hand in hand with economic recovery and, for emerging and poorer countries, be a source of growth by allowing wider access to goods and services.

We are convinced that the creation of value for business becomes sustainable and long-lasting if, at the same time, it becomes the creation of value for the community and for the environment. In 1962 Enel came into being in Italy with the aim of completing the electrification of the country, equipping it with leading-edge infrastructure and bringing electricity wherever it was needed. Today, fifty years on, Enel is renewing its mission and its commitment to the benefit of global communities and future generations.

Chairman

*Paolo Andrea Colombo*

Chief Executive Officer and General Manager

*Fulvio Conti*