Condensed consolidated financial statements at September 30, 2017

Condensed consolidated income statement

Millions of euro	Notes	First nine months	
		2017	2016
Total revenue	4.a	54,188	51,459
Total costs	4.b	47,354	43,640
Net income/(expense) from commodity contracts measured at fair value	4.c	383	(130)
Operating income		**7,217**	**7,689**
Financial income		2,877	3,166
Financial expense		5,040	5,343
Total financial income/(expense)	4.d	**(2,163)**	**(2,177)**
Share of income/(expense) from equity investments accounted for using the equity method	4.e	**114**	**67**
Income before taxes		**5,168**	**5,579**
Income taxes	4.f	1,505	1,705
Net income from continuing operations		**3,663**	**3,874**
Net income from discontinued operations		**-**	**-**
Net income for the period (shareholders of the Parent Company and non-controlling interests)		**3,663**	**3,874**
Attributable to shareholders of the Parent Company		2,621	2,757
Attributable to non-controlling interests		1,042	1,117
Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.26*	*0.28*
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.26*	*0.28*
Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.26*	*0.28*
Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.26*	*0.28*

Statement of consolidated comprehensive income

Millions of euro	First nine months	
	2017	2016
Net income	**3,663**	**3,874**
Other comprehensive income recyclable to profit or loss		
Effective portion of change in the fair value of cash flow hedges	(19)	(499)
Share of the other comprehensive income of equity investments accounted for using the equity method	9	(28)
Change in the fair value of financial assets available for sale	(20)	(4)
Exchange rate differences	(2,120)	1,079
Income/(Loss) recognized directly in equity	**(2,150)**	**548**
Total comprehensive income/(loss) for the period	**1,513**	**4,422**
Attributable to:		
- shareholders of the Parent Company	1,353	2,699
- non-controlling interests	160	1,723

Condensed consolidated balance sheet

Millions of euro

	Notes	at Sept. 30, 2017	at Dec. 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment and intangible assets		91,701	92,318
Goodwill		13,660	13,556
Equity investments accounted for using the equity method		1,565	1,558
Other non-current assets (1)		12,613	12,872
Total non-current assets	5.a	**119,539**	**120,304**
Current assets			
Inventories		2,924	2,564
Trade receivables		13,596	13,506
Cash and cash equivalents		5,127	8,290
Other current assets (2)		11,234	10,921
Total current assets	5.b	**32,881**	**35,281**
Assets held for sale	5.c	**1,592**	**11**
TOTAL ASSETS		**154,012**	**155,596**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to the shareholders of the Parent Company	5.d	35,255	34,803
Non-controlling interests		17,358	17,772
Total shareholders' equity		**52,613**	**52,575**
Non-current liabilities			
Long-term borrowings		40,895	41,336
Provisions and deferred tax liabilities		15,835	16,334
Other non-current liabilities		4,699	4,388
Total non-current liabilities	5.e	**61,429**	**62,058**
Current liabilities			
Short-term borrowings and current portion of long-term borrowings		9,878	9,756
Trade payables		11,136	12,688
Other current liabilities (3)		17,580	18,519
Total current liabilities	5.f	**38,594**	**40,963**
Liabilities held for sale	5.g	**1,376**	**-**
TOTAL LIABILITIES		**101,399**	**103,021**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**154,012**	**155,596**

(1) Of which long-term financial receivables and other securities at September 30, 2017 equal to €2,523 million (€2,181 million at December 31, 2016) and €389 million (€441 million at December 31, 2016), respectively.

(2) Of which short-term portion of long-term financial receivables, short-term financial receivables and other securities at September 30, 2017 equal to €1,174 million (€767 million at December 31, 2016), €3,552 million (€2,121 million at December 31, 2016) and €67 million (€36 million at December 31, 2016), respectively.

(3) Of which, short term financial payables at September 30, 2017 equal to €0 million (€296 million at December 31, 2016).

Statement of changes in consolidated shareholders' equity

	Share capital and reserves attributable to the shareholders of the Parent Company														
Millions of euro	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	Reserve from equity investments accounted for using the equity method	Reserve from remeasurement of net liabilities/(assets) of defined benefit plans	Reserve from disposal of equity interests without loss of control	Reserve from acquisitions of non-controlling interests	Retained earnings and loss carried forward	**Equity attributable to the shareholders of the Parent Company**	**Non-controlling interests**	**Total shareholders' equity**
At January 1, 2016	**9,403**	**5,292**	**1,881**	**2,262**	**(1,956)**	**(1,341)**	**130**	**(54)**	**(551)**	**(2,115)**	**(196)**	**19,621**	**32,376**	**19,375**	**51,751**
Dividends	-	-	-	-	-	-	-	-	-	-	-	(1,627)	**(1,627)**	**(602)**	**(2,229)**
Allocation of net result for previous year	-	-	153	-	-	-	-	-	-	-	-	(153)	**-**	**-**	**-**
Capital increase for non-proportional demerger of Enel Green Power	764	2,198	-	-	119	(31)	-	-	1	-	(974)	(12)	**2,065**	**(2,106)**	**(41)**
Transactions in non-controlling interests	-	-	-	-	-	-	-	-	-	7	-	(359)	**(352)**	**304**	**(48)**
Change in scope of consolidation	-	-	-	-	(136)	21		49	17	-	-	-	**(49)**	**(379)**	**(428)**
Comprehensive income for the period	-	-	-	-	510	(550)	(5)	(13)	-	-	-	2,757	**2,699**	**1,723**	**4,422**
of which: *- other comprehensive income/(loss) for the period*	-	-	-	-	*510*	*(550)*	*(5)*	*(13)*	-	-	-	-	***(58)***	***606***	***548***
- net income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	*2,757*	***2,757***	***1,117***	***3,874***
At September 30, 2016	**10,167**	**7,490**	**2,034**	**2,262**	**(1,463)**	**(1,901)**	**125**	**(18)**	**(533)**	**(2,108)**	**(1,170)**	**20,227**	**35,112**	**18,315**	**53,427**
At January 1, 2017	**10,167**	**7,489**	**2,034**	**2,262**	**(1,005)**	**(1,448)**	**106**	**(12)**	**(706)**	**(2,398)**	**(1,170)**	**19,484**	**34,803**	**17,772**	**52,575**
Dividends	-	-	-	-	-	-	-	-	-	-	-	(905)	**(905)**	**(574)**	**(1,479)**
Allocation of net result for previous year	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Transactions in non-controlling interests	-	-	-	-	-	-	-	-	-	4	-	-	**4**	**-**	**4**
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Comprehensive income for the period	-	-	-	-	(1,203)	(52)	(20)	7	-	-	-	2,621	**1,353**	**160**	**1,513**
of which: *- other comprehensive income/(loss) for the period*	-	-	-	-	*(1,203)*	*(52)*	*(20)*	*7*	-	-	-	-	***(1,268)***	***(882)***	***(2,150)***
- net income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	*2,621*	***2,621***	***1,042***	***3,663***
At September 30, 2017	**10,167**	**7,489**	**2,034**	**2,262**	**(2,208)**	**(1,500)**	**86**	**(5)**	**(706)**	**(2,394)**	**(1,170)**	**21,200**	**35,255**	**17,358**	**52,613**

Condensed consolidated statement of cash flows

Millions of euro	First nine months	
	2017	2016
Income before taxes	**5,168**	**5,579**
Adjustments for:		
Depreciation, amortization and impairment	4,233	4,321
Financial (income)/expense	2,163	2,177
Net income from equity investments accounted for using the equity method	(114)	(67)
Change in net current assets:	(1,748)	(1,177)
- inventories	(373)	196
- trade receivables	(70)	(715)
- trade payables	(1,588)	(463)
- other assets and liabilities	283	(195)
Interest and other financial expense and income paid and collected	(1,144)	(2,082)
Other changes	(1,397)	(1,985)
Cash flows from operating activities (A)	**7,161**	**6,766**
Investments in property, plant and equipment and intangible assets	(5,547)	(5,504)
Investments in entities (or business units) less cash and cash equivalents acquired	(864)	(31)
Disposals of entities (or business units) less cash and cash equivalents sold	19	727
(Increase)/Decrease in other investing activities	155	40
Cash flows from investing/disinvesting activities (B)	**(6,237)**	**(4,768)**
Financial debt (new long-term borrowing)	8,208	1,737
Financial debt (repayments and other changes in net financial debt)	(8,765)	(5,609)
Transactions in non-controlling interest	(408)	(202)
Dividends and interim dividends paid	(2,782)	(2,442)
Cash flows from financing activities (C)	**(3,747)**	**(6,516)**
Impact of exchange rate fluctuations on cash and cash equivalents (D)	**(295)**	**151**
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)	**(3,118)**	**(4,367)**
Cash and cash equivalents at the beginning of the period (1)	8,326	10,790
Cash and cash equivalents at the end of the period (2)	5,208	6,423

(1) Of which cash and cash equivalents equal to €8,290 million at January 1, 2017 (€10,639 million at January 1, 2016), short-term securities equal to €36 million at January 1, 2017 (€1 million at January 1, 2016) and cash and cash equivalents pertaining to “Assets held for sale” equal to €150 million at January 1, 2016.

(2) Of which cash and cash equivalents equal to €5,127 million at September 30, 2017 (€6,391 million at September 30, 2016), short-term securities equal to €67 million at September 30, 2017 (€30 million at September 30, 2016) and cash and cash equivalents pertaining to “Assets held for sale” in the amount of €14 million at September 30, 2017 (€2 million at September 30, 2016).

Notes to the condensed consolidated financial statements at September 30, 2017

1. Accounting policies and measurement criteria

The accounting standards adopted, the recognition and measurement criteria and the consolidation criteria and methods used for the Interim Financial Report at September 30, 2017 (unaudited) are the same as those adopted for the consolidated financial statements at December 31, 2016 (please see the related report for more information).

Seasonality

The turnover and performance of the Group could be impacted, albeit slightly, by developments in weather conditions. More specifically, in warmer periods of the year, gas sales decline, while during periods in which factories are closed for holidays, electricity sales decline. In view of the slight financial impact of these variations, further mitigated by the fact that the Group's operations are spread across both hemispheres, no additional disclosure (required under IAS 34.21) for developments in the 12 months ended September 30, 2017 is provided.

2. Main changes in the scope of consolidation

At September 30, 2017, the scope of consolidation had changed with respect to that at September 30, 2016, and December 31, 2016, as a result of the following main transactions.

2016

> Disposal, completed in early March 2016, of **Compostilla Re**, which at December 31, 2015 had been classified as "held for sale". The sale price was €101 million (the company also held liquid assets of about €111 million) and generated a gain of about €19 million;

> disposal, on May 1, 2016, of 65% of **Drift Sand Wind Project**, a company operating in the wind generation sector in the United States;

> disposal, completed on July 13, 2016, of **Enel Longanesi**, which held the Italian assets (composed of 21 applications for on-shore and off-shore exploration permits and exploration permits) in the upstream gas sector;

> disposal, on July 28, 2016, of 50% of **Slovak Power Holding ("SPH")**, which in turn holds 66% of **Slovenské elektrárne ("SE")**;

> acquisition of control, on October 1, 2016, of **Distribuidora Eléctrica de Cundinamarca ("DEC")**, previously accounted for using the equity method, through the merger of DEC into Codensa (which had already held 49%);

> loss of control, on November 21, 2016, following changes in governance arrangements and the disposal of an interest of 1%, for €12 million, of **EGPNA Renewable Energy Partners ("EGPNA REP")**, a developer of renewables generation projects in the United States. As from that date it has been accounted for using the equity method;

> disposal, on November 30, 2016, of 100% of **Enel France**, a thermal generation company in France;

> loss of control, on December 20, 2016, of **Enel OpEn Fiber** (now OpEn Fiber - OF) following a capital increase by Enel and CDP Equity ("CDPE"), after which Enel and CDPE hold an equal stake in OF, which as from that date has been accounted for using the equity method;

> disposal, on December 28, 2016, of the **Cimarron and Lindahl** wind farms to the EGPNA REP joint venture, the starting point of a new industrial growth strategy founded on a less capital-intensive "Build, Sell and Operate" approach intended to accelerate the development of project pipelines at the global level;

> disposal, on December 30, 2016, of 100% of **Marcinelle Energie**, a thermal generation company in Belgium. The sales price is subject to customer price adjustments that include an earn-out clause.

2017

- Acquisition, on January 10, 2017, of 100% of **Demand Energy Networks**, a company headquartered in the United States specializing in software solutions and smart electricity storage systems;
- acquisition, on February 10, 2017, of 100% of **Más Energía**, a Mexican company operating in the renewable energy sector;
- acquisition, on February 14, 2017, and May 4, 2017, of 94.84% and 5.04% respectively (for a total of 99.88%) of **CELG Distribuição (CELG-D)**, an electricity distribution company operating in the Brazilian state of Goiás.
- acquisition, on May 16, 2017, of 100% of **Tynemouth Energy Storage**, a British company operating in the electricity storage sector;
- acquisition, on June 4, 2017, of 100% of **Amec Foster Wheeler Power** (**now Enel Green Power Sannio**), a company that owns two wind plants in the province of Avellino;
- acquisition, on August 7, 2017, of 100% of the **EnerNOC Group** following the successful tender offer by EGPNA to the previous shareholders.

Other changes

In addition to the above changes in the scope of consolidation, the following transactions, which 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 February 29, 2016, of the remaining interest in **Hydro Dolomiti Enel**, a company operating in the hydroelectric generation sector in Italy;
- on March 31, 2016, the non-proportional demerger of **Enel Green Power** took effect, following which – with a capital increase by Enel SpA as part of the demerger - the Group increased its stake in the company from 68.29% to 100%, with the consequent reduction of non-controlling interests;
- on May 3, 2016, Enel Green Power acquired the remaining 40% of **Maicor Wind**, a company operating in the wind generation sector in Italy, thus becoming its sole shareholder;
- on July 27, 2016, Enel Green Power International, a wholly-owned subsidiary of Enel, sold 60% of **Enel Green Power España ("EGPE")** to Endesa Generación, a wholly-owned subsidiary of Endesa, which as it already held the other 40% of EGPE became its sole shareholder. In the consolidated financial statements, the transaction produced a decrease in the interest pertaining to the Group (from 88.04% to 70.10%) in the results of EGPE as from the time the operation took effect;
- merger, on December 1, 2016, into **Enel Américas** of Endesa Américas and Chilectra Américas, companies created with the demerger of Enersis, Endesa Chile and Chilectra. As the combined effect of exchange ratios between shares and the exercise of the right of withdrawal by some shareholders of the companies involved in the transaction, the percentage interest in the companies held directly or indirectly by Enel Américas changed.

Acquisition of CELG-D

On February 14, 2017, Enel Brasil finalized the acquisition of 94.84% of CELG Distribuição ("CELG-D"), an electricity distribution company operating in the Brazilian state of Goiás under a concession valid until 2045. The remaining interest in CELG-D was offered to current and retired employees using a procedure under which Enel Brasil guaranteed the acquisition of any shares not purchased by those employees and retirees. The procedure closed on May 4, 2017 and enabled the Group to acquire an additional 5.04% of CELG-D, giving it a total holding of 99.88%.
During the first nine months of the year, the Company performed a preliminary allocation of the purchase price, determining the provisional fair value of the assets and liabilities acquired.
The main adjustments of the carrying amount essentially regarded the recognition of intangible assets (in particular, those in respect of concession rights) and the associated tax effects, taking account of the impact of the reverse merger

of CELG-D into Enel Investimentos. In view of the characteristics of the concession arrangements under which it operates, the distribution activity performed by the company falls within the scope of application of IFRIC 12.

Determination of goodwill

Millions of euro		
Net assets acquired before allocation [1]**:**		**(278)**
Adjustments to allocate purchase price:		
-	intangible assets	1,153
-	deferred tax liabilities	(117)
-	employee benefit obligations	(40)
-	other adjustments	(27)
-	non-controlling interests	(1)
Net assets acquired after allocation		**690**
Purchase price for 94.84%		665
Purchase price for additional 5.04%		25
Cost of the acquisition		**690**
Goodwill		-

[1] Net assets in proportion to Enel's stake of 99.88%.

Accordingly, the accounts at the acquisition date were updated as follows:

Accounts of CELG-D as at the acquisition date

Millions of euro	Carrying amount before February 14, 2017	Adjustments for purchase price allocation	Carrying amount as at February 14, 2017
Property, plant and equipment	13	-	13
Intangible assets	572	1,153	1,725
Deferred tax assets	23	-	23
Other non-current assets	318	(5)	313
Trade receivables	238	1	239
Inventories	7	-	7
Other current assets	132	(6)	126
Cash and cash equivalents	9	-	9
Borrowings	(326)	9	(317)
Employee benefits	(43)	(40)	(83)
Deferred tax liabilities	(23)	(117)	(140)
Other non-current liabilities	(161)	(11)	(172)
Provisions for risks and charges	(216)	-	(216)
Trade payables	(446)	(4)	(450)
Other current liabilities	(375)	(11)	(386)
Non-controlling interests	-	(1)	(1)
Net assets acquired	**(278)**	**968**	**690**

CELG-D contributed €963 million in revenue and €17 million in operating income to results for the first nine months of 2017.

EnerNOC acquisition

On August 7, 2017, EGPNA completed the acquisition of 100% of the EnerNOC Group after the successful offer by EGPNA to the shareholders for at least a majority of the shares of EnerNOC. A total of 22,447,759 shares were validly offered and not withdrawn, amounting to about 71.61% of the share capital in circulation of EnerNOC, at a price of $7.67 per share in cash. Following acceptance of the offered shares, EGPNA completed the transaction by acquiring 100% of the company. With an acquisition cost of €237 million, the net assets acquired have been provisionally determined as follows. Accordingly, the acquisition involved goodwill of €187 million:

Determination of goodwill

Millions of euro		
Net assets acquired before allocation:		**(27)**
Adjustments to allocate purchase price:		
-	intangible assets	174
-	existing goodwill	(27)
-	deferred tax liabilities	(70)
Net assets acquired after allocation		**50**
Cost of the acquisition		**237**
(of which paid in cash)		*237*
Goodwill		187

Accounts of the EnerNOC Group as at the acquisition date

Millions of euro	Carrying amount before August 7, 2017	Adjustments for purchase price allocation	Carrying amount as at August 7, 2017
Property, plant and equipment	19	-	19
Intangible assets	26	174	200
Goodwill	27	160	187
Other non-current assets	2	-	2
Trade receivables	33	-	33
Inventories	48	-	48
Cash and cash equivalents	86	-	86
Borrowings	(108)	-	(108)
Deferred tax liabilities	-	(70)	(70)
Other non-current liabilities	(2)	-	(2)
Trade payables	(65)	-	(65)
Other current liabilities	(93)	-	(93)
Net assets acquired	**(27)**	**264**	**237**

EnerNOC contributed €87 million in revenue and €19 million in operating income to results for the first nine months of 2017.

Other minor acquisitions

Determination of goodwill

Millions of euro	Demand Energy Networks	Más Energía	Tynemouth Energy Storage	Amec Foster Wheeler Power (now Enel Green Power Sannio)	Azovskaya WPS and Windlife Kola Vetro
Property, plant and equipment	-	-	2	49	-
Intangible assets	30	-	-	-	-
Cash and cash equivalents	15	-	-	8	1
Trade receivables	-	-	-	1	-
Other current assets	-	-	-	4	3
Medium/long-term borrowings	-	-	-	(29)	(1)
Trade payables	(2)	-	-	(1)	-
Other current liabilities	(14)	-	-	(17)	-
Net assets acquired	**29**	**-**	**2**	**15**	**3**
Cost of the acquisition	**38**	**10**	**5**	**21**	**7**
(of which paid in cash)	***30***	***10***	***4***	***21***	***2***
Goodwill	**9**	**10**	**3**	**6**	**4**

The provisional allocation of the purchase price has been completed for Demand Energy, while for the other minor acquisitions the Group will identify the fair value of the assets acquired and the liabilities assumed within 12 months of the acquisition date. This process was begun immediately after the acquisition.

3. 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. For more information on the developments in performance and financial position that characterized the current period, please see the appropriate section of this Interim Financial Report.

Performance by business area

First nine months of 2017 [1]

Millions of euro	Italy	Iberia	Latin America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	Total
Revenue from third parties	27,291	14,671	9,812	1,725	606	72	11	54,188
Revenue from transactions with other segments	489	30	18	25	2	-	(564)	-
Total revenue	**27,780**	**14,701**	**9,830**	**1,750**	**608**	**72**	**(553)**	**54,188**
Total costs	22,941	12,165	6,717	1,341	281	25	(349)	43,121
Net income/(expense) from commodity contracts measured at fair value	399	7	4	-	(1)	-	(26)	383
Depreciation and amortization	1,304	1,140	864	147	145	31	12	3,643
Impairment losses	379	265	117	29	-	-	(1)	789
Reversals of impairment	-	(178)	(2)	(20)	-	1	-	(199)
Operating income	**3,555**	**1,316**	**2,138**	**253**	**181**	**15**	**(241)**	**7,217**
Capital expenditure	**1,124**	**582**	**2,094**	**208** (2)	**1,479**	**25**	**8**	**5,520**

(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 €27 million regarding units classified as "held for sale".

First nine months of 2016 [1]

Millions of euro	Italy	Iberia	Latin America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	Total
Revenue from third parties	25,841	14,002	7,906	2,929	671	18	92	51,459
Revenue from transactions with other segments	494	46	17	146	1	-	(704)	-
Total revenue	**26,335**	**14,048**	**7,923**	**3,075**	**672**	**18**	**(612)**	**51,459**
Total costs	20,745	11,100	5,315	2,453	201	11	(506)	39,319
Net income/(expense) from commodity contracts measured at fair value	(145)	22	4	(13)	(1)	-	3	(130)
Depreciation and amortization	1,271	1,240	692	198	190	6	38	3,635
Impairment losses	350	276	82	98	21	6	43	876
Reversals of impairment	-	(176)	(1)	(13)	-	-	-	(190)
Operating income	**3,824**	**1,630**	**1,839**	**326**	**259**	**(5)**	**(184)**	**7,689**
Capital expenditure	**1,170**	**646**	**1,994**	**144** (2)	**989**	**253**	**20** (3)	**5,216**

(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 €283 million regarding units classified as "held for sale".
(3) Does not include €5 million regarding units classified as "held for sale".

Financial position by business area

At September 30, 2017

Millions of euro	Italy	Iberia	Latin America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	Total
Property, plant and equipment	25,904	23,685	16,886	3,069	5,571	708	(9)	75,814
Intangible assets	1,266	15,655	11,981	751	1,004	111	(47)	30,721
Trade receivables	9,041	2,421	2,308	299	239	21	(699)	13,630
Other	3,794	1,699	795	194	237	6	(81)	6,644
Operating assets	**40,005** (1)	**43,460**	**31,970**	**4,313** (2)	**7,051** (4)	**846**	**(836)**	**126,809**
Trade payables	5,986	2,226	2,429	320	1,121	18	(679)	11,421
Sundry provisions	3,001	3,718	1,338	108	24	15	542	8,746
Other	6,972	2,497	2,178	308	200	65	(442)	11,778
Operating liabilities	**15,959**	**8,441**	**5,945**	**736** (3)	**1,345** (5)	**98**	**(579)**	**31,945**

(1) Of which €4 million regarding units classified as “held for sale”.
(2) Of which €123 million regarding units classified as “held for sale”.
(3) Of which €59 million regarding units classified as “held for sale”.
(4) Of which €1,357 million regarding units classified as “held for sale”.
(5) Of which €295 million regarding units classified as “held for sale”.

At December 31, 2016

Millions of euro	Italy	Iberia	Latin America	Europe and North Africa	North and Central America	Sub-Saharan Africa and Asia	Other, eliminations and adjustments	Total
Property, plant and equipment	25,981	24,174	17,411	3,048	4,831	780	46	76,271
Intangible assets	1,314	15,671	11,045	743	633	113	(34)	29,485
Trade receivables	9,429	2,243	1,835	317	111	18	(447)	13,506
Other	3,409	1,461	515	179	41	2	(134)	5,473
Operating assets	**40,133** (1)	**43,549**	**30,806**	**4,287**	**5,616** (2)	**913**	**(569)**	**124,735**
Trade payables	7,606	2,155	2,433	374	493	23	(396)	12,688
Sundry provisions	3,077	4,096	1,039	127	25	18	617	8,999
Other	7,125	3,042	1,850	305	210	54	340	12,926
Operating liabilities	**17,808**	**9,293**	**5,322**	**806**	**728**	**95**	**561**	**34,613**

(1) Of which €4 million regarding units classified as “held for sale”.
(2) Of which €2 million regarding units classified as “held for sale”.

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

Millions of euro

	at Sept. 30, 2017	at Dec. 31, 2016
Total assets	**154,012**	**155,596**
Equity investments accounted for using the equity method	1,565	1,558
Other non-current financial assets	5,026	5,501
Long-term tax receivables included in “Other non-current assets”	289	301
Current financial assets	7,084	6,998
Cash and cash equivalents	5,127	8,290
Deferred tax assets	6,395	6,665
Tax receivables	1,609	1,543
Financial and tax assets of “Assets held for sale”	108	5
Segment assets	**126,809**	**124,735**

Total liabilities	**101,399**	**103,021**
Long-term borrowings	40,895	41,336
Non-current financial liabilities	2,684	2,532
Short-term borrowings	3,915	5,372
Current portion of long-term borrowings	5,963	4,384
Current financial liabilities	3,158	4,586
Deferred tax liabilities	8,397	8,768
Income tax payable	1,157	359
Other tax payables	2,263	1,071
Financial and tax liabilities classified as “Liabilities held for sale”	1,022	-
Segment liabilities	**31,945**	**34,613**

Revenue

4.a Revenue – *€54,188 million*

Millions of euro	First nine months			
	2017	2016	Change	
Revenue from the sale of electricity	32,333	31,342	991	3.2%
Revenue from the transport of electricity	7,373	7,164	209	2.9%
Fees from network operators	607	370	237	64.1%
Transfers from institutional market operators	1,254	1,074	180	16.8%
Revenue from the sale of gas	2,832	2,751	81	2.9%
Revenue from the transport of gas	391	390	1	0.3%
Gains on disposal of subsidiaries, associates, joint ventures, joint operations and non-current assets held for sale	157	348	(191)	-54.9%
Remeasurement at fair value after changes in control	-	4	(4)	-
Gains on the disposal of property, plant and equipment and intangible assets	16	24	(8)	-33.3%
Other services, sales and revenue	9,225	7,992	1,233	15.4%
Total	**54,188**	**51,459**	**2,729**	**5.3%**

In the first nine months of 2017 **revenue from the sale of electricity** amounted to €32,333 million, an increase of €991 million compared with the same period of the previous year (+3.2%).The total included revenue from electricity sales to end users in the amount of €23,445 million (€21,615 million in the first nine months of 2016), revenue from wholesale electricity sales (not including fees from network operators) in the amount of €6,483 million (€8,200 million in the first nine months of 2016) and revenue from electricity trading in the amount of €2,405 million (€1,527 million in the first nine months of 2016).

The rise reflects:

> an increase of €1,830 million in revenue from the sale of electricity to end users, mainly thanks to the recovery in average sales prices together with an increase in quantities sold and exchange rate effects, which were most favorable in Latin America. As regards the change in the scope of consolidation, the acquisition of CELG-D had an impact of €837 million on revenue in the first nine months of 2017, only partly offset by the deconsolidation of Slovenské elektrárne;

> a decrease of €1,717 million in revenue from sales on the wholesale market, essentially reflecting the reduction in volumes handled in Italy as well as the reduction in revenue associated with the deconsolidation of Slovenské elektrárne (€880 million) at the end of July 2016;

> an increase of €878 million in revenue from electricity trading, essentially due to the increase in volumes handled.

Revenue from the transport of electricity amounted to €7,373 million in the first nine months of 2017, an increase of €209 million compared with the same period of the previous year. The total included revenue from electricity transported to end users in the regulated market in the amount of €2,133 million (€2,154 million in the same period of 2016) and in the free market in the amount of €1,646 million (€1,418 million in the same period of 2016), as well as revenue from the transport of electricity to other operators in the amount of €3,439 million (€3,416 million in the same period of 2016). The increase was mainly recorded in Italy, which registered a rise in amounts transported to the free market, and in Latin America.

Revenue from **transfers from institutional market operators** amounted to €1,254 million in the first nine months of 2017, up €180 million on the same period of the previous year. The increase was entirely accounted for by the increase in fuel costs for generation in the extra-peninsular area of Spain, for which the Group is entitled to reimbursement.

Revenue from the sale of gas in the first nine months of 2017 amounted to €2,832 million, an increase of €81 million (+2.9%) on the same period of the previous year. The increase in the period essentially reflects the greater quantities sold in Spain.

Revenue from the transport of gas in the first nine months of 2017 amounted to €391 million, essentially in line with the same period of 2016.

Gains on the disposal of entities in the first nine months of 2017 amounted to €157 million (€348 million in the first nine months of 2016) and mainly reflect the gain on the sale of the Chilean company Electrogas (€144 million), in which the Group held a stake of 42.5%. In the first nine months of 2016, the item mainly reported the gains on the sales of GNL Quintero (€171 million), Hydro Dolomiti (€124 million) and Compostilla Re (€19 million), as well as the positive price adjustment of €30 million on the sale of ENEOP at the end of 2015.

Revenue under **other services, sales and revenue** in the first nine months of 2017 amounted to €9,225 million (€7,992 million in the same period of the previous year), an increase of €1,233 million (+15.4%). The change primarily reflected:

- an increase of €789 million in revenue from the sale of fuels (€5,976 million, compared with €5,187 million in the first nine months of 2016);
- an increase of €246 million in revenue from sales and grants for environmental certificates, mainly associated with the increase in trading activities;
- an increase of €268 million in revenue from construction contracts. This reflected an increase in engineering work compared with the same period of the previous year on grid infrastructure operated under concession arrangements within the scope of IFRIC 12 (which was also affected by the change in the scope of consolidation with the acquisition of CELG-D).

Costs

4.b Costs – *€47,354 million*

Millions of euro	First nine months			
	2017	2016	Change	
Electricity purchases	14,764	13,508	1,256	9.3%
Consumption of fuel for electricity generation	3,919	3,279	640	19.5%
Fuel for trading and gas for sale to end users	7,903	6,536	1,367	20.9%
Materials	846	789	57	7.2%
Personnel	3,349	3,321	28	0.8%
Services, leases and rentals	11,495	11,128	367	3.3%
Depreciation, amortization and impairment losses	4,233	4,321	(88)	-2.0%
Costs of environmental certificates	857	612	245	40.0%
Other operating expenses	1,164	1,246	(82)	-6.6%
Capitalized costs	(1,176)	(1,100)	(76)	-6.9%
Total	**47,354**	**43,640**	**3,714**	**8.5%**

Costs for **electricity purchases** amounted to €14,764 million in the first nine months of 2017, an increase of €1,256 million compared with the same period of 2016 (9.3%). These costs include purchases through bilateral contracts on domestic and foreign markets of €5,594 million (€5,102 million in the first nine months of 2016), purchases on electricity exchanges €4,697 million (€2,985 million in the first nine months of 2016) and other purchases on local and foreign markets and as part of dispatching and balancing services totaling €4,474 million (€5,421 million in the first nine months of 2016). The increase in costs mainly reflected the increase in purchases on electricity exchanges, especially in Italy, Iberia and Latin America, with the latter mainly reflecting the inclusion of CELG-D in the scope of consolidation as from February 2017, and to a lesser extent greater purchases through bilateral contracts. These factors were partly offset by the reduction in other purchases on local and foreign markets, essentially reflecting the decline in volumes and prices in trading by Enel Global Trading and the effect of the change in the scope of consolidation with the deconsolidation of Slovenské elektrárne.

Costs for the **consumption of fuel for electricity generation** in the first nine months of 2017 amounted to €3,919 million, an increase of €640 million (+19.5%) compared with the same period of the previous year, attributable to an increase in requirements due to the rise in thermal generation, particularly in Spain, and to an increase in the average prices of fuels, which more than offset the effect of the change in the scope of consolidation with the deconsolidation of Slovenské elektrárne.

Costs for the purchase of **fuel for trading and gas for sale to end users** amounted to €7,903 million in the first nine months of 2017, an increase of €1,367 million. The change reflected the increase in the average cost of gas purchases connected with the benefits accorded in 2016 following agreements under the price review process for a number of gas supply contracts, and the increase in the volume of gas handled.

Costs for **materials** in the first nine months of 2017 amounted to €846 million, an increase of €57 million compared with the same period of the previous year. The change mainly reflects an increase in purchases of materials and equipment for works on infrastructure and networks in Brazil under public service concession arrangements, partly offset by a decrease in costs for the purchase of environmental certificates.

Personnel costs in the first nine months of 2017 totaled €3,349 million, an increase of €28 million (+0.8%) compared with the same period of the previous year.

In the first nine months of 2017, the increase in personnel costs mainly reflected:

> the recognition of an increase of €15 million in early termination incentives in 2017, due essentially to the provision recognized in CELG-D (€45 million, in order to enhance efficiency), partly offset by a decline in charges in Spain (-€21 million);
> the effect of changes in exchange rates, which decreased costs by €7 million;
> an increase in average unit costs, especially in Latin America, which raised costs by €110 million;
> the change in the scope of consolidation, mainly regarding Slovenské elektrárne, CELG-D and EnerNOC, which had a net negative impact of €10 million;
> a decline in the average workforce compared with the same period of 2016 (-3,336 employees), with an impact of €87 million.

The Enel Group workforce at September 30, 2017 numbered 63,331, of whom 31,945 employed outside of Italy. The Group workforce expanded by 1,251 in the first nine months of 2017, despite the negative impact of the balance of new hires and terminations in the period (-1,624), owing to the effect of the change in the scope of consolidation (+2,875), mainly due to the acquisition of CELG-D in Brazil, Enel Green Power Sannio in Italy and EnerNOC in North America**.**

The overall change compared with December 31, 2016, breaks down as follows:

Balance at December 31, 2016	**62,080**
Hirings	1,590
Terminations	(3,214)
Change in scope of consolidation	2,875
Balance at September 30, 2017	**63,331**

Costs for **services, leases and rentals** in the first nine months of 2017 amounted to €11,495 million, an increase of €367 million compared with the same period of the previous year. The change mainly reflected:

> an increase of €224 million in wheeling costs, mainly in Latin America and Italy;
> an increase of €137 million in costs for services incurred in Brazil in respect of public service concession arrangements within the scope of IFRIC12;
> an increase of €80 million in costs for IT services, especially in Spain due to the absorption of the ICT business area and in Italy; part of the increase is represented by capitalized costs;
> an increase of €71 million in costs for maintenance and repairs, above all in Spain and Latin America;

These factors were partly offset by a reduction of €225 million in transmission grid access fees, primarily in Spain and as a result of the deconsolidation of Slovenské elektrárne.

Depreciation, amortization and impairment losses in the first nine months of 2017 amounted to €4,233 million, a decrease di €88 million. The decline in the first nine months of 2017 essentially reflected:

> a decrease of €72 million in depreciation of property, plant and equipment as a result of the deconsolidation of Slovenské elektrárne and the lengthening of the useful lives of certain renewables generation plants, primarily in Spain;
> an increase of €81 million in amortization of intangible assets, mainly in Brazil, essentially as a result of the acquisition of CELG-D, exchange rate developments and the increase in amortization connected with activities within the scope of IFRIC 12;
> a decrease of €21 million in impairment of property, plant and equipment, essentially in Spain and Italy;
> a decrease of €111 million in impairment losses, mainly due to adjustments (in the first nine months of 2016) of the estimated realizable value of assets classified as held for sale;

- an increase of €36 million in writedowns of trade receivables, mainly in Italy, Brazil and Argentina.

Costs of environmental certificates amounted to €857 million in the first nine months of 2017, up €245 million on the same period of 2016. The increase is mainly attributable to:

- a decrease in charges for emissions allowances (-€81 million), mainly in Italy, connected with a decline in the unit cost of allowances (EUAs and CERs) and in emissions;
- an increase in charges for white certificates (+€281 million), mainly in Italy, due to the rise in volumes purchased compared with the year-earlier period.

Other operating expenses in the first nine months of 2017 amounted to €1,164 million, a decrease of €82 million compared with the same period of 2016. The change essentially reflected:

- a reduction of €181 million in capital losses on the disposal of property, plant and equipment, essentially connected with the recognition in the same period of 2016 of a loss following the abandonment of water use rights for six development projects in Chile and Peru after an analysis of their profitability and socio-economic impact;
- a decrease of €133 million in costs for the *bono social* charged to Spanish electrical companies by local regulators. This reflected the application of a court ruling with which it was decided to eliminate that charge for those companies;
- an increase of €112 million in taxes and duties, essentially due to an increase in taxes on generation in Spain (€69 million as a result of the increase volumes generated) under Law no. 15/2012 and an increase (totaling €62 million) in taxes on nuclear generation in Catalonia;
- an increase of €89 million in charges for failure to achieve quality standards in electric services, mainly in Argentina (€77 million);
- an increase of €29 million in other operating expenses, essentially reflecting the effect of the reversal of €47 million in the first nine months of 2016 of provisions that had been allocated following the launch of an enquiry by the Competition Authority involving e-distribuzione. This was partly offset by the deconsolidation of Slovenské elektrárne.

In the first nine months of 2017 **capitalized costs** amounted to €1,176 million, an increase of €76 million on the same period of the previous year.

4.c Net income/(expense) from commodity contracts measured at fair value – *€383 million*

Net income/(expense) from commodity contracts measured at fair value showed net income of €383 million in the first nine months of 2017 (net expense of €130 million in the same period of the previous year). More specifically, the net income for the first nine months of 2017 was attributable to net realized income in the period totaling €206 million (€44 million in net realized income in the first nine months of 2016) and net unrealized income from the fair value measurement of derivatives positions open at the end of the period in the amount of €177 million (€174 million in net unrealized expense in the first nine months of 2016).

4.d Net financial expense – *€2,163 million*

Net financial expense decreased by €14 million compared with the same period of the previous year.

More specifically, financial income in the first nine months of 2017 amounted to €2,877 million, down €289 million on the same period of 2016 (€3,166 million). The change largely reflects the combined effect of the following factors:

- a decrease in exchange rate gains in the amount of €22 million;
- a decrease in interest and other income on financial assets in the amount of €31 million, essentially reflecting short-term financial receivables;

- a decrease of €154 million in income from derivatives, mainly used to hedge exchange rate risk on borrowings denominated in currencies other than the euro;
- a decrease of €71 million in other income, largely the result of a decline in interest and other income on financial assets in respect of public service concession arrangements falling with the scope of IFRIC 12 of the Brazilian companies in the amount of €23 million, a decline in default interest of €7 million and a decrease in interest income on security deposits of €8 million;
- a decrease in income on investments in other entities of €11 million.

Financial expense in the first nine months of 2017 totaled €5,040 million, a decrease of €303 million on the first nine months of 2016, reflecting:

- a decrease of €341 million in expense on derivatives, essentially related to the hedging of exchange rate risk on borrowings;
- a decrease of €25 million in charges for the accretion of provisions for risks and charges, mainly in respect of the reduction in charges from the accretion of the nuclear decommissioning provision (€48 million) following the deconsolidation of Slovenské elektrárne. That was partly offset by an increase of €24 million) in charges for the accretion of other provisions for risks and charges, mainly in Latin America (€22 million) essentially reflecting the effects of ENRE *Resolución* no. 1/2016, which involved the discounting of a number of prior-period fines in litigation in Argentina;
- a decrease of €174 million in interest expense and charges on financial debt, mainly as a result of the contraction in average financial debt. The change is mainly due to the reduction of €121 million in interest on bonds, mainly in respect of Enel SpA (€91 million), as well as the decline in interest expense on medium/long-term bank loans in the amount of €35 million and interest and other financial charges on medium/long-term revolving credit lines from banks in the amount of €16 million, essentially due to the deconsolidation of Slovenské elektrárne;
- a decrease €75 million in charges for the unwinding of the discount on employee benefits, mainly interest expense on termination incentive provisions (€72 million);
- an increase of €118 million in exchange rate losses;
- an increase of €194 million in other charges, essentially in respect of financial expense recognized by Enel Finance International (€107 million) following the early redemption of bonds under the "make whole call option" envisaged in the original contract, as well as lower capitalized interest (€60 million) and higher other financial expense connected with the acquisition of CELG-D (€53 million). These factors were partly offset by the decline in financial expense associated with assignments of receivables with derecognition (€14 million), the effect of the recognition of impairment losses on financial receivables in the same period of the previous year (€6 million) and a decrease in default interest expense (€4 million).

4.e Share of income/(expense) from equity investments accounted for using the equity method – *€114 million*

The **share of income/(expense) from equity investments accounted for using the equity method** showed net income of €114 million in the first nine months of 2017.

4.f Income taxes – *€1,505 million*

Income taxes in the first nine months of 2017 amounted to €1,505 million, equal to 29.1% of taxable income (compared with 30.6% in the first nine months of 2016). The decrease in the effective tax rate in the first nine months of 2017 on the corresponding period of the previous year essentially reflects the reduction in tax rates in Italy, partly offset by the increase in rates in Chile. Another factor was the lower taxation of the gain of €144 million on the disposal of Electrogas in Chile, which was fully offset by the lower taxation on the gain in the same period of 2016 on the disposal of GNL Quintero (€171 million), also in Chile.

Assets

5.a Non-current assets - *€119,539 million*

Property, plant and equipment and intangible assets (including investment property) amounted to €91,701 million at September 30, 2017, an increase of €617 million. The change is mainly accounted for by investments during the period (€5,520 million) and changes in the scope of consolidation (about €1,945 million).
The latter mainly regarded the acquisition of CELG-D, whose assets include concession rights for the distribution of electricity in the region of Goiás. These factors were partly offset by depreciation, amortization and impairment losses on those assets (totaling €3,649 million) and the effect of the translation of financial statements denominated in currencies other than the euro (a negative €3,069 million).

Goodwill, amounting to €13,660 million, increased by €104 million compared with December 31, 2016. In addition to exchange rate losses, the net rise mainly reflects:

> the recognition of goodwill of €187 million in respect of the acquisition of EnerNOC, a US company that is a leader in demand response and energy services for industrial, commercial and institutional customers;
> the reclassification (€55 million) to assets held for sale of the portion of goodwill associated with the EGP Latin America CGU attributed to the Mexican wind farms that were determined during the 3rd Quarter to meet the requirements set out in IFRS 5 for such classification.

Equity investments accounted for using the equity method amounted to €1,565 million, an increase of €7 million on the end of 2016.
In addition to reflecting the net income pertaining to the Group of the companies accounted for using the equity method, changes for the period were also connected with the disposal of Electrogas.

Other non-current assets totaled €12,613 million at September 30, 2017 and include:

Millions of euro

	at Sept. 30, 2017	at Dec. 31, 2016	Change	
Deferred tax assets	6,395	6,665	(270)	-4.1%
Receivables and securities included in net financial debt	2,912	2,622	290	11.1%
Other non-current financial assets	2,114	2,879	(765)	-26.6%
Receivables due from institutional market operators	366	106	260	-
Other long-term receivables	826	600	226	37.7%
Total	**12,613**	**12,872**	**(259)**	**-2.0%**

The decrease of €259 million in the period is largely due to:

> a decrease of €765 million of other non-current financial assets, essentially connected with the decline in the fair value of derivatives (€846 million, mainly to hedge the exchange rate risk in cash flow hedges), and other equity investments (€14 million, including the equity investment measured at fair value in Bayan Resources, among others). These effects were only partly offset by the increase in financial assets related to services under concession

arrangements connected with investments in the distribution grid under a concession arrangement in Brazil (€111 million);

> a decrease of €270 million in deferred tax assets, essentially reflecting the reversal of deferred tax assets, mainly in respect of the Spanish holding company owing to the tax treatment reserved for dividends within the scope of the consolidated taxation mechanism, on value differences on property, plant and equipment and intangible assets and the measurement of cash flow hedge financial derivatives, as well as the reclassification to "assets held for sale" of the deferred tax assets on the Mexican wind plants;
> an increase in receivables and securities included in net financial debt in the amount of €290 million, due essentially to the increase of €342 million in medium/long-term financial receivables, partly offset by a decline of €51 million in the securities available for sale of the Dutch insurance companies, which in order to align their position with the risk profile they manage reduced their long-term portfolio while increasing their short-term portfolio;
> an increase of €260 million in non-current receivables due from institutional market operators, mainly associated with the increase of €253 million in receivables from the CSEA in respect of transfers accrued for meeting energy savings objectives through projects or the purchase of energy efficiency certificates;.
> an increase of €226 million in other long-term receivables, essentially attributable to the effect of change in the scope of consolidation with CELG-D (€258 million, net of exchange rate differences), which mainly reflects long-term receivables due from other market operators. This was partly offset by a decrease in Enel SpA receivables due essentially to the payment of direct tax receivables by the Revenue Agency.

5.b Current assets - *€32,881 million*

Inventories amounted to €2,924 million, an increase of €360 million, mainly in Italy, due to the purchase of second-generation meters in implementation of the Open Meter plan, the purchase of materials for the medium/low-voltage grid for maintenance and operations and the increase in CO_2 emissions allowances and stores of gas and other fuels.

Trade receivables amounted to €13,596 million, up €90 million, essentially reflecting the increase in receivables for the sale and transport of electricity, especially in Latin America.

Other current assets amounted to €11,234 million and break down as follows:

Millions of euro

	at Sept. 30, 2017	at Dec. 31, 2016	Change	
Current financial assets included in debt	4,793	2,924	1,869	63.9%
Other current financial assets	2,291	4,074	(1,783)	-43.8%
Tax receivables	1,609	1,543	66	4.3%
Receivables due from institutional market operators	1,056	1,025	31	3.0%
Other short-term receivables	1,485	1,355	130	9.6%
Total	**11,234**	**10,921**	**313**	**2.9%**

The increase for the period amounted to €313 million, largely reflecting:

> an increase of €1,869 million in current financial assets included in debt, mainly associated with the rise in cash collateral paid (€1,391 million), the short-term portion of medium/long-term financial receivables (€408 million), an increase in factoring receivables (€370 million) and current securities (€31 million). This was partly offset by the collection in April 2017 of €384 million in respect of the tax receivable of Enel Green Power North America associated with Cimarron Bend and Lindhal;

- a decrease of €1,783 million in other current financial assets, connected with the fall in the fair value of derivatives (€1,751 million, mainly related to derivatives measured at fair value through profit or loss hedging the price risk of energy commodities) and a decline in receivables due from third parties;
- an increase of €130 million in other short-term receivables, largely in respect of an increase in assets in respect of construction contracts;
- an increase of €66 million in tax receivables, essentially due to the increase in the corporate income tax (IRES) receivables of the companies operating in Italy.

5.c Assets held for sale - *€1,592 million*

The item mainly includes assets valued at their estimated realizable value based on the current state of negotiations that, in view of the decisions taken by management, meet the requirements of IFRS 5 for classification under this item.
The change for the period mainly reflects the reclassification as available for sale of:

- eight Mexican project companies, the owners of three operating plants and five plants under construction for a total capacity of 1.7 GW, for which Enel Green Power signed an agreement with the Canadian institutional investor Caisse de dépôt et placement du Québec and with CKD Infraestructura México SA de Cv, the investment vehicle of the leading Mexican pension funds, for the sale of 80% of share capital;
- the project companies associated with the Kafireas wind farm, for which Enel Green Power Hellas ("EGPH"), the CCP Credit Acquisition Luxco Sarl fund and CSCP III Acquisition Luxco Sarl (jointly called "Centerbridge") signed a joint venture agreement (JVA) governing the terms and management by EGPH and Centerbridge of the HoldCo that will be established to hold EGPH's 100% interest in the projects associated with the wind farm.

Liabilities and shareholders' equity

5.d Equity attributable to the shareholders of the Parent Company - *€35,255 million*

The increase in the first nine months of 2017 in equity attributable to the shareholders of the Parent Company, equal to €452 million, reflects the recognition of net income for the period (€2,621 million), only partly offset by income recognized directly through equity (-€1,264 million). These factors were only partly offset by the distribution of dividends in the period (-€905 million).

5.e Non-current liabilities - *€61,429 million*

Long-term borrowings, totaling €40,895 million (€41,336 million at December 31, 2016), consist of bonds in the amount of €31,171 million (€32,401 million at December 31, 2016) and bank debt and other borrowings in the amount of €9,724 million (€8,935 million at December 31, 2016). The change in the first nine months is essentially due to a reduction in bonds of €1,231 million.

Provisions and deferred tax liabilities came to €15,835 million at September 30, 2017 (€16,334 million at December 31, 2016) and include:

- post-employment and other employee benefits totaling €2,529 million, down €56 million compared with December 31, 2016;
- provisions for risks and charges amounting to €4,909 million (€4,981 million at December 31, 2016). The item includes, among others, the litigation provision of €839 million (€698 million at December 31, 2016), the nuclear decommissioning provision of €538 million (€567 million at December 31, 2016), the plant dismantling and site restoration provision of €799 million (€754 million at December 31, 2016), the provision for taxes and duties of €281

million (€290 million at December 31, 2016) and the early retirement incentive provision of €1,756 million (€1,902 million at December 31, 2016);

> deferred tax liabilities, totaling €8,397 million (€8,768 million at December 31, 2016), a decrease of €371 million. The expansion of the scope of consolidation, entirely attributable to the acquisition of CELG-D and EnerNOC, was more than offset by the depreciation of the foreign currencies used by subsidiaries against the functional currency, the uses made with respect to depreciation and amortization and the reclassification to liabilities held for sale of the deferred taxation of the Mexican wind projects within the scope of application of IFRS 5.

Other non-current liabilities, amounting to €4,699 million (€4,388 million at December 31, 2016), increased by €311 million, essentially due to the change in the fair value of financial derivatives (+€153 million), largely owing to increase in the fair value of cash flow hedge derivatives hedging exchange rate risk, partly offset by the decrease in the fair value of cash flow hedge derivatives hedging exchange rate risk, as well as an increase in non-current liabilities associated with the consolidation of CELG-D.

5.f Current liabilities - *€38,594 million*

Short-term borrowings and current portion of long-term borrowings increased by €122 million, going from €9,756 million at the end of 2016 to €9,878 million at September 30, 2017. The rise essentially reflects the increase of €1,161 million in the short-term portion of bonds, partly offset by a reduction of €1,457 million in short-term borrowings.

Trade payables, amounting to €11,136 million (€12,688 million at December 31, 2016), declined by €1,552 million.

Other current liabilities, totaling €17,580 million, break down as follows:

Millions of euro

	at Sept. 30, 2017	at Dec. 31, 2016	Change	
Payables due to customers	1,829	1,785	44	2.5%
Payables due to institutional market operators	4,806	4,617	189	4.1%
Current financial liabilities	3,158	4,586	(1,428)	-31.1%
Social security contributions payable and payables to employees	544	649	(105)	-16.2%
Tax payables	3,420	1,430	1,990	-
Other	3,823	5,452	(1,629)	-29.9%
Total	**17,580**	**18,519**	**(939)**	**-5.1%**

The decrease of €939 million is essentially due to:

> a decrease of €1,428 million in current financial liabilities, largely due to the decrease in the fair value of financial derivatives (€1,021 million, mainly related to derivatives measured at fair value through profit or loss hedging commodity price risk) and the decrease in accrued financial expense (€117 million) and the financial debt due to the Spanish electrical system of about €296 million;

> a decrease of €1,629 million in other payables, essentially due to dividends paid in the first nine months of 2017;

> a decrease of €105 million in payables to employees and social security institutions, mainly in Italy in relation to early termination incentive mechanisms;

> an increase of €1,990 million in tax payables, attributed essentially to the estimate for income taxes for the period net of taxes paid and payables for surtaxes on electricity and gas consumption.

5.g Liabilities held for sale – *€1,376 million*

This includes liabilities associated with "Assets held for sale", as discussed in the section for that item.

6. Net financial position

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at September 30, 2017 and December 31, 2016, reconciled with net financial debt as prepared in accordance with the presentation procedures of the Enel Group.

Millions of euro

	at Sept. 30, 2017	at Dec. 31, 2016	Change	
Cash and cash equivalents on hand	188	298	(110)	-36.9%
Bank and post office deposits	4,809	7,777	(2,968)	-38.2%
Other investments of liquidity	130	215	(85)	-39.5%
Securities	67	36	31	86.1%
Liquidity	**5,194**	**8,326**	**(3,132)**	**-37.6%**
Short-term financial receivables	3,054	1,993	1,061	53.2%
Factoring receivables	498	128	370	-
Current portion of long-term financial receivables	1,174	767	407	53.1%
Current financial receivables	**4,726**	**2,888**	**1,838**	**63.6%**
Bank debt	(110)	(909)	799	-87.9%
Commercial paper	(2,641)	(3,059)	418	-13.7%
Current portion of bank borrowings	(1,164)	(749)	(415)	-55.4%
Bonds issued (current portion)	(4,607)	(3,446)	(1,161)	-33.7%
Other borrowings (current portion)	(192)	(189)	(3)	-1.6%
Other short-term financial payables (1)	(1,164)	(1,700)	536	31.5%
Total current financial debt	**(9,878)**	**(10,052)**	**174**	**1.7%**
Net current financial position	**42**	**1,162**	**(1,120)**	**-96.4%**
Debt to banks and financing entities	(8,309)	(7,446)	(863)	-11.6%
Bonds	(31,171)	(32,401)	1,230	3.8%
Other borrowings	(1,415)	(1,489)	74	5.0%
Non-current financial position	**(40,895)**	**(41,336)**	**441**	**1.1%**
NET FINANCIAL POSITION as per CONSOB instructions	**(40,853)**	**(40,174)**	**(679)**	**-1.7%**
Long-term financial receivables and securities	**2,912**	**2,621**	**291**	**11.1%**
NET FINANCIAL DEBT	**(37,941)**	**(37,553)**	**(388)**	**-1.0%**

(1) Includes current financial payables included in Other current financial liabilities.

Other information

7. 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
Single Buyer	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Purchase of electricity for the enhanced protection market
Cassa Depositi e Prestiti Group	Directly controlled by the Ministry for the Economy and Finance	Sale of electricity on the Ancillary Services Market (Terna) Sale of electricity transport services (Eni Group) Purchase of transport, dispatching and metering services (Terna) Purchase of postal services (Poste Italiane) Purchase of fuels for generation plants and natural gas storage and distribution services (Eni Group)
ESO - 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
EMO - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange (EMO) Purchase of electricity on the Power Exchange for pumping and plant planning (EMO)
Leonardo Group	Directly controlled by the Ministry for the Economy and Finance	Purchase of IT services and supply of goods

Finally, Enel also maintains relationships with the pension funds FOPEN and FONDENEL, as well as 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 carried out in the first nine months of 2017 and 2016 and outstanding at September 30, 2017 and December 31, 2016.

Millions of euro

	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel	**Total first nine months of 2017**	Associates and joint arrangements	**Overall total first nine months of 2017**	**Total in financial statements**	**% of total**
Income statement											
Revenue from sales and services	1	1,260	2,045	304	66	-	**3,676**	111	**3,787**	**52,909**	**7.2%**
Other revenue and income	-	-	1	-	1	-	**2**	3	**5**	**1,279**	**0.4%**
Financial income	-	-	-	-	1	-	**1**	4	**5**	**2,877**	**-**
Electricity, gas and fuel purchases	2,472	1,783	1,034	-	1	-	**5,290**	263	**5,553**	**26,421**	**21.0%**
Services and other materials	-	62	1,794	4	106	-	**1,966**	86	**2,052**	**12,506**	**16.4%**
Other operating expenses	3	378	4	-	-	-	**385**	-	**385**	**2,021**	**19.0%**
Net income/(expense) from commodity risk management	-	-	22	-	-	-	**22**	(5)	**17**	**383**	**4.4%**
Other financial expense	-	-	-	1	1	-	**2**	19	**21**	**5,040**	**0.4%**

Millions of euro

	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel	**Total at Sept. 30, 2017**	Associates and joint arrangements	**Overall total at Sept. 30, 2017**	**Total in financial statements**	**% of total**
Balance sheet											
Trade receivables	-	35	457	40	26	-	**558**	161	**719**	**13,596**	**5.3%**
Other current assets	-	34	15	222	1	-	**272**	34	**306**	**11,234**	**2.7%**
Other non-current liabilities	-	-	-	-	6	-	**6**	37	**43**	**4,699**	**0.9%**
Long-term borrowings	-	-	1,027	-	-	-	**1,027**	-	**1,027**	**40,895**	**2.5%**
Current financial debt and current portion of long-term borrowings	-	-	94	103	-	-	**197**	134	**331**	**9,878**	**3.4%**
Trade payables	568	40	418	999	15	-	**2,040**	-	**2,040**	**11,136**	**18.3%**
Other current liabilities	-	-	6	-	-	-	**6**	19	**25**	**17,580**	**0.1%**
Other information											
Guarantees given	-	280	293	-	93	-	**666**	**-**	**666**		
Guarantees received	-	-	261	-	26	-	**287**	**-**	**287**		
Commitments	-	-	57	-	12	-	**69**	**-**	**69**		

Millions of euro

	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel	**Total first nine months of 2016**	Associates and joint arrangements	**Overall total first nine months of 2016**	**Total in financial statements**	**% of total**
Income statement											
Revenue from sales and services	35	947	1,956	346	51	-	**3,335**	194	**3,529**	**50,131**	**7.0%**
Other revenue	-	-	2	6	2	-	**10**	8	**18**	**1,328**	**1.4%**
Other financial income	-	-	14	-	-	-	**14**	3	**17**	**3,166**	**0.5%**
Electricity, gas and fuel purchases	2,287	1,167	741	2	-	-	**4,197**	249	**4,446**	**23,141**	**19.2%**
Services and other materials	1	47	1,778	3	36	-	**1,865**	76	**1,941**	**12,100**	**16.0%**
Other operating expenses	2	192	4	-	-	-	**198**	-	**198**	**1,858**	**10.7%**
Net income/(expense) from commodity risk management	-	-	10	-	-	-	**10**	13	**23**	**(130)**	**-17.7%**
Other financial expense	-	-	-	1	-	-	**1**	20	**21**	**5,343**	**0.4%**

Millions of euro

	Acquirente Unico	GME	Cassa Depositi e Prestiti Group	GSE	Other	Key management personnel	**Total at Dec. 31, 2016**	Associates and joint arrangements	**Overall total at Dec. 31, 2016**	**Total in financial statements**	**% of total**
Balance sheet											
Trade receivables	8	301	477	27	57	-	**870**	88	**958**	**13,506**	**7.1%**
Other current assets	-	-	15	101	1	-	**117**	145	**262**	**10,921**	**2.4%**
Other non-current liabilities	-	-	-	-	6	-	**6**	17	**23**	**4,388**	**0.5%**
Long-term borrowings	-	-	1,072	-	-	-	**1,072**	-	**1,072**	**41,336**	**2.6%**
Trade payables	638	372	490	1,239	18	-	**2,757**	164	**2,921**	**12,688**	**23.0%**
Other current liabilities	-	-	3	-	21	-	**24**	15	**39**	**18,519**	**0.2%**
Current portion of long-term borrowings	-	-	89	-	-	-	**89**	-	**89**	**4,384**	**2.0%**
Other information											
Guarantees given	-	280	262	-	80	-	**622**	**-**	**622**		
Guarantees received	-	-	261	-	32	-	**293**	**-**	**293**		
Commitments	-	-	72	-	9	-	**81**	**-**	**81**		

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 (available at https://www.enel.com/investors/a/2016/08/related-parties-committee) in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In the first nine months of 2017, 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 no. 17221 of March 12, 2010, as amended with Resolution no. 17389 of June 23, 2010.

8. 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 Sept. 30, 2017	at Dec. 31, 2016	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	9,381	8,123	1,258
Commitments to suppliers for:			
- electricity purchases	70,358	63,407	6,951
- fuel purchases	43,655	47,305	(3,650)
- various supplies	1,082	1,309	(227)
- tenders	2,509	1,846	663
- other	3,394	3,751	(357)
Total	**120,998**	**117,618**	**3,380**
TOTAL	**130,379**	**125,741**	**4,638**

Commitments for electricity amounted to €70,358 million at September 30, 2017, of which €17,641 million refer to the period October 1, 2017-2021, €14,485 million to the period 2022-2026, €13,119 million to the period 2027-2031 and the remaining €25,113 million beyond 2031.

Commitments for the purchase of fuels are determined with reference to the contractual parameters and exchange rates applicable at the end of the period (given that fuel prices vary and are mainly set in foreign currencies). The total at September 30, 2017 amounted to €43,655 million, of which €24,304 million refer to the period October 1, 2017-2021, €11,431 million to the period 2022-2026, €6,569 million to the period 2027-2031 and the remaining €1,351 million beyond 2031.

9. Contingent liabilities and assets

Compared with the consolidated financial statements at December 31, 2016, which the reader is invited to consult for more information, the following main changes have occurred in contingent assets and liabilities, which are not recognized in the financial statements as they do not meet the requirements provided for in IAS 37.

Porto Tolle thermal plant – Air pollution – Criminal proceedings against Enel directors and employees

With regard to the request filed by the Public Prosecutor's Office of Rovigo asking 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, followed on January 18, 2017 with the acquittal of all defendants on the grounds that "no crime was committed", on June 9, 2017, the Prosecutor's Office appealed the acquittal of the three former chief executive officers on the charge of willful commission of a disaster to the Court of Cassation. The Court of Cassation set a hearing date of January 10, 2018.

Brindisi Sud thermal generation plant – Criminal proceedings against Enel employees

With regard to the Brindisi Sud plant, in March 2017 an appeal was filed against the ruling of October 26, 2016 by a number of private parties acting to recover damages (excluding the farmers), the Province of Brindisi, the two convicted employees of Enel Produzione, and the liable party in civil litigation (Enel Produzione SpA) and the two employees of the company for whom the offense was time-barred.

The criminal proceedings before the Court of Reggio Calabria ended with the hearing of June 23, 2016. The court acquitted nearly all of the Enel defendants of the main charges because no crime was committed. Just one case was dismissed under the statute of limitations. Similarly, all of the remaining charges involving minor offenses were dismissed under the statute of limitations. The proceedings before the Court of Vibo Valentia were adjourned until February 22, 2018 in order to hear the testimony of the final witnesses called by the other defendants.

Out-of-court disputes and litigation connected with the blackout of September 28, 2003

With regard to litigation connected with the blackout of September 28, 2003, at September 30, 2017 pending cases numbered about 8,300. 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. With regard to the proceeding brought by Enel against the insurer Cattolica asking for the quantification and payment of amounts due from Cattolica, in a ruling of July 12, 2017 the court decided on the basis of the preliminary briefs to adjourn the suit until November 25, 2019 for a decision.

BEG litigation

Proceedings undertaken by Albania BEG Ambient Shpk to obtain enforcement of the ruling of the District Court of Tirana of March 24, 2009

France

A procedural hearing was held on September 13, 2017, following which the Tribunal de Grande Instance set a new hearing for October 25, 2017 to address procedural issues. The hearing for oral arguments is set for December 18, 2017.

State of New York

The suit is pending and the parties have agreed to request an postponement of the trial hearing originally scheduled for October 17, 2017, pending the issue of the ruling on jurisdiction. The hearing was rescheduled for April 10, 2018.

The Netherlands

Following the appeal filed by Enel and Enelpower against the decision of September 18, 2014 with which the Hague Court issued precautionary ruling in the amount of €425 million, 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 Shpk of about €50 million. Enel's guarantee was issued on March 30, 2016. Albania BEG Ambient Shpk did not issue its counter-guarantee. On April 4, 2016, Albania BEG Ambient Shpk appealed the ruling of February 9, 2016 before the Court of Cassation in the Netherlands, which in a ruling of June 23, 2017, denied the appeal of Albania BEG Ambient Shpk, definitively deciding the revocation of the preliminary injunctions.
With regard to the trial phase before the Amsterdam Court of Appeal, the hearing is expected to be held at the end of January 2018.
As regards the appeal filed by Albania BEG Ambient Shpk against the decision of the Court of Amsterdam of August 26, 2016, that proceeding remains suspended. The suspension was originally ordered pending the ruling of the Dutch Court of Cassation, which was then issued on June 23, 2017.

Ireland

Albania BEG Ambient Shpk also undertook a proceeding in Ireland to obtain enforcement of the ruling of the Court of Tirana in that country. The High Court issued a ruling on March 8, 2016 upholding the defense of Enel and Enelpower, finding that the country had no jurisdiction. On March 31, 2017, Albania BEG Ambient Shpk filed a request for an expedited appeal against the ruling of March 8, 2016 finding that the Irish courts had no jurisdiction. Enel and Enelpower filed opposing briefs on April 7, 2017. The trial hearing has been scheduled for November 8, 2017.

Luxembourg

In Luxembourg, at the initiative of Albania BEG Ambient Shpk, J.P. Morgan Bank Luxembourg SA was also served with an order for the precautionary attachment of any receivables of Enel SpA. In parallel, Albania BEG Ambient Shpk began a proceeding to obtain enforcement of the ruling of the Court of Tirana in that country. The proceeding is still under way, with briefs being exchanged between the parties. The court has issued no ruling.

Violations of Legislative Decree 231/2001

With regard to the ruling of March 29, 2017, by the trial court, which acquitted e-distribuzione SpA "for not having committed the act" in respect of alleged violations of Legislative Decree 231/2001 concerning the administrative liability of legal persons, the full text of the decision was filed on June 26, 2017.
In addition, on July 14, 2017, Enel Green Power SpA received notice of charges brought before the Court of Ancona for alleged violation of Legislative Decree 231/2001 concerning the administrative liability of legal persons. The proceeding was begun for the alleged commission by an agent of the company, in the company's interest, of the offence of destruction of a natural habitat in a protected area, which is governed by Legislative Decree 231/2001. The next hearing is scheduled for November 9, 2017.

Cibran litigation – Brazil

Companhia Brasileira de Antibióticos ("Cibran") has filed six 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 between 1987 and 2002, in addition to non-pecuniary damages. 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, which led to the denial of Cibran's petition. Cibran appeal the decision and the ruling was in favor of Ampla.

The first suit, filed in 1999 and regarding the years from 1994 to 1999, was adjudicated in September 2014 when the court of first instance issued a ruling against Ampla, levying a penalty of about R$200,000 (about €46,000) as well as other damages to be quantified at a later stage. Ampla appealed the ruling and the appeal was upheld by the Superior Tribunal de Justiça. In response, on December 16, 2016, Cibran filed an appeal (*recurso especial*) before the Superior Tribunal de Justiça, and the appeal is under way.

With regard to the second case, filed in 2006 and regarding the years from 1987 to 2002, 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, plus interest. On July 8, 2015 Ampla appealed the decision with the Tribunal de Justiça del Rio de Janeiro and the proceeding is under way.

Decisions are still pending with regard to the remaining four suits. The value of all the disputes is estimated at about R$439 million (about €124 million).

El Quimbo – Colombia

With regard to the "El Quimbo" project, in a ruling of the Administrative Court of Huila of April 11, 2016 the temporary revocation of the precautionary injunction was upheld for a period of six months until October 16, 2016, which was subsequently extended for a further six months as from February 2017. Following the deadline for the suspension of the precautionary injunction in August 2017, in the absence of contrary court rulings the Quimbo plant is continuing to generate electricity as the oxygenation system installed by Emgesa has so far demonstrated that it can maintain the oxygen levels required by the court.

SAPE (formerly Electrica) arbitration proceedings – Romania

On April 20, 2016, SAPE submitted a request for arbitration before the International Chamber of Commerce in Paris in respect of Enel SpA and Enel Investment Holding BV concerning the failure to distribute dividends (plus interest). In September 2016, SAPE modified its arbitration claims, suing Enel Energie Muntenia and E-Distributie Muntenia as well and revising its monetary claim to about €56 million, plus unspecified interest. On May 22, 2017, SAPE again modified its claim, quantifying it in the amount of about €110 million plus interest. The proceeding is in a preliminary phase.

Gabčíkovo dispute – Slovakia

With regard to the request for arbitration lodged by Slovenské elektrárne ("SE") with the Vienna International Arbitral Centre (VIAC) under the VEG Indemnity Agreement, the arbitration court rejected the objection that it did not have jurisdiction and the arbitration proceeding continued to examine the merits of the case, with a ruling on the amount involved being deferred to any subsequent proceeding. On June 30, 2017, the arbitration court issued its ruling denying the request of SE.

With regard to the proceeding currently pending before the Slovakian courts brought by VV and the National Property Fund (today "MH Manazment") in obtain a ruling declaring the VEG Indemnity Agreement void owing to the alleged connection of that agreement with the VEG Operating Agreement, on September 27, 2017, a hearing was held before the Court of Bratislava in which the judge denied the request of the plaintiff for procedural reasons. However, in the other proceeding before the Court of Bratislava in which VV has asked SE for the restitution of the price for the transfer from SE to VV of the technology assets of the Gabčíkovo plant, which took place as part of the privatization, in the amount of about €43 million, plus interest, a hearing has been set for December 4, 2017.

CIS and Interporto Campano

With regard to the agreement reached on January 20, 2017 by Enel Green Power, CIS and Interporto Campano to settle all claims involved in the disputes involving the parties, in April 2017 an accord modifying the original January 2017 settlement was signed. In the amended agreement, the parties agreed to restore the Interporto rent and further reduce the lease payments in respect of CIS's leasehold estate. This change had no financial impact for Enel Green Power.

Precautionary administrative proceeding – Chucas arbitration

With regard to the arbitration proceeding brought by Chucas before the Cámara Costarricense-Norteamericana de Comercio (AMCHAM CICA) seeking reimbursement of the additional costs incurred to build the plant and as a result of the delays in completing the project, a decision will be issued in December 2017.

With regard to the dispute before the International Chamber of Commerce in Paris, in their most recent filing of March 10, 2017 FCC Construcción América SA and FCC Construcción SA (FCC) requested a ruling that the contract had been terminated without cause and asked for damages of about $27 million. In a brief filed in May 2017, Chucas, in addition to asking for the plaintiff's claims to be denied, filed a counter-claim to obtain confirmation of termination of contract for non-performance, asking for damages of at least $38 million. The hearing has been set for the first week of February 2018.

Tax litigation – Income taxes – Enel Green Power España SL – Spain

On June 7, 2017, the Spanish tax authorities issued a notice of assessment to Enel Green Power España SL, contesting the treatment of the merger of Enel Unión Fenosa Renovables SA (EUFER) into Enel Green Power España SL in 2011 as a tax neutral transaction, asserting that the transaction had no valid economic reason.

On July 6, 2017, the company appealed the assessment at the first administrative level (Tribunal Económico-Administrativo Central - TEAC), defending the appropriateness of the tax treatment applied to the merger. During the proceeding, the company will provide all the supporting documentation demonstrating the synergies achieved as a result of the merger in order to prove the existence of a valid economic reason for the transaction.

The total value involved in the proceeding as at September 30, 2017 was about €92 million (of which about €16 million in default interest). This amount has been offset in part by receivables that emerged during the audit, while the remainder of about €87 million has been secured with bank guarantees to obtain a suspension of collection efforts.

10. Events after the reporting period

New issue of bonds denominated in US dollars

On October 3, 2017, Enel Finance International placed a multi-tranche bond for institutional investors on the US and international markets totaling $3 billion, the equivalent of approximately €2.5 billion. The issue, which is guaranteed by Enel, was oversubscribed by about three times, with total orders of approximately $9 billion.

The second offering on the US market of the Enel Group in 2017 is part of the Group's financing strategy, including the refinancing of its maturing consolidated debt.

The transaction is structured in the following tranches:

- $1,250 million at 2.75% fixed rate maturing in 2023;
- $1,250 million at 3.5% fixed rate maturing in 2028;
- an additional $500 million of EFI's existing 4.750% fixed-rate notes issued in May 2017 maturing in 2047.

In view of their characteristics, the above tranches have been assigned a provisional rating of BBB by Standard & Poor's, Baa2 by Moody's and BBB+ by Fitch.

Tax equity agreement for the Thunder Ranch plant in the United States

On October 6, 2017, Enel Green Power North America Inc. ("EGPNA"), acting through its subsidiary Thunder Ranch Wind Holdings, signed a tax equity agreement worth approximately $330 million with the Alternative Energy Investing Group of Goldman Sachs and GE Energy Financial Services, a unit of General Electric, for the 298 MW Thunder Ranch wind project located in Oklahoma.

Under the agreement, which is a common transaction structure for the development of renewable energy projects in the United States, the two passive investors will purchase 100% of "Class B" and "Class C" equity interests in the project, respectively, in exchange for their payment of the above purchase price. This interest will allow the investors to obtain, under certain conditions set by US tax laws, a percentage of the tax benefits of the Thunder Ranch wind project. In turn, EGPNA, through Thunder Ranch Holdings, will retain 100% ownership of the "Class A" interests and therefore management control of the project.

The agreement secures the funding commitment by the two investors, and the closing of the funding is expected to occur upon achievement of commercial operation of the 298 MW wind farm. Construction of the Thunder Ranch wind farm started last May, with the facility expected to begin operations by the end of 2017.

Agreement for the disposal of wind and solar plants in Mexico

On October 9, 2017, Enel Green Power ("EGP"), signed agreements with the Canadian institutional investor Caisse de dépôt et placement du Québec ("CDPQ") and the investment vehicle of the leading Mexican pension funds CKD Infraestructura México SA de Cv ("CKD IM") for the sale of 80% of the share capital of a newly formed Mexican holding company ("HoldCo"), owner of the entire capital of eight special purpose vehicles ("SPVs"). The SPVs in turn own a portfolio of three plants in operation (with a capacity of 429 MW) and five under construction (with a capacity of 1,283 MW) for a total capacity of about 1.7 GW. Specifically, the portfolio consists of about 1 GW from the solar plants Villanueva I (427 MW), Villanueva III (327 MW) and Don José (238 MW) as well as about 0.7 GW from the wind plants Amistad (198 MW), Dominica (200 MW), Palo Alto (129 MW), Salitrillos (93 MW) and Vientos del Altiplano (100 MW). These plants hold long-term power purchase agreements.

Under the agreements, EGP will continue to operate the plants owned by SPVs and will complete those still under construction through two newly formed subsidiaries. In addition, as from January 1, 2020, EGP may transfer additional projects to HoldCo. As a result of these possible transfers, it could therefore increase its interest in HoldCo until it becomes the majority shareholder.

The transaction is worth $1.35 billion, of which a price of about $340 million for the sale of 80% of the HoldCo's share capital and about $1,010 million for financing (related-party loans) granted to the SPVs by CDPQ-CKD. Taking into account the required investment for the plants completion to be funded through project financing in the amount of about $0.9 billion as well as the related party loans for a total of $1.3 billion, a 100% valuation of HoldCo's enterprise value will be equal to about $2.6 billion, with the equity value amounting to about $0.4 billion.

The closing of the transaction, subject to a number of ordinary conditions and receipt of the necessary authorization from the Mexican antitrust authorities, is expected to occur by the end of 2017. The price will be paid at the closing, bearing in mind that the amount will be subject to a subsequent price adjustment normal for this type of transaction, based on variations in the net working capital of HoldCo. The transaction will enable the Enel Group as of the date of closing, to reduce its consolidated net debt by about $1.9 billion.

This transaction is being conducted using the "Build, Sell and Operate" (BSO) model announced in the Group's 2017-2019 Strategic Plan. The use of the BSO model enables Enel to capitalize the pipeline of renewables projects more quickly, reducing overall risk and accelerating value creation.

Disposal of PT Bayan Resources

On October 10, 2017, Enel Investment Holding closed a deal for the sale of its 10% stake in Indonesian coal producer PT Bayan Resources ("Bayan") to Bayan's controlling shareholder Mr. Dato' Low Tuck Kwong, for $85 million, fully paid in cash.

Enel purchased the 10% stake in August 2008 during the Initial Public Offering (IPO) that led to the listing of the Indonesian coal company on the Jakarta Stock Exchange.

Enel steps into Ethiopian market with a solar tender

On October 23, 2017, a consortium led by the Enel renewables arm and including leading Ethiopian infrastructure company Orchid Business Group was selected as the preferred bidder for a 100 MW photovoltaic project following a solar tender launched by local utility Ethiopian Electric Power ("EEP") within the framework of the country's Growth and Transformation Plan ("GTP 2").

The consortium has the right to develop, build and operate the 100 MW of photovoltaic capacity in Metehara. It will be investing about $120 million in the construction of the plant. The Metehara plant is expected to enter service in 2019. Once up and running, the facility will be able to generate approximately 280 GWh per year, while avoiding the emission of around 296 thousand metric tons of CO_2 into the atmosphere. The solar park is supported by a 20-year power purchase agreement with EEP for all of the energy generated by the plant.

Acquisition of eMotorWerks

On October 25, 2017, Enel, acting through its US subsidiary EnerNOC, acquired the California-based eMotorWerks, a leading North American supplier of electric vehicle (EV) charging stations, called JuiceBox, and owner and operator of JuiceNet, an Internet of Things (IoT) platform for the smart management of EV charging and other distributed energy storage facilities.

Through the JuiceNet platform, these facilities can be remotely controlled and aggregated for grid balancing purposes relying on unidirectional and bidirectional (vehicle-to-grid, V2G) electricity flows. Enel is planning to use JuiceNet platform's functions in all of its EV charging stations globally

The acquisition of eMotorWerks marks Enel's entrance into the US electric mobility market, one of the largest EV markets at global level.

Declaration of the officer responsible for the preparation of the Company financial reports pursuant to the provisions of Article 154-*bis*, paragraph 2, of Legislative Decree 58/1998

The officer responsible for the preparation of the Company's financial reports, Alberto De Paoli, hereby certifies, pursuant to Article 154-*bis*, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in the Interim Financial Report at September 30, 2017 corresponds with that contained in the accounting documentation, books and records.

Disclaimer

This Report issued in Italian
has been translated into
English solely for the convenience
of international readers

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