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## Enel: Board of Directors approves the results at 30 September 2008

*Revenues: 45,302 million euros (28,760 million at 30 September 2007, +57.5%)*

*EBITDA: 11,312 million euros (6,711 million at 30 September 2007, +68.6%)*

*EBIT: 8,184 million euros (4,751 million at 30 September 2007, +72.3%)*

*Group net income: 4,982 million euros  
(2,678 million at 30 September 2007, +86.0%)*

*Net financial debt: 51,377 million euros (55,791 million at 31 December 2007, -7.9%)*

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### **Process started for the sale of a majority stake in Enel Rete Gas**

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**Rome, 11 November 2008** – The Board of Directors of Enel SpA, chaired by Piero Gnudi, today examined and approved the Interim Financial Report regarding the results of the third quarter and the first nine months of 2008.

#### **Consolidated financial highlights for the first nine months of 2008** (million euros):

	<b>First nine months 2008</b>	<b>First nine months 2007</b>	<b>Change</b>
Revenues	<b>45,302</b>	28,760	+57.5%
EBITDA	<b>11,312</b>	6,711	+68.6%
EBIT	<b>8,184</b>	4,751	+72.3%
Group net income	<b>4,982</b>	2,678	+86.0%
Net financial debt	<b>51,377*</b>	55,791**	-7.9%

\* At 30 September 2008 \*\*At 31 December 2007

**Fulvio Conti**, Enel CEO and General Manager, said: “The excellent results of the first nine months of 2008, together with the available liquidity, allow us to look with confidence at our capacity to meet future financial commitments, whilst continuing to remunerate our shareholders and to deliver growing operational results. For the whole of 2008, we foresee an EBITDA of over 14 billion euros.”

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As from October 2007, Enel SpA, acting through its subsidiary Enel Energy Europe Srl, acquired control of the Spanish company Endesa SA (of which it holds 67.05%), together with its partner Acciona SA (which in turn directly or indirectly holds 25.01% of Endesa). Regarding this acquisition and the main effects it had on Enel's consolidated results, in the first nine months of 2008 Endesa posted EBITDA of 3,702 million euros, equal to 32.7% of the EBITDA of the Enel Group, while Endesa's EBIT in the same period was 2,837 million euros, or 34.7% of the EBIT of the Enel Group. Regarding the impact of the same acquisition on Enel's consolidated balance sheet, Endesa's total assets reported in the Interim Financial Report at 30 September 2008 amounted to 39,150 million euros, equal to 30.7% of the Enel Group's total assets of 127,369 million euros at the same date. The above mentioned results and balance sheet figures related to Endesa do not take into account the effects that may arise from the finalization of the allocation process of the purchase price of the company to the assets acquired and to the liabilities assumed.

Unless otherwise specified, the balance sheet figures at 30 September 2008 exclude the assets and liabilities in respect of the renewables operations held by Endesa, which will be transferred to Acciona Energia, in which Endesa will hold up to a 49% stake following this transfer. These assets and liabilities were consequently classified as "Assets held for sale" and "Liabilities held for sale". The Group results (except for Group net income) do not include the results, net of the related tax effect, attributable to the assets and liabilities of Endesa Europa, which were classified as discontinued operations until their disposal (26 June 2008).

This press release uses a number of "alternative performance indicators" not envisaged in the IFRS-EU accounting standards (EBITDA, net financial debt, net assets held for sale and net capital employed). In accordance with recommendation CESR/05-178b published on 3 November 2005, the criteria used to calculate these indicators are described at the end of the release.

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## **OPERATIONAL HIGHLIGHTS**

### **Electricity and gas sales**

The Enel Group's electricity sales to final customers in the first nine months of 2008 were 204.5 TWh (+60.6%), of which 104.0 TWh in Italy and 100.5 TWh abroad.

In Italy, sales of electricity on the free market in the first nine months of 2008 were 41.3 TWh, up 12.8 TWh compared with the corresponding year-earlier period (+44.9%), mainly due to the increased opening of the market, accompanied by lower sales on the enhanced protection and safeguard markets (-15.3 TWh).

Abroad, electricity sales rose from 20.8 TWh to 100.5 TWh. The increase of 79.7 TWh is essentially due to the consolidation of Endesa.

Sales of gas to end customers in the first nine months of 2008 were 5.8 billion cubic metres, with increases in the Italian market (from 2.9 billion cubic metres to 4.0 billion cubic metres, up 37.9%), and abroad, due to the consolidation of Endesa.

The rise in sales on the domestic market were boosted by both the mass market segment (+24.8%) and the business segment (+51.4%), as well as colder temperatures in early 2008 as compared with the same period of 2007.

### **Power generation**

Net electricity generated by the Enel Group in the first nine months of 2008 totalled 187.0 TWh (+95.0%), of which 73.1 TWh in Italy and 113.9 TWh abroad.

In Italy, Enel Group plants generated 73.1 TWh in the first nine months of 2008, compared with 69.9 TWh in the corresponding period of 2007 (+4.6%). More specifically, the increased volumes were largely due to greater hydroelectric generation (+2.9 TWh) and thermal generation (+0.3 TWh). Domestic electricity demand in the first nine months of 2008 totalled 255.8 TWh, up 0.8% versus the same period of 2007, while net imports decreased by 6.5 TWh.

Net electricity generated by the Enel Group abroad rose from 26.0 TWh to 113.9 TWh, an increase of 87.9 TWh, of which 75.3 TWh was attributable to the consolidation of Endesa and 13.0 TWh to the Russian generation company OGK-5.

Of total net generation by Enel power plants in Italy and abroad, 56.9% came from thermal generation, 29.8% from renewables (hydro, wind, geothermal and biomass) and 13.3% from nuclear plants.

### **Distribution of electricity and gas**

Electricity distributed by the Enel Group in the first nine months of 2008 totalled 296.0 TWh (+46.5%), of which 194.3 TWh in Italy and 101.7 TWh abroad.

The volumes of electricity distributed in Italy rose by 0.9% as compared with the first nine months of 2007, in line with the increase in electricity demand on the domestic grid.

Electricity distributed abroad in the first nine months of 2008 rose by 92.3 TWh as compared with the corresponding year-earlier period, thanks to the contribution of Endesa (+91.5 TWh) and greater volumes transported in Romania (+2.1 TWh), partly offset by the disposal of Electra de Viesgo Distribucion to E.On at the end of June 2008 (-1.3 TWh).

Gas transported by the Enel Group totalled 2.7 billion cubic metres, up 0.5 billion cubic metres as compared with the first nine months of 2007, essentially attributable to colder weather in early 2008 and the contribution of foreign activities (+0.3 billion cubic metres).

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## **FINANCIAL HIGHLIGHTS**

### **Consolidated results for the first nine months of 2008**

**Revenues** in the first nine months of 2008 were 45,302 million euros, up 57.5% from 28,760 million euros in the same period of 2007. The rise reflects the contribution from the acquisitions made from the fourth quarter of 2007, increased revenues on the domestic free market for electricity as a result of higher average sales prices and greater volumes sold, as well as higher revenues from the generation activities of the Generation and Energy Management Division. Regarding the performance of the individual operating Divisions, without taking account of inter-segment eliminations, the revenues of the Iberia and Latin America Division rose from 959 million euros to 12,417 million euros, essentially due to the consolidation of Endesa. Revenues of the International Division were 3,280 million euros (+54.9%), those of the Generation and Energy Management Division totalled 17,262 million euros (+41.9%), those of the Sales Division were 16,658 million euros (+3.7%), those of the Infrastructure and Networks Division were 4,912 million euros (+18.8%) and those of the Engineering and Innovation Division totalled 778 million euros (+20.8%).

**EBITDA** for the first nine months of 2008 totalled 11,312 million euros, compared with 6,711 million euros in the first nine months of 2007, an increase of 4,601 million euros (+68.6%), largely attributable to the widespread growth of the Group's operating Divisions. More specifically, EBITDA for the Iberia and Latin America Division, which reflected the consolidation of Endesa, rose from 274 million euros to 3,839 million euros. EBITDA for the International Division totalled 778 million euros (+29.7%), that of the Generation and Energy Management Division totalled 3,405 million euros (+19.5%), that of the Sales Division was 324 million euros (+69.6%) and that of the Infrastructure and Networks Division was 2,884 million euros (+4.6%).

**EBIT** for the first nine months of 2008 totalled 8,184 million euros, an increase of 3,433 million euros (+72.3%) as compared with the first nine months of 2007, benefiting mainly from the results generated by new acquisitions as well as from widespread growth posted by the Group's operating Divisions. In particular, EBIT for the Iberia and Latin America Division rose from 184 million euros to 2,731 million euros thanks to the consolidation of Endesa, while that of the International Division totalled 422 million euros (+37.0%), that of the Generation and Energy Management Division was 2,735 million euros (+27.0%), that of the Sales Division totalled 123 million euros (18 million euros in the first nine months of 2007) and that of the Infrastructure and Networks Division was 2,176 million euros (+2.5%).

**Group net income** in the first nine months of 2008 came to 4,982 million euros, compared with 2,678 million euros in the same period of 2007, a rise of 86.0%. The result reflects the good performance of operations, partially offset by the increase in net financial expenses, as well as the positive effects of the reduction in income taxes. The latter change includes the positive impact (equal to 1,510 million euros) of the adjustment to deferred taxation connected with the realignment of the difference between the statutory reporting values of certain assets reported under property, plant and equipment and the values reported for tax purposes, partly offset by the charge related to the one-off tax foreseen in the 2008 Budget Law and the negative impact (equivalent to 251 million euros) of the IRES surcharge levied on companies operating in the production and sale of electricity and gas.

The **consolidated balance sheet** at 30 September 2008 showed net capital employed of 77,317 million euros (79,580 million euros at 31 December 2007), including net assets held for sale of 1,008 million euros (4,116 million euros at 31 December 2007). It is financed by total shareholders' equity of 25,940 million euros (23,789 million euros at 31 December 2007) and net financial debt of 51,377 million euros (55,791 million euros at 31 December 2007). Excluding the 218 million euros attributable to assets held for sale at 30 September 2008 (1,725 million euros at 31 December 2007), net financial debt decreased by 4,414 million euros compared with the end of 2007. The decrease is largely attributable to the benefits from the finalization of the sale of Endesa Europa and Viesgo assets to E.On, partially offset by resources used to complete acquisitions in the first nine months of 2008. At 30 September 2008, the **debt/equity** ratio was 1.98, compared with 2.35 at the end of 2007.

**Capital expenditure** in the first nine months of 2008 totalled 4,128 million euros, up 1,610 million euros versus the first nine months of 2007 (+63.9%). The increase is mainly attributable to greater investments by the Iberia and Latin America Division, largely accounted for by the consolidation of Endesa, and by the International Division, essentially in power generation plants.

**Employees of the Group** at 30 September 2008 numbered 76,760, a net increase of 3,260 versus the 73,500 employees at the end of 2007, due to the change in the scope of consolidation (contributing a net total of 3,891 employees) following the acquisition of OGK-5 and Electrica Muntenia Sud and the disposal of Viesgo and Endesa Europa, only partially offset by the net balance between new hires and terminations (a decrease of 631).

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## Consolidated results for the third quarter of 2008

### Consolidated financial highlights for the third quarter of 2008 (million euros):

	Third quarter 2008	Third quarter 2007	Change
Revenues	<b>15,986</b>	9,903	+61.4%
EBITDA	<b>3,907</b>	2,249	+73.7%
EBIT	<b>2,899</b>	1,617	+79.3%
Group net income	<b>2,131</b>	696	+206.2%

**Revenues** in the third quarter of 2008 totalled 15,986 million euros, up 61.4% from 9,903 million euros posted in the same period of 2007. Regarding the performance of the individual operating Divisions, without taking account of inter-segment eliminations, revenues of the Iberia and Latin America Division rose from 345 million euros to 4,056 million euros, mainly due to the consolidation of Endesa. Revenues of the International Division were 1,260 million euros (+86.7%), those of the Generation and Energy Management Division were 6,397 million euros (+43.5%), those of the Sales Division totalled 5,519 million euros (+1.3%), those of the Infrastructure and Networks Division were 1,610 million euros (+15.7%), and those of the Engineering and Innovation Division totalled 238 million euros (-9.5%).

**EBITDA** for the third quarter of 2008 totalled 3,907 million euros, up 1,658 million euros (+73.7%) versus the same period of 2007, thanks primarily to the results of the new acquisitions as well as the gain from the sale of 51% of Hydro Dolomiti Enel's share capital. More specifically, EBITDA for the Iberia and Latin America Division increased from 89 million euros to 1,403 million euros thanks to the consolidation of Endesa, while that of the International Division totalled 198 million euros (+26.9%), that of the Generation and Energy Management Division was 1,384 million euros (+46.5%) and that of the Sales Division was 33 million euros (-56.6%), while EBITDA for the Infrastructure and Networks Division declined to 876 million euros (-10.2%).

**EBIT** for the third quarter of 2008 was 2,899 million euros, compared with 1,617 million euros in the third quarter of 2007, an increase of 1,282 million euros (+79.3%). In detail, EBIT for the Iberia and Latin America Division, reflecting the consolidation of Endesa, rose from 57 million euros to 1,094 million euros, while that of the International Division came to 67 million euros (+8.1%) and that of the Generation and Energy Management Division to 1,152 million euros (+61.8%). EBIT for the Sales Division was a negative 26 million euros, while that of the Infrastructure and Networks Division declined to 637 million euros (-16.3%).

**Group net income** in the third quarter of 2008 was 2,131 million euros, up 1,435 million euros from 696 million euros in the same period of 2007. The rise includes the net positive effect (equivalent to 704 million euros) resulting from the adjustment of deferred taxation connected with an additional realignment, in the third quarter of 2008, of the difference between the statutory reporting values of certain assets reported under property, plant and equipment and the values reported for tax purposes (2008 Budget Law).

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## **RECENT KEY EVENTS**

On 6 August 2008, the subsidiaries Enel Latin America and Enel Brasil Participações signed a **cooperation agreement** with SoWiTec do Brasil Energias Alternativas, a division of the German company SoWiTec, **to develop wind power projects in Brazil** with a total capacity of up to 1,000 MW. Through this agreement Enel has acquired exclusive rights to eight power projects, all at an early stage of development, and will be entitled to acquire the projects once they are completely developed by SoWiTec. The projects have a preliminary capacity of between 56 to 200 MW and are located in the North-eastern part of Brazil, an area with high wind potential.

On 12 August 2008, the subsidiary Enel Investment Holding (EIH) acquired 10% of the share capital of PT Bayan Resources (**Bayan**) during the initial public offering of Bayan's shares on the Indonesian Stock Exchange and implementing an agreement with Bayan and its shareholders. The total consideration for the transaction totalled approximately 138 million euros. Bayan is the eighth largest coal producing group in Indonesia in terms of production volume in 2007, with integrated coal mining, processing and logistics operations. The subsidiary Enel Trade has also executed a coal supply agreement with Bayan which provides for the latter to supply a specified amount of coal until December 2019.

On 11 September 2008, the Board of Directors of Enel SpA approved the distribution of an **interim dividend** of 0.20 euros per share. The interim dividend will be paid from 27 November 2008, with an ex-dividend date of 24 November 2008.

On 26 September 2008, the subsidiary Enel Trade sold 49% of Enel Stocaggi to Fondi Italiani per le Infrastrutture (F2i) for a consideration of about 6 million euros. Enel Stocaggi will carry forward the technical and administrative process initiated by Enel Trade, which was awarded the concession **to convert the Romanengo field into a gas storage facility** in a tender called on 26 September 2006 by the Ministry for Economic Development. The concession for the Romanengo field will be conferred to Enel Stocaggi, following the issuance of a positive environmental impact assessment. Under the provisions of applicable law, the storage concession will have a term of 20 years and may be extended for a total of two further 10-year periods. The conversion project foresees a storage capacity of some 300 million cubic metres and is scheduled to enter service in 2012. Among other things, the shareholder agreement between the parties prohibits the transfer of the holdings in Enel Stocaggi for a period of at least five years.

On 15 October 2008 Enel signed a **programme agreement with the Municipality of Portoscuso, in Sardinia**, for the implementation of new industrial initiatives to foster the economic development of the area. The primary initiative envisaged under the accord is the construction of a wind plant with a total capacity of about 90 MW in the town's industrial zone, comprised of 39 wind turbines.

On 23 October 2008, the subsidiary Enel Produzione and Società Elettrica Altotesina (SEL) — which is approximately 94% owned by the Autonomous Province of Bolzano — signed a **preliminary agreement for the development of the hydroelectric power sector in the Province of Bolzano**. Enel Produzione currently holds 12 concessions for major hydroelectric derivations in the area with a total capacity of 616 MW, in addition to eight concessions for

minor hydroelectric derivations with a total capacity of 17 MW. Enel Produzione and SEL have agreed to form a company ("NewCo") that will be owned 40% by Enel Produzione and 60% by SEL. The NewCo will operate the concessions for major hydroelectric derivations currently held by Enel Produzione and which should be renewed either in Enel Produzione's favour or granted to SEL following the conclusion of the administrative procedures underway. Moreover, under the agreement, the subsidiary Enel Distribuzione will sell its electricity distribution operations in the Province of Bolzano to SEL for a consideration of 79 million euros.

On 30 October 2008, Eni, Enel and Gazprom agreed further developments in the implementation of their partnership. More specifically, the parties **signed accords for the development of the ArcticGas and Urengoil assets**, as well as signing agreements committing Gazprom to take a stake in Severenergia, as envisaged in the strategic agreement reached in 2006.

On 6 November 2008, Enel signed two **memoranda of understanding**, one with **Inter RAO Ues** regarding cooperation in the energy sector in Russia and other countries, the other with the **Russian Railways RZhD** for the long-term supply of electricity to the latter by RusEnergosbyt on terms indexed to market prices, thereby consolidating an existing relationship.

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## **OUTLOOK**

The expansion of international operations, together with all the actions undertaken by the operating Divisions, indicate that performance in 2008 will outpace that in the previous year. In addition, it has been forecasted that the operating cash flow generated by the new acquisitions and the Enel Group as a whole may enable the Group to improve significantly its net financial position compared with 31 December 2007.

Furthermore, plans for the reconversion of power plants to clean coal, measures to stabilise fuel sourcing and programmes to achieve operational excellence and cost optimisation in the various business areas will be further developed.

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## **SALE OF THE GAS DISTRIBUTION NETWORK**

The Board of Directors of Enel SpA also approved the framework for the transaction that will result in the sale of a majority stake in the subsidiary Enel Rete Gas and mandated the Chief Executive Officer to initiate preliminary activities for the implementation of the said transaction.

According to the framework, the partner should be selected preferably among financial investors of high standing following a competitive auction, under restricted procedure. Furthermore, the framework envisages adequate measures to protect Enel as a minority shareholder.



Today, Enel Rete Gas is the second Italian player in the distribution of natural gas, with a market share of about 12%, with more than two million customers connected to the network and about 3.5 billion cubic metres of gas distributed to approximately 1,200 municipalities in 2007.

The operation is part of the programme of portfolio optimisation of the Enel Group, as disclosed to the market within the framework of the strategic plan guidelines for 2008-2012.

*At 6.30 PM today, 11 November 2008, a conference call will be held to present the results of the third quarter and first nine months of 2008 to financial analysts and institutional investors. Journalists are also invited to listen in on the call.*

*Documentation relating to the conference call will be available on Enel's website ([www.enel.it](http://www.enel.it)) in the Investor Relations section from the beginning of the call.*

*Tables presenting the results of the individual Divisions (not taking into account inter-segment eliminations) as well as the condensed consolidated income statement, balance sheet and cash flow statement follow. A descriptive summary of the alternative performance indicators is also attached.*

*Pursuant to Article 154-bis, paragraph 2, of the Unified Financial Act, the executive in charge of preparing the corporate accounting documents at Enel, Luigi Ferraris, declares that the accounting information contained in this press release corresponds to document results, books and accounting records.*

## **Results of the Divisions**

The results presented in the following tables reflect the organizational structure of the Enel Group in place as of December 2007, which, in addition to the "Sales", "Generation and Energy Management", "Infrastructure and Networks" and "International" Divisions, includes two new Divisions: "Iberia and Latin America" and "Engineering and Innovation". Each of these Divisions, together with the Parent Company and the Services and Other Activities areas, were considered by management in assessing Group performance.

For the purposes of providing comparable figures, data for the third quarter and the first nine months of 2007 have been reallocated to the Divisions on the basis of the organizational structure adopted at the end of 2007. For this reason, with respect to the information reported on 30 September 2007, the figures for the new Engineering and Innovation Division have been drawn from the results of the Domestic Generation and Energy Management Division, while the figures for the new Iberia and Latin America Division have been taken from those of the International Division.

On 17 September 2008, a new organizational structure was implemented with the creation of the “Renewable Energy” Division alongside existing operating Divisions. The new Division has the mission of developing and managing operations for the generation of electricity from renewable sources, ensuring their integration within the Group in line with Enel’s strategies.

Nevertheless, in order to ensure the continuity of the information provided during 2008, in the Interim Financial Report at 30 September 2008 and in this press release the results of the Divisions are presented without taking account of the new organizational structure.

## 120% Sales

Results (million euros):

	First nine months 2008	First nine months 2007	Change	Third Quarter 2008	Third Quarter 2007	Change
Revenues	16,658	16,069	+3.7%	5,519	5,449	+1.3%
Ebitda	324	191	+69.6%	33	76	-56.6%
Ebit	123	18	-	(26)	41	-
Capex	27	24	+12.5%	-	-	-

## Generation and Energy Management

Results (million euros):

	First nine months 2008	First nine months 2007	Change	Third Quarter 2008	Third Quarter 2007	Change
Revenues	17,262	12,167	+41.9%	6,397	4,457	+43.5%
Ebitda	3,405	2,850	+19.5%	1,384	945	+46.5%
Ebit	2,735	2,153	+27.0%	1,152	712	+61.8%
Capex	815	781	+4.4%	-	-	-

## Engineering and Innovation

Results (million euros):

	First nine months 2008	First nine months 2007	Change	Third Quarter 2008	Third Quarter 2007	Change
Revenues	778	644	+20.8%	238	263	-9.5%
Ebitda	7	8	-12.5%	2	4	-50.0%
Ebit	5	6	-16.7%	1	3	-66.7%

## Infrastructure and Networks

Results (million euros):

	First nine months 2008	First nine months 2007	Change	Third Quarter 2008	Third Quarter 2007	Change
Revenues	4,912	4,133	+18.8%	1,610	1,392	+15.7%
Ebitda	2,884	2,757	+4.6%	876	975	-10.2%
Ebit	2,176	2,123	+2.5%	637	761	-16.3%
Capex	1,032	1,001	+3.1%	-	-	-

## Iberia and Latin America

Results (million euros):

	First nine months 2008	First nine months 2007	Change	Third Quarter 2008	Third Quarter 2007	Change
Revenues	12,417	959	-	4,056	345	-
Ebitda	3,839	274	-	1,403	89	-
Ebit	2,731	184	-	1,094	57	-
Capex	1,550	302	-	-	-	-

## International

Results (million euros):

	First nine months 2008	First nine months 2007	Change	Third Quarter 2008	Third Quarter 2007	Change
Revenues	3,280	2,117	+54.9%	1,260	675	+86.7%
Ebitda	778	600	+29.7%	198	156	+26.9%
Ebit	422	308	+37.0%	67	62	+8.1%
Capex	652	369	+76.7%	-	-	-

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### **ALTERNATIVE PERFORMANCE INDICATORS**

The following section describes a number of alternative performance indicators, not envisaged under the IFRS-EU accounting standards, which are used in this press release in order to facilitate the assessment of the Group's performance and financial position.

- **EBITDA:** an indicator of Enel's operating performance, calculated as "Operating income" plus "Depreciation, amortization and impairment losses";
- **Net financial debt:** an indicator of Enel's financial structure, calculated as the sum of "Long-term loans", "Short-term loans and the current portion of long-term loans", net of "Cash and cash equivalents" and current and non-current assets (financial receivables and securities other than equity investments) included in "Current financial assets" and "Non-current financial assets";
- **Net assets held for sale:** calculated as the algebraic sum of "Assets held for sale" and "Liabilities held for sale";
- **Net capital employed:** calculated as the sum of "Current assets", "Non-current assets" and "Net assets held for sale", net of "Current liabilities" and "Non-current liabilities", excluding the items considered in the definition of net financial debt.

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## Condensed Consolidated Income Statement

3st Quarter			Millions of euro				First nine months			
2008	2007	Change				2008	2007	Change		
15,986	9,903	6,083	61.4%	Total revenues		45,302	28,760	16,542	57.5%	
12,229	7,684	4,545	59.1%	Total costs		34,216	22,049	12,167	55.2%	
150	30	120		Net income/(charges) from commodity - risk management		226	-	226	-	
3,907	2,249	1,658	73.7%	GROSS OPERATING MARGIN		11,312	6,711	4,601	68.6%	
1,008	632	376	59.5%	Depreciation, amortization and impairment losses		3,128	1,960	1,168	59.6%	
2,899	1,617	1,282	79.3%	OPERATING INCOME		8,184	4,751	3,433	72.3%	
342	293	49	16.7%	Financial income		1,503	1,132	371	32.8%	
1,173	707	466	65.9%	Financial expense		3,780	1,459	2,321	-	
(831)	(414)	(417)	100.7%	Total financial income/(expense)		(2,277)	(327)	(1,950)	-	
22	2	20		Share of income/(expense) from equity investments accounted for using the -equity method		49	3	46	-	
2,090	1,205	885	73.4%	INCOME BEFORE TAXES		5,956	4,427	1,529	34.5%	
(237)	500	(737)		-Income taxes		582	1,674	(1,092)	-65.2%	
2,327	705	1,622		-Income from continuing operations		5,374	2,753	2,621	95.2%	
-	-	-		- Income from discontinued operations		226	-	226	-	
2,327	705	1,622		NET INCOME FOR THE PERIOD (shareholders of the Parent Company and -minority interests)		5,600	2,753	2,847	103.4%	
196	9	187		-Attributable to minority interests		618	75	543	-	
2,131	696	1,435		Attributable to shareholders of the Parent -Company		4,982	2,678	2,304	86.0%	
				Earnings per share attributable to shareholders of the Parent Company (euro) <sup>(1)</sup>		0,81	0,43	0,38	88.4%	

(1) Diluted earnings per share are equal to basic earnings per share.



## Condensed Consolidated Balance Sheet

Millions of euro

	at Sep. 30, 2008	at Dec. 31, 2007	Change
<b>ASSETS</b>			
<b>Non-current assets</b>			
- Property, plant and equipment and intangible assets	61,382	57,374	4,008
- Goodwill	24,351	26,274	(1,923)
- Equity investments accounted for using the equity method	414	1,972	(1,558)
- Other non-current assets <sup>(1)</sup>	10,178	7,719	2,459
<b>Total</b>	<b>96,325</b>	<b>93,339</b>	<b>2,986</b>
<b>Current assets</b>			
- Trade receivables	12,977	11,576	1,401
- Inventories	2,386	1,726	660
- Cash and cash equivalents	4,702	1,234	3,468
- Other current assets <sup>(2)</sup>	9,381	7,640	1,741
<b>Total</b>	<b>29,446</b>	<b>22,176</b>	<b>7,270</b>
<b>Assets held for sale</b>	<b>1,598</b>	<b>8,233</b>	<b>(6,635)</b>
<b>TOTAL ASSETS</b>	<b>127,369</b>	<b>123,748</b>	<b>3,621</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
- Equity attributable to the shareholders of the Parent Company	21,427	19,631	1,796
- Equity attributable to minority interests	4,513	4,158	355
<b>- Total</b>	<b>25,940</b>	<b>23,789</b>	<b>2,151</b>
<b>Non-current liabilities</b>			
- Long-term loans	49,703	52,155	(2,452)
- Other provisions and deferred tax liabilities	13,752	13,686	66
- Other non-current liabilities	5,111	5,004	107
<b>Total</b>	<b>68,566</b>	<b>70,845</b>	<b>(2,279)</b>
<b>Current liabilities</b>			
- Short-term loans and current portion of long-term loans	9,391	8,014	1,377
- Trade payables	9,567	9,622	(55)
- Other current liabilities	13,315	7,361	5,954
<b>Total</b>	<b>32,273</b>	<b>24,997</b>	<b>7,276</b>
<b>Liabilities held for sale</b>	<b>590</b>	<b>4,117</b>	<b>(3,527)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>127,369</b>	<b>123,748</b>	<b>3,621</b>

(1) Of which long-term financial receivables equal to 1,316 million euros at 30 September 2008 (1,339 million euros at 31 December 2007).

(2) Of which short-term financial receivables equal to 1,629 million euros at 30 September 2008 (1,704 million euros at 31 December 2007) and short-term securities equal to 70 million euros at 30 September 2008 (101 million euros at 31 December 2007).

## Condensed Consolidated Statement of Cash Flows

Millions of euro	First nine months		
	2008	2007	Change
<b>Cash flows from operating activities (A)</b>	<b>5,841</b>	<b>3,910</b>	<b>1,931</b>
Investments in tangible and intangible assets	(4,806)	(2,518)	(2,288)
Investments in entities (or business units) less cash and cash equivalents acquired	(1,369)	(12,702)	11,333
Disposals of entities (or business units) less cash and cash equivalents sold	6,920	-	6,920
(Increase)/Decrease in other investing activities	(58)	188	(246)
<b>Cash flows from (investing)/disinvesting activities (B)</b>	<b>687</b>	<b>(15,032)</b>	<b>15,719</b>
Change in net financial debt	(1,054)	14,131	(15,185)
Dividends paid	(2,116)	(1,798)	(318)
Increase in share capital and reserves due to the exercise of stock options	9	41	(32)
<b>Cash flows from financing activities (C)</b>	<b>(3,161)</b>	<b>12,374</b>	<b>(15,535)</b>
<b>Impact of exchange rate fluctuations on cash and cash equivalents (D)</b>	<b>(21)</b>	<b>(8)</b>	<b>(13)</b>
<b>Increase/(Decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>3,346</b>	<b>1,244</b>	<b>2,102</b>
Cash and cash equivalents at the start of the period	1,463	572	891
Cash and cash equivalents at the end of the period	4,809 <sup>(1) (2)</sup>	1,816	2,993

(1) Of which short-term securities equal to 70 million euros at 30 September 2008 (47 million euros at 30 September 2007).

(2) Of which cash and cash equivalents of assets held for sale equal to 37 million euros.