REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

(approved by the Board of Directors of Enel S.p.A. on March 17, 2010)

- YEAR 2009 -

(Drawn up pursuant to Articles 123-*bis* of the Unified Financial Act and 89-*bis* and 144-*decies* of CONSOB's Regulations on Issuers)

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Report on corporate governance and ownership structure

SECTION I: GOVERNANCE AND OWNERSHIP STRUCTURE

Introduction

During 2009, the corporate governance structure in place at Enel S.p.A. (hereinafter, also "Enel" or the "Company") and in the group of companies that it controls (hereinafter, for the sake of brevity, the "Group") continued to reflect the principles contained in the edition of the Self-regulation Code of Italian listed companies promoted by *Borsa Italiana*, published in March 2006 and available on Borsa Italiana's website at http://www.borsaitaliana.it/borsaitaliana/ufficio-stampa/comunicati-stampa/2006/codiceautodisciplina.en_pdf.htm (hereinafter, for the sake of brevity, the "Self-regulation Code"), as well as the recommendations made in this regard by the CONSOB and, more generally, international best practice.

The aim of this corporate governance system is essentially the creation of value for the shareholders, taking into account the social importance of the Group's activities and the consequent need, in carrying them out, to adequately consider all the interests involved.

Ownership structure

Share capital structure

The capital stock of the Company consists exclusively of registered ordinary shares fully paid up and entitled to full voting rights at both Ordinary and Extraordinary Shareholders' Meetings. At the end of 2009 (and still as of March 2010), Enel's share capital amounted to euro 9, 403, 357, 795, divided into the same number of ordinary shares with a par value of euro 1 each.

Since November 1999, the Company's shares have been listed on the Electronic Stock Exchange organized and managed by Borsa Italiana. In addition, the shares of the Company were listed on the New York Stock Exchange in the form of ADSs (American Depositary Shares) from November 1999 until December 2007. At the Company's request, because of the low trading volume and the financial and administrative burdens connected with maintaining the listing and the registration of the aforesaid ADSs in the United States, in December 2007 such ADSs were delisted from the New York Stock Exchange. In March 2008, following the completion of the procedure of deregistering Enel's ADSs (and ordinary shares) at the Securities and Exchange Commission (SEC), the Company's reporting obligations provided for by the Securities Exchange Act of 1934 ceased and the provisions regarding corporate governance contained in the Sarbanes-Oxley Act no longer apply to Enel. In this regard it should be noted that, even after the completion of the deregistration, the essence of internal controls over financial reporting required by Section 404 of the Sarbanes-Oxley Act is still applied by the Company and the Group (as better specified in the second section of the document under "Internal Control System" - "The system of risk management and internal control on financial information").

Major shareholdings and shareholders' agreements

According to the entries in Enel's stock register, the reports made to the CONSOB, and the information at the Company's disposal, as of March 2010 no shareholder – with the exception of the Ministry of the Economy and Finance of the Italian Republic, which owns 13.88% of the share capital, Cassa Depositi e Prestiti (a joint-stock company controlled by the aforesaid Ministry), which owns 17.36% of the share capital, and the group controlled by Blackrock Inc., which owns 3.02% of the share capital as asset management – owns more than 2% of the Company's share capital, nor, to the Company's knowledge, do any shareholders' agreements indicated in the Unified Financial Act regarding Enel's shares exist.

The Company is therefore subject to the de facto control of the Ministry of the Economy and Finance, which has sufficient votes to exercise a dominant influence at Ordinary Shareholders' Meetings of Enel. However, the aforesaid Ministry is not in any way involved in managing and coordinating the Company, in accordance with the provisions of article 19, paragraph 6, of decree law n. 78/2009 (subsequently converted into law n. 102/2009), which made it clear that the regulations contained in the civil code regarding the management and coordination of companies do not apply to the Italian government.

During 2009, the Intesa San Paolo group (in November 2009), the Barclays group (from May to June and subsequently from September to December 2009), the Assicurazioni Generali group (in November 2009), and UBS AG (in November 2009) were temporarily in possession of a shareholding constituting slightly more than 2% of the Company's share capital.

Limit to the ownership of shares and to voting rights

Implementing a provision of the regulations regarding privatizations, the Company's bylaws provide that – except for the government, public bodies, and parties subject to their respective control – no shareholder may own, directly or indirectly, Enel shares that constitute more than 3% of the share capital.

The voting rights regarding the shares owned in excess of the aforesaid limit of 3% may not be exercised, and the voting rights to which each of the parties concerned by the limit to share ownership would have been entitled will be proportionately reduced, unless there are prior joint instructions from the shareholders concerned. In case of noncompliance, resolutions of Shareholders Meetings may be challenged in court if it is assessed that the majority required would not have been attained without the votes expressed in excess of the aforesaid limit.

According to the regulations regarding privatizations and subsequent modifications, the provisions of the bylaws concerning the limit to share ownership and to voting rights will lapse if the limit of 3% is exceeded following a takeover bid in consequence of which the bidder holds shares amounting to at least 75% of the capital with the right to vote on resolutions regarding the appointment or removal of Directors.

Special powers of the Italian government

Implementing the provisions of the regulations regarding privatizations, the Company's bylaws assign the Italian government (represented for this purpose by the Ministry of the Economy and Finance) several "special powers", which are exercisable regardless of the number of shares owned by the aforesaid Ministry.

Specifically, the Minister of the Economy and Finance, in agreement with the Minister of Productive Activities (currently the Minister for Economic Development), has the following "special powers", to be used according to the criteria established by the Prime Minister's Decree of June 10, 2004:

- opposition to the acquisition of significant shareholdings (that is to say, amounting to or exceeding 3% of Enel's share capital) by parties to whom the aforesaid limit to share ownership applies. Grounds for the opposition must be given and the opposition may be expressed only in cases in which the Ministry considers the transaction to be in actual fact detrimental to vital national interests;
- opposition to shareholders' agreements referred to in the Unified Financial Act if they concern 5% or more of Enel's share capital. In this case, too, grounds must be given for the opposition, which may be expressed only in cases in which the shareholders' agreements are liable to cause concrete detriment to vital national interests;
- veto of the adoption of resolutions liable to have a major impact on the Company (by which is understood resolutions to wind up, transfer, merge, or split up the Company or to move its headquarters abroad or change its corporate purpose, as well as those aimed at abolishing or changing the content of the "special powers"). Grounds for the veto must in any case be given and the veto may be exercised only in cases in which such resolutions are liable to cause concrete detriment to vital national interests;
- appointment of a Director without the right to vote (and of the related substitute in case he or she leaves the office).

It should be noted that, on March 26, 2009, the Court of Justice of the European Communities declared that, by adopting the provisions stated in article 1, paragraph 2, of the aforesaid Prime Minister's Decree of June 10, 2004 containing the criteria for exercising the special powers, Italy failed to meet its obligations under articles 43 (*freedom of establishment*) and 56 (*free circulation of capital*) of the institutive Treaty of the European Community.

Employee shareholdings: mechanism for exercising voting rights

The Unified Financial Act sets forth specific rules regarding voting proxies in listed companies, which deviate – for such companies – from the provisions set forth in the Civil Code. The foregoing specific rules govern also the solicitation of proxies by shareholders' associations, including those that gather employee-shareholders. In particular, pursuant to the Unified Financial Act, the associates may give a proxy to the legal representatives of the association. Proxies shall be signed by the givers, may be revoked and may be given only for one shareholders' meeting that has already been called, remaining effective for subsequent calls where applicable; they may not be

given blank and shall show the date, the name of the appointee and the voting instructions. Proxies may also be given for only some of the resolutions shown on the proxy form. Shares for which complete or partial proxies have been given shall be counted for the purpose of establishing the due constitution of the shareholders' meeting. The association shall vote, unanimously or otherwise, in conformity with the indications given by each member in the proxy form.

In March 2008 the establishment of an employee-shareholders' association called *A.DI.G.E. – Associazione Azionisti Dipendenti Gruppo Enel* (Association of Employee-Shareholders of Enel Group) has been notified to the Company. The foregoing rules apply to such association.

It should be noted that the question of voting proxies is to undergo significant changes following Italy's recent adoption of Directive 2007/36/EC (regarding the exercise of several rights of the shareholders of listed companies) through Legislative Decree n. 27 of January 27, 2010, whose important changes concerning the shareholders' meetings of listed companies will apply to meetings of which the notice is published after October 31, 2010.

Appointment and replacement of Directors and amendments of the bylaws

The rules that regulate the appointment and replacement of Directors are examined in the second section of this document (under "Board of Directors – Appointment, replacement, composition, and term).

As far as the rules applicable to amendments of the bylaws are concerned, Extraordinary Shareholders Meetings resolve thereon according to the majorities provided for by the law.

As allowed by the law, however, the Company's bylaws assign to the authority of the Board of Directors resolutions concerning:

- mergers by absorption of entirely or at least 90% owned companies, as well as de-mergers corresponding to the latter;
- the establishment or closing of secondary headquarters;
- which Directors are entrusted with representing the Company;
- the reduction of the share capital in the event one or more shareholders withdraw;
- the harmonization of the bylaws with provisions of the law;
- moving the registered office within Italy.

Furthermore, implementing the provisions of the regulations regarding privatizations, the Company's bylaws assign to the Italian government (represented for this purpose by the Ministry of the Economy and Finance) the "special power" to veto the adoption of several resolutions – specified in detail in the paragraph "Special powers of the Italian government" – liable to have a major impact on the Company and, at the same time, to entail the amendment of its bylaws.

Authorizations to increase the share capital and to buy back shares

Implementing the special authorization granted it by the Shareholders' Meeting in April 2009, in May 2009 the Board of Directors resolved on a share capital increase with preemptive rights and for payment, which ended in July of the same year. As a result of such transaction, the Company

issued 3, 216,938, 192 new ordinary shares, which entailed an increase of the share capital from euro 6, 186, 419, 603 to euro 9, 403, 357, 795. The value of the transaction, including the premium, was euro 7, 978 million.

As of March 2010, three authorizations are pending for the Board of Directors to increase the share capital for stock-option plans addressed to the Company's and Group's executives, with the consequent exclusion of the shareholders' preemptive rights.

Specifically, in May 2006 the extraordinary session of a Shareholders' Meeting authorized the Board of Directors, for a period of five years, to increase the share capital one or more times, divisibly, by a maximum amount of euro 31,790,000 for the 2006 stock-option plan, which had been approved by the ordinary session of the same Shareholders' Meeting. In March 2009 the Board of Directors ascertained the failure to attain one of the objectives to which the exercise of the stock options assigned under the 2006 plan was subject; which entailed the lapse of the stock options in question, as well as of the related share capital increase.

In May 2007 the extraordinary session of a Shareholders' Meeting authorized the Board of Directors, for a period of five years, to increase the share capital one or more times, divisibly, by a maximum amount of euro 27,920,000 for the 2007 stock-option plan, which had been approved by the ordinary session of the same Shareholders' Meeting. It should be pointed out also in this case that in March 2010, the Board of Directors ascertained the failure to achieve one of the objectives to which the exercise of the stock options assigned under the 2007 plan was subject, which entailed the lapse of the options in question, as well as of the related share capital increase.

In June 2008, the extraordinary session of the Shareholders' Meeting has also authorized the Board of Directors, for a period of five years, to increase the share capital one or more times, divisibly, by a maximum amount of euro 9,623,735 for the 2008 stock-option plan, which had been approved by the ordinary session of the same Shareholders' Meeting.

The authorization for the 2008 stock-option plan is still in force and the related amount could entail a maximum total dilution amounting to 0.10% of the share capital as recorded at the beginning of March 2010.

For the sake of completeness, it should be pointed out that the total actual dilution of the share capital as of the end of 2009 in consequence of the exercise of the stock options assigned through the plans preceding the aforesaid ones amounted to 1.31%. Such diluting effects are calculated taking into account the amount of the share capital following the previously mentioned capital increase with preemptive rights and for payment carried out by the Company in 2009.

As of March 2010, there are no authorizations for the Board of Directors to either issue financial instruments granting shareholding or to buy back shares.

Change-of-control clauses

A) The Enel-Acciona Contract

In March 2007, Enel, its subsidiary Enel Energy Europe S.r.l., and the Spanish companies Acciona S.A. and Finanzas Dos S.A. (the latter a subsidiary of Acciona) entered into a cooperation contract, which was modified in April 2007 (hereinafter, for the sake of brevity, the "Enel-Acciona Contract"), for the purpose of developing a project for the joint management of the Spanish company Endesa S.A. by making a takeover bid for the latter's entire share capital. This bid was concluded successfully in October 2007. The Enel-Acciona Contract ceased to have effect during June 2009, once the conditions to which the subsequent contract entered into by the same parties in February 2009 - regarding the sale to Enel Energy Europe of 25.01% of the share capital of Endesa held by Acciona and Finanzas Dos - was subject materialized.

The Enel-Acciona Contract provided that, in the event there was a change of control in any of the contracting companies that was significant according to the criteria established by Section 4 of the Spanish law regarding the security market (*Ley del Mercado de Valores*), the other parties would have the right to demand that Endesa's assets be divided in accordance with the procedure regulated by the aforesaid Contract. However, the contracting parties had expressly agreed in this regard that if Enel were to be privatized, either entirely or partially, such change of control would not entitle the other parties to demand that Endesa's assets be divided.

B) The Credit Agreement for purchasing Endesa shares

In order to finance the purchase of Endesa shares as part of the takeover bid referred to in paragraph A) above, in April 2007 Enel and its subsidiary Enel Finance International S.A. entered into a syndicated term and guarantee facility agreement (hereinafter, for the sake of brevity, the "Credit Agreement") with a pool of banks for a total amount of euro 35 billion. In April 2009, Enel and Enel Finance International negotiated with a pool of 12 banks an extension of the Credit Agreement amounting to an additional euro 8 billion and an extension (with respect to the deadlines provided for by the aforesaid Credit Agreement) of the period established for the repayment of this additional sum, with the intention of financing the acquisition by Enel's subsidiary Enel Energy Europe of the 25.01% of Endesa's share capital held by Acciona and Finanzas Dos. Specifically, it was agreed that of the additional euro 8 billion obtained through the extension of the Credit Agreement, euro 5.5 billion may be paid back in 2014 and the remaining euro 2.5 billion in 2016. Following the acquisition by the subsidiary Enel Energy Europe of the 25.01% of Endesa's capital held by Acciona and Finanzas Dos, in June 2009 the aforesaid extension of the Credit Agreement, amounting to euro 8 billion, was entirely used. In December 2009, following the repayments made, the remaining amount of the Credit Agreement – including the aforesaid additional euro 8 billion – was euro 9.9 billion.

The Credit Agreement makes specific provisions for the cases (hereinafter, for the sake of brevity, the "cases of change of control") in which (i) control of Enel is acquired by one or more parties

other than the Italian government or (ii) Enel or any of its subsidiaries contributes (including through mergers) a substantial portion of the assets of the Group to parties that are not part of the latter, so that the Group's creditworthiness is significantly compromised in the opinion of the pool of banks.

Specifically, if one of the aforesaid hypothetical cases of change of control occurs:

- each bank belonging to the pool may propose to renegotiate the terms and conditions of the Credit Agreement or communicate its intention of withdrawing from the contract;
- Enel and its subsidiary Enel Finance International may decide to advance the repayment of the sums received and to cancel without penalties the entire financial commitment assumed by each bank belonging to the pool (i) with which the renegotiation of the terms and conditions of the Credit Agreement has not been successful or (ii) that has communicated its intention to withdraw from the contract;
- each of the latter banks belonging to the pool may demand the early repayment of the sums paid out and the cancellation of the entire financial commitment it assumed;
- in the event none of the banks belonging to the pool either proposes to renegotiate the terms and conditions of the Credit Agreement or communicates its intention to withdraw from the contract, the Credit Agreement remains fully effective according to the terms and conditions originally agreed on.

C) The revolving credit facility agreement

In order to meet general treasury requirements, in November 2005 Enel entered into a revolving credit facility agreement with a pool of banks for a total amount of euro 5 billion.

This contract provides for rules regarding changes of control and the related effects that are essentially the same as those in the Credit Agreement described in paragraph B) above.

D) The revolving credit facility agreement entered into with the Bank of America

In order to satisfy specific treasury requirements, in December 2009 Enel entered into a revolving credit facility agreement with the Bank of America N.A. with a total amount of euro 650 million and a term of 12 months from the date of signing.

This contract also provides for conditions regarding the possibilities of a change of control and its related effects that are essentially the same as those of the Credit Agreement described in the preceding paragraph B).

E) The EIB loan to Enel Produzione

In order to increase its investment in the field of renewable energy and environmental protection, in June 2007 the subsidiary Enel Produzione S.p.A. entered into a loan contract with the European Investment Bank (hereinafter, for the sake of brevity, the EIB) for up to euro 450 million, which expires in July 2027.

This contract provides that both Enel Produzione and Enel are obliged to inform the EIB of any changes in their control. If it deems that such changes could have negative consequences on the creditworthiness of Enel Produzione or Enel, the EIB may demand additional guarantees, changes in the contract, or alternative measures that it considers satisfactory. If Enel Produzione does not accept the solutions it proposes, the EIB has the right to unilaterally rescind the loan contract in question.

F) The EIB loans to Enel Distribuzione

In order to expand its plan for installing digital meters, in December 2003 the subsidiary Enel Distribuzione S.p.A. entered into a loan contract with the EIB in the amount of euro 500 million, which expires in December 2018.

Subsequently, in order to develop the process of making its electricity network more efficient, in November 2006 the aforesaid Enel Distribuzione entered into another loan contract with the EIB in the amount of euro 600 million, which expires in December 2026.

Both of the contracts in question are accompanied by a guarantee contract – not yet effective as of February 2010 as far as the aforesaid loan granted to the subsidiary Enel Distribuzione in December 2003 is concerned – entered into by the EIB and Enel, which provides that the Company, in its capacity as guarantor of the aforesaid loans, is obliged to inform the EIB of any changes in its control structure. After receiving such information, the EIB will examine the new situation in order to decide on a possible change in the conditions regulating the aforesaid loans to Enel Distribuzione.

G) The Cassa Depositi e Prestiti loan to Enel Distribuzione

In April 2009, the same Enel Distribuzione entered into a framework loan contract with Cassa Depositi e Prestiti S.p.A. (hereinafter, for the sake of brevity, “CDP”) in the amount of euro 800 million, which will expire in April 2029 and is also aimed at developing the process of making the power network of said subsidiary more efficient.

This contract is also accompanied by a guarantee contract entered into by CDP and Enel, according to which the Company, as the surety for the aforesaid loan, is obliged to inform CDP (i) of any change in the composition of the capital of Enel Distribuzione that could entail the loss of the control of said company, as well as (ii) any significant deterioration of the situation or prospects of Enel Distribuzione’s and/or Enel’s balance sheet, income statement, cash flow, or operations. The materialization of such cases may entail the obligation for Enel Distribuzione to repay immediately to CDP the loan received.

Compensation of the Directors in case of resignation, dismissal, or termination of the relationship following a takeover bid

The pay arrangements with the persons who currently hold, respectively, the positions of Chairman and Chief Executive Officer (as well as General Manager) of Enel provide for forms of compensation in case of their resignation or their dismissal without a just cause.

Specifically, it is provided that, in case of their justified resignation or their removal without a just cause, the Chairman and the Chief Executive Officer of Enel be paid compensation amounting to:

- in the Chairman's case, the total sum of the fixed and variable pay that he would have received until the expiry of his term (assuming, with regard to the variable part, the average pay received in the last two years or, absent that, 50% of the maximum amount provided for);
- in the Chief Executive Officer's (and General Manager's) case, the total sum of the fixed and variable pay (assuming, with regard to the variable part of the same, the average pay received in the last two years or, absent that, 50% of the maximum amount provided for) that he would have received as Chief Executive Officer and as General Manager until the expiry of the relationships concerned.

In addition to the foregoing, when his employment as an executive ends (in consequence of the termination of his relationship as a Director, including if the latter occurs before the end of his term, because of his justified resignation or his removal without a just cause), the General Manager will be paid compensation amounting to three years of (i) the fixed pay received in such capacity, as well as (ii) 50% of the variable pay received in the same capacity, amounting to a total sum of euro 3,675,000. This compensation includes indemnity in lieu of notice and entails the waiver by the person concerned of any demands that could be made on the basis of the national collective bargaining agreement for executives of industrial firms.

It should be pointed out, however, that no specific compensation is provided for in the event the relationship of any member of the Board of Directors is terminated following a takeover bid.

A description of the total pay of the members of the Board of Directors and the members of the related Committees, as well as the Chairman and the Chief Executive Officer/General Manager is provided in the second section of this report (under "Board of Directors – Pay").

Organizational structure

In compliance with the current regulations applicable in Italy to companies with listed shares, the organizational structure of the Company includes:

- a Board of Directors entrusted with the management of the Company;
- a Board of Statutory Auditors responsible for (i) ensuring compliance with the law and the Company's bylaws, as well as the observance of correct management principles in the carrying out of the Companies activities, (ii) checking the adequacy of the Company's organizational structure, internal auditing system, and administration and accounting system, and (iii) ascertaining how the corporate governance rules provided by the Self-regulation Code are actually implemented;
- Shareholders' Meetings, called to resolve – in either an ordinary or an extraordinary session – on, among other things, (i) the appointment and removal of members of the Board of Directors

and the Board of Statutory Auditors, as well as their compensation and responsibilities, (ii) the approval of the financial statements and the allocation of net income, (iii) the acquisition and sale of own shares, (iv) stock-option plans, (v) amendments of the Company's bylaws, and (vi) the issue of convertible bonds.

The external audit of the Company's and Group's accounts is entrusted to a specialized firm registered with the CONSOB and expressly appointed, after the Board of Statutory Auditors has made a grounded proposal, by a Shareholders' Meeting.

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SECTION II: IMPLEMENTATION OF THE RECOMMENDATIONS OF THE SELF-REGULATION CODE AND ADDITIONAL INFORMATION

Board of Directors

Role and powers

The Board of Directors plays a central role in the Company's organization and is entrusted with the powers and the responsibility for strategic and organizational policies, as well as with verifying the existence of the controls necessary for monitoring the performance of the Company and the Group. In consideration of its role, the Board of Directors meets regularly and is organized and works so as to ensure the effective performance of its duties.

In this context, and in accordance with the provisions of the law and specific resolutions of its own (and, in particular, of the one adopted in June 2008), the Board of Directors:

- establishes the corporate governance system for the Company and the Group and sees to the constitution and the definition of the duties of the Board's internal committees, whose members it appoints;
- delegates and revokes the powers of the Chief Executive Officer, defining their content, limits, and the procedures, if any, for exercising them. In accordance with the delegations in force, the Chief Executive Officer is vested with the broadest powers for the management of the Company, with the exception of those that are assigned otherwise by the law or by the Company's bylaws or are reserved to the Board of Directors according to resolutions of the latter, which are described below;
- receives, together with the Board of Statutory Auditors, constant and exhaustive information from the Chief Executive Officer regarding the activities carried out in the exercise of his powers, which is summarized in a special quarterly report. In particular, with regard to all the most significant transactions carried out using the powers of his office (including atypical or unusual transactions or ones with related parties whose approval is not reserved to the Board of Directors), the Chief Executive Officer reports to the Board on (i) the features of the transactions, (ii) the parties concerned and any relation they might have with the Group companies, (iii) the procedures for determining the considerations concerned, and (iv) the related effects on the income statement and the balance sheet;
- determines, on the basis of the proposals made by the dedicated Committee and after receiving the opinion of the Board of Statutory Auditors, the compensation of the Chief Executive Officer and of the other Directors who hold specific offices;
- evaluates, on the basis of the analyses and proposals made by the dedicated Committee, the criteria adopted for the compensation of the Company's and the Group's executives with strategic responsibilities and decides with regard to the adoption of the stock-options plans addressed to executives to be submitted to Shareholders' Meetings for approval;

- evaluates the adequacy of the Company's and the Group's organizational, administrative, and accounting structure and resolves on the changes in the organizational structure proposed by the Chief Executive Officer;
- establishes the corporate structure of the Group and checks if it is appropriate;
- examines and approves the strategic, business, and financial plans of the Company and the Group. In this regard, the current division of powers within the Company specifically provides for the Board of Directors to resolve on the approval of:
  - the annual budget and the long-term plan (which includes the aggregates of the annual budgets and long-term plans of the Group companies);
  - strategic agreements, also determining – upon proposal by the Chief Executive Officer and after the Chairman has expressed his opinion – the strategic objectives of the Company and the Group;
- examines and approves beforehand the transactions of the Company and the Group that have a significant impact on their strategy, balance sheets, income statements, and cash flows, particularly in cases where they are carried out with related parties or are otherwise characterized by a potential conflict of interest.

  In particular, all financial transactions of a significant size – by which is meant taking on loans exceeding the value of euro 50 million, as well as granting loans and issuing guarantees in favor of third parties exceeding the value of euro 25 million – must be approved beforehand (if they concern the Company) or evaluated (if they regard the Group companies) by the Board of Directors.

  In addition, the acquisition and disposal of equity investments amounting to more than euro 25 million must be approved beforehand (if they are carried out directly by the Company) or evaluated (if they concern Group companies) by the Board of Directors. Finally, the latter approves agreements (with ministries, local governments, etc.) that entail expenditure commitments exceeding euro 25 million;
- provides for the exercise of voting rights at shareholders' meetings of the main companies controlled by the Parent Company and designates the directors and statutory auditors of the aforesaid companies;
- appoints the General Manager and grants the related powers;
- evaluates the general performance of the Company and the Group, with particular reference to conflicts of interest, using the information received from the Chief Executive Officer and verifying periodically the achievement of the objectives set;
- formulates proposals to submit to Shareholders' Meetings and reports during the latter on the activities that have been carried out and planned, seeing that the shareholders have adequate information on the elements necessary for them to participate in a well-informed manner in the decisions that are within the authority of such Meetings.

Appointment, replacement, composition, and term

Pursuant to the provisions of the Company's bylaws, the Board of Directors consists of from three to nine members, who are appointed by an Ordinary Shareholders' Meeting (which determines their number within such limits) for a term not exceeding three accounting periods and may be reappointed at the expiration of their term. To them may be added a non-voting Director, whose appointment is reserved to the Italian government in virtue of the legislation regarding privatizations and a specific provision of the bylaws (as previously explained). To date, the Italian government has not exercised such power of appointment.

According to the current legislation, all the Directors must possess the requisites of honorableness required of (i) company representatives of financial intermediaries, as well as (ii) statutory auditors of listed companies.

In compliance with the legislation regulating privatizations and in accordance with the amendments made at the end of 2005 to the Unified Financial Act, the bylaws also provide for the appointment of the entire Board of Directors to take place according to the "slate-vote" mechanism aimed at ensuring the presence on the Board of Directors of members nominated by minority shareholders amounting to three-tenths of the Directors to be elected. In the event this number is a fraction, it is to be rounded up to the nearest integer.

Each slate must include at least two candidates possessing the requisites of independence established by the law (that is to say, those provided for the statutory auditors of listed companies), distinctly mentioning such candidates and listing one of them first on the slate.

The slates must list the candidates in numerical order and may be presented by the outgoing Board of Directors or by shareholders who, individually or together with other shareholders, represent at least 1% of the share capital. The slates must be filed at the Company's registered office and published in newspapers with a nation-wide circulation sufficiently in advance of the date of the Shareholders' Meeting concerned – 20 days in advance being the deadline if the slate is presented by the outgoing Board of Directors and 10 days if the slates are presented by shareholders – so as to ensure a transparent process for the appointment of the Board of Directors. In this regard, it should be noted that, in occasion of the election of the Board of Directors held in June 2008, shareholders were requested to file their slates at least 15 days before the date of the Shareholders' Meeting in compliance with the recommendations of the Self-regulation Code and according to a specific note contained in the notice of the Meeting.

It should be noted that the question of the deadlines and the quorum required for the presentation, as well as the procedures for filing and publishing, slates for the election of the Board of Directors will be subject to significant changes following Italy's recent implementation of Directive 2007/36/EC – regarding the exercise of several rights of the shareholders of listed companies – through Legislative Decree n. 27 of January 27, 2010, whose the important innovations will apply to shareholders' meetings of which the notice is published after October 31, 2010.

A report with exhaustive information regarding the personal and professional characteristics of the candidates, accompanied by a statement as to whether or not the latter qualify as independent according to the provisions of law and of the Self-regulation Code, must be filed at the Company's

registered office together with the slates, as well as published promptly on both the Company's and Borsa Italiana's websites.

For the purposes of identifying the Directors to be elected, candidates listed on slates that receive a number of votes amounting to less than half the percentage required for presenting the aforesaid slates are not taken into account (i.e. 0.5% of the share capital).

For the appointment of Directors who, for whatever reason, are not elected according to the "slate-vote" system, a Shareholders' Meeting resolves in accordance with the majorities required by the law, ensuring in any case the presence of the necessary number of Directors possessing the requirements of independence established by the law (that is to say, at least one Director if the Board consists of no more than seven members or two Directors if the Board consists of more than seven members).

The replacement of Directors is regulated by the provisions of the law. In addition to such provisions, the bylaws provide that:

- if one or more of the Directors leaving their office vacant were drawn from a slate also containing candidates who were not elected, the replacement must be made by appointing, in numerical order, persons drawn from the slate to which the Directors in question belonged, provided that said persons are still eligible and willing to accept the office;
- in any case, in replacing Directors who leave their office vacant, the Board of Directors must ensure the presence of the necessary number of Directors possessing the requirements of independence established by the law;
- if the majority of the Directors appointed by a Shareholders' Meeting leave their office vacant, the entire Board is to be deemed to have resigned and the Directors still in office must promptly call a Shareholders' Meeting to elect a new Board.

The Board of Directors confirmed – most recently in December 2006 – that it can defer the creation within itself of a special nomination committee, because to date there has been no evidence that it is difficult for shareholders to find suitable candidates, so as to achieve a composition of the Board of Directors that conforms to the provisions of the law and is in line with the recommendations of the Self-regulation Code.

As resolved by the Ordinary Shareholders' Meeting of June 11, 2008, the incumbent Board of Directors consists of nine members, whose term expires when the financial statements for 2010 are approved. As a result of the appointments made at the aforesaid Shareholders' Meeting, the Board thus currently consists of the following members, whose professional profiles are summarized below, together with the specification of the slates on which they were nominated. The slates were presented by the Ministry of the Economy and Finance (which at the time owned 21.10% of the Company's share capital) and by a group of 15 institutional investors (which at the time owned a total of 1.02% of the Company's share capital).

- Piero Gnudi, 71, Chairman (designated on the slate presented by the Ministry of the Economy and Finance).

A graduate in economics and commerce (1962) of the University of Bologna and proprietor of an accounting firm located in Bologna, he has served on the board of directors and board of statutory auditors of numerous important Italian companies, including STET, ENI, Enichem, and Credito Italiano. In 1995 and 1996 he was economic advisor to the Minister of Industry. Since 1994, he has been on the board of directors of IRI, where he has also held the positions of supervisor of privatizations (from 1997 to 1999) and chairman and chief executive officer (1999-2000); later, from 2000 to 2002, he served as chairman of the IRI liquidation committee. A member of the executive of Confindustria, the steering committee of Assonime (an association of Italian corporations), the committee in charge of strategic development of the Italian Financial Markets, the executive committee of the Aspen Institute, the committee on the corporate governance of listed companies reconstituted on the initiative of Borsa Italiana in April 2005, and president of the Mediterranean Energy Observatory (OME) and of the "e8" (the organisation gathering the chairmen of major electricity production companies in the world), he currently also holds the positions of chairman of Emittenti Titoli and director of Unicredit. He has been Chairman of the Board of Directors of Enel since May 2002.

- Fulvio Conti, 62, Chief Executive Officer and General Manager (designated on the slate presented by the Ministry of the Economy and Finance).

A graduate of the University of Rome “La Sapienza” with a degree in economics and commerce, in 1969 he joined the Mobil Group, where he held a number of executive positions in Italy and abroad and in 1989-90 was in charge of finance for Europe. The head of the accounting, finance, and control department of Montecatini from 1991 to 1993, he subsequently was in charge of finance at Montedison-Compart (between 1993 and 1996), overseeing the financial restructuring of such Group. The general manager and chief financial officer of the Italian National Railways between 1996 and 1998, he also held important positions in other companies of such Group (including Metropolis and Grandi Stazioni). Vice-chairman of Eurofima in 1997, in 1998-99 he was general manager and chief financial officer of Telecom Italia, holding also in this case important positions in other companies of such Group (including Finsiel, TIM, Sirti, Italtel, Meie and STET International). From 1999 to June 2005 he was Enel’s chief financial officer. He has been Chief Executive Officer and General Manager of Enel since May 2005. He is currently also a director of Barclays Plc and of AON Corporation and deputy chairman of Eurelectric, as well as a director of the Accademia Nazionale di Santa Cecilia.

- Giulio Ballio, 70, Director (designated on the slate presented by institutional investors).

A graduate (1963) with a degree in aeronautical engineering of the Milan Polytechnic Institute, he has also made his academic career there. A professor since 1975, since 1983 he has held the chair of steel constructions at the school of engineering and since 2002 has been president of the Institute. The author of many publications (which have also been published abroad), he has carried on an extensive scientific activity. Alongside his academic activity, since 1964 he has worked with

several engineering firms and in 1970 founded an engineering services company (B.C.V. Progetti), where he has been involved in numerous projects as designer, site engineer, and consultant, both in Italy and abroad. A member of the National Research Council's committee on regulations for constructing with steel from 1970 to 2000, he was a member of the board of steel experts from 1975 to 1985 and chairman in 1981-82, as well as a member of the chairman's council of the Italian Calibration Service from 1997 to 2002. He has been involved in the renovation of several important monumental buildings (including the Accademia Bridge in Venice) and has coordinated research activities in the field of construction both in Italy and abroad. He has been a Director of Enel since May 2005, as well as a director of RCS Quotidiani since April 2007 and of the "La Triennale" Foundation of Milan since May 2009.

- Lorenzo Codogno, 50, Director (designated on the slate presented by the Ministry of the Economy and Finance).

After studying at the University of Padua, Lorenzo Codogno completed his studies in the United States, where he earned a master's degree in Finance at Syracuse University, in Syracuse, New York (1986-87). He was formerly a deputy manager of Credito Italiano (now Unicredit), where he worked in the research department. Subsequently, from 1995 to 2006, he worked for Bank of America, first in Milan and from 1998 in London, where he held the position of managing director, senior economist and the co-head of economic analysis in Europe. In 2006 he joined the Ministry of the Economy and Finance, where he is currently Director General in the Treasury Department and head of the Economic and Financial Analysis and Planning Directorate. This Directorate is in charge of macroeconomic forecasting, cyclical and structural analysis of the Italian and international economy, and analysis of monetary and financial issues. He is also chairman of the European Union's Economic Policy Committee (a body of which he was deputy chairman from January 2008 to December 2009 and head of the Italian delegation from May 2006 to December 2009), as well as head of the Italian delegation to the OECD's Economic Policy Committee and Working Party 1 (of which he has been deputy chairman since October 2007). Within the European Union's Economic Policy Committee, he was also chairman (from November 2006 to January 2010) of the Lisbon Methodology Working Group, whose purpose is to develop methodological approaches to track, analyse and model structural reforms. In addition, he is the author of numerous scientific publications and of articles in the specialised press. Before joining the Ministry, he was economic commentator on the main international economic and financial networks. He was a director of MTS (a company that manages markets for bond trading, now part of the London Stock Exchange group) from 1999 to 2003 and is currently a member of the administrative committee of the ISAE (an economic research institute), as well as of the scientific committee of the "Fondazione Masi" and a member of the board of directors of the "Fondazione universitaria economia Tor Vergata CEIS". He has been a Director of Enel since June 2008.

- Renzo Costi, 73, Director (designated on the slate presented by institutional investors).

In the judiciary from 1964 to 1968, since 1972 he has been a university professor and the owner of a law firm with office in Bologna. Specifically, from 1972 to 1974 he held the chair of commercial law at the University of Modena's School of Economics and Business, of which he was also the dean in the same period. Since 1974 he has been a professor of commercial law at the University of Bologna Law School, where he has also taught banking law since 1981 and, more recently, financial-market law. As a member of the respective government committees, he was one of the architects of the reform of Italian banking law in 1993 and the reform of Italian financial-market law in 1998. A founder of important journals in the fields of commercial and banking law, he is also the author of numerous works on legal subjects. As a lawyer, in the last 20 years he has assisted leading companies (including listed ones) and financial institutions in significant transactions on the Italian market. From 1996 to 2008 he was on the board of directors of ENI and is currently a director of the "Il Mulino" publishing house. He has been a Director of Enel since June 2008.

- Augusto Fantozzi, 69, Director (designated on the slate presented by institutional investors).

A graduate (1963) in law from the University of Rome "La Sapienza", he is a lawyer and the owner of a law firm with offices in Rome, Milan, Bologna, and Lugano, as well as a professor of tax law at "La Sapienza" and the LUISS "Guido Carli". The Minister of Finance from January 1995 to May 1996 in Prime Minister Lamberto Dini's Cabinet – where for several months he also held the offices of Minister of the Budget and Economic Planning and Minister for the Coordination of E.U. Policies – he was subsequently the Minister of Foreign Trade in Prime Minister Romano Prodi's Cabinet (from May 1996 to October 1998). A member of the Chamber of Deputies in the thirteenth legislature (from May 1996 to May 2001), he was chairman of the Budget, Treasury, and Economic Planning Committee (from September 1999). He has been vice-president of the Finance Council, president of the Ascotributi, and a member of the Consulta of Vatican City. A former chairman of the technical committee of the International Fiscal Association, he is the author of numerous publications and has been a member of the editorial board of Italian and international law reviews. He has also been on the board of directors of numerous companies, including the Benetton Group, Lloyd Adriatico, Citinvest, and Banca Antonveneta, and currently holds the offices of receiver of Alitalia, director of Ferretti, and Chairman of the Board of Statutory Auditors of Hewlett Packard Italia. He has been a Director of Enel since May 2005.

- Alessandro Luciano, 58, Director (designated on the slate presented by the Ministry of the Economy and Finance).

After graduating from law school, he earned a master's degree in economics and finance in London. A lawyer, he began his career in 1974, consulting in currency law for leading Italian and foreign banks and pleading before the Currency Commission of the Treasury Ministry. At the same time, he was also concerned with the incorporation of companies and with loans from abroad, contributing to the conclusion of several transactions in favor of industries, insurance groups, and state-owned companies. Starting in 1984 he began extending his sphere of activity to the

telecommunications industry, where he has been involved with entrepreneurial as well as financial and technical aspects. Formerly a consultant of STET, Techint, Snam Progetti, Aquater, Comerint, and the American company DSC Communications (on behalf of which he participated in trial studies in Italy for the ISDN, MDS, Airspan, and Video-on-demand systems), he has also been vice president of two committees of the Italian Soccer Federation. From October 1998 to March 2005, he was a commissioner of the Italian Communications Authority, where he was a member of the Board and of the Infrastructure and Networks Committee. At the Authority he was concerned with, among other things, the development, competition, and interconnection of communication networks, resolving disputes between telecommunications companies and their users. In June 2005, he became the chairman of the board of directors of Centostazioni (Italian National Railways group). In November 2007, he was appointed a member of the Federal Court of Justice at the Italian Football Federation and since October 2009 has been a director of Livingston. He has been a Director of Enel since May 2005.

- Fernando Napolitano, 45, Director (designated on the slate presented by the Ministry of the Economy and Finance).

A graduate in economics and commerce (1987) of the University of Naples, he completed his studies in the United States, earning at first a master's degree in management at Brooklyn Polytechnic University and later attending the advanced management program at Harvard Business School. He began his career by working in the marketing division of Laben (Finmeccanica Group) and then that of Procter & Gamble Italia; in 1990 he joined the Italian office of Booz Allen Hamilton (now named Booz & Company Italia), a management and technology consulting firm, where he was appointed partner and vice-president in 1998. Within this office he was in charge of developing activities in the fields of telecommunications, media, and aerospace, while also gaining experience in Europe, the United States, Asia and the Middle East. He is currently chief executive officer of Booz & Company Italia and also carries out assignments with an international scope. From November 2001 to April 2006 he served on the committee for surface digital television instituted by the Communications Ministry and from July 2002 to September 2006 he was director of the Italian Centre for Aerospace Research. He has been a Director of Enel since May 2002 and held the same office at Data Service (currently B.E.E. Team) from May 2007 to October 2008.

- Gianfranco Tosi, 62, Director (designated on the slate presented by the Ministry of the Economy and Finance).

A graduate in mechanical engineering (1971) of the Polytechnic Institute of Milan, since 1972 he has held a number of positions at the same institute, becoming professor of iron metallurgy in 1982 and from 1992 also giving the course on the technology of metal materials (together with the same position at the University of Lecco). The author of more than 60 publications, he has been extensively involved in scientific activities. A member of the board of directors of several

companies and consortia, he has also held positions in associations, including the vice-presidency of the Gruppo Giovani Federlombarda (with duties as regional delegate on the Comitato Centrale Giovani Imprenditori instituted within the Confindustria) and the office of member of the executive committee of the Unione Imprenditori of the Province of Varese. From December 1993 to May 2002 he was mayor of the city of Busto Arsizio. The President of the Center for Lombard Culture, established by the Lombardy Region to defend and develop the local culture, he is also a member of the association of journalists. He has been a director of Enel since May 2002.

The Directors are aware of the duties and responsibilities connected with the office they hold and are constantly informed by the relevant corporate departments of the most important legislative and regulatory changes concerning the Company and the performance of their duties. In order to be able to perform their role even more effectively, they also participate in initiatives aimed at increasing their knowledge of the world and dynamics of the Company.
The Directors perform their duties with full knowledge of the facts and in complete autonomy, pursuing the primary objective of creating value for the shareholders within a medium-long time frame.

Pay
Shareholders' Meetings determine the fees of the members of the Board of Directors. After the Board of Statutory Auditors has expressed its opinion, the Board of Directors itself sets the additional fees for the members of the Committees with advisory and proactive duties instituted within the Board of Directors. The total pay to which the Chairman and the Chief Executive Officer are entitled is also established by the Board of Directors, following a proposal by the Compensation Committee and after the Board of Statutory Auditors has expressed its opinion.
Specifically, as regards the Board of Directors currently in office, in June 2008 an Ordinary Shareholders' Meeting confirmed euro 85,000 gross a year as the fee to which each Director is entitled, in addition to the reimbursement of the expenses necessary to perform his duties.
In June 2008, after receiving the opinion of the Board of Statutory Auditors, the Board of Directors confirmed the additional fees to be paid to the non-executive Directors for their participation on the Compensation Committee and the Internal Control Committee. For the coordinators of such Committees, the fee is euro 35,000 gross a year, while for the other members the fee is euro 30,000 gross a year. An attendance fee of euro 250 gross a session is also provided for all members of the board.
In October 2008, upon proposal by the Compensation Committee and after receiving the opinion of the Board of Statutory Auditors, the Board of Directors determined the total pay of the Chairman and the Chief Executive Officer/General Manager. This pay, whose features are described below, was established after a careful analysis carried out with the assistance of a qualified external consultant, in which the remuneration of persons in positions similar to those of the persons concerned (including international comparisons) was taken into account.

Specifically, the Chairman is entitled to fixed pay of euro 700,000 gross a year and variable pay of up to a maximum of euro 560,000 gross a year. The variable pay – whose purpose is to enhance the synergetic cooperation between the Chairman and the Chief Executive Officer/General Manager, while respecting the autonomy and safeguarding the powers of the latter – is tied to the achievement of specific and objective annual goals connected with the business plan and established by the Board of Directors upon proposal by the Compensation Committee. The total pay thus determined includes the base fee of euro 85,000 gross a year set by the Shareholders' Meeting for each Director, as well as the fee to which the Chairman is entitled if he sits on the boards of directors of Enel subsidiaries or affiliates, which therefore the person concerned must waive or transfer to Enel.

Enel has taken out several insurance policies in favor of the Chairman connected with the carrying out of his assignment (in case of death, permanent invalidity, injury, and work-related illness) and the termination of the assignment itself (in order to ensure his severance pay).

Finally, the Chairman is entitled to compensation in case of his justified resignation or his removal without a just cause, the features of which are described in the first section of this report (under "Ownership structure" – "Compensation of Directors in case of resignation, dismissal, or termination of the relationship following a takeover bid").

With regard to his capacity as Chief Executive Officer, the Chief Executive Officer/General Manager is entitled to fixed pay of euro 600,000 gross a year and variable pay of up to a maximum of euro 900,000 gross a year. The amount of his variable pay depends on the achievement of objective and specific annual goals connected with the business plan, which are established by the Board of Directors upon proposal by the Compensation Committee. The total pay thus determined includes the base fee of euro 85,000 gross a year set by the Shareholders' Meeting for each Director.

With regard to his capacity of General Manager, the Chief Executive Officer/General Manager is also entitled to fixed pay of euro 700,000 gross a year and variable pay of up to a maximum of euro 1,050,000 gross a year. In this case, too, the amount of the variable pay depends on the achievement of objective and specific annual goals connected with the business plan, which are established by the Board of Directors upon proposal by the Compensation Committee. The total pay thus determined includes the fee to which he is entitled if he sits on the boards of directors of Enel subsidiaries or affiliates, which therefore the person concerned must waive or transfer to Enel. The General Manager's relationship as an executive exists for the entire duration of his relationship as a Director and expires at the same time as the latter.

As far as the variable component of the compensation of the Company's top management (specifically, the positions of Chairman and Chief Executive Officer/General Manager, who are assigned the same objectives) is concerned, the Group objectives established for 2009, to each of which is connected a specific weight, regard the achievement of the consolidated EBITDA set by the budget, reduction of the consolidated financial debt, the level of satisfaction of the customers who accepted the offers of the subsidiary Enel Energia S.p.A., the margin of the generation area,

workplace safety, and the process of the internationalization of the Group, with particular regard to the integration of the management processes of Enel and Endesa.

In his capacity as General Manager, the Chief Executive Officer/General Manager is one of the beneficiaries of the long-term incentive plans (based on stock-options and, more recently, restricted share units) addressed to the executives of the Company and the Group.

Enel ensures the Chief Executive Officer/General Manager compensation in case of death or permanent invalidity during the carrying out of his assignment and has taken out insurance policies to ensure his severance pay.

In exchange for the payment of a consideration, the Chief Executive Officer/General Manager has undertaken to not engage – for one year as from the termination of his relationship as a Director – personally and directly, in any business activities anywhere in the European Union that could be in competition with those carried on by Enel.

Finally, it should be pointed out that the person concerned is entitled to (i) in his capacity as Chief Executive Officer, compensation in case of his justified resignation or his removal without a just cause and (ii) in his capacity as General Manager, compensation at the termination of his relationship as an executive (in consequence of the expiry of his relationship as a Director). The features of such compensation are described in the first section of this report (under “Ownership structure” – “Compensation of Directors in case of resignation, dismissal, or termination of the relationship following a takeover bid”).

Limit to the number of offices held by Directors

The Directors accept their office and maintain it in the belief that they can dedicate the necessary time to the diligent performance of their duties, taking into account both the number and the nature of the offices they hold on the boards of directors and the boards of statutory auditors of other companies of significant size and the commitment required by the other professional activities they carry on and the offices they hold in associations.

In this regard, it should be noted that in December 2006 the Board of Directors approved (and formalized in a specially provided document) a policy regarding the maximum number of offices that its members may hold on the boards of directors and the boards of statutory auditors of other companies of significant size in order to ensure that the persons concerned have sufficient time available to effectively perform the role they have on the Board of Directors of Enel.

In accordance with the recommendations of the Self-regulation Code, the aforesaid policy considers significant to this end only the offices held on the boards of directors and the boards of statutory auditors of the following kinds of companies:

a) companies with shares listed on regulated markets, including foreign ones;

b) Italian and foreign companies with shares not listed on regulated markets and doing business in the fields of insurance, banking, securities intermediation, mutual funds, or finance (as far as the last field is concerned, only with regard to finance companies subject to the prudential supervision

of the Bank of Italy and included on the special list referred to in article 107 of the Unified Banking Act);

c) other Italian and foreign companies with shares not listed on regulated markets that, even though they do business in fields other than those specified under letter b) above, have assets exceeding euro 1 billion or revenues exceeding euro 1.7 billion according to their latest approved financial statements.

In accordance with the recommendations of the Self-regulation Code, the policy formulated by the Board of Directors thus establishes differentiated limits to the number of offices (made measurable by a system of specific "weights" for each kind of office), depending on (i) the commitment connected with the role performed by each Director, both on the Board of Directors of Enel and on the boards of directors and the boards of statutory auditors of other companies of significant size, as well as (ii) the nature of the companies where the other roles are performed, excluding from the related calculation those performed in Enel's subsidiaries and affiliates.

On the basis of the information provided by the Directors of the Company to implement the aforesaid policy, as well as the inquiry carried out by the Board of Directors most recently in February 2010, it has been ascertained that each Enel Director currently holds a number of offices on the boards of directors or boards of statutory auditors of other companies of significant size that is compatible with the limit established by the aforesaid policy.

Board meetings and the role of the Chairman

In 2009, the Board of Directors held 20 meetings, which lasted an average of about 2 hours and 45 minutes. Director participation was regular and the meetings were also attended by the Board of Statutory Auditors and by a magistrate representing the Court of Accounts. As far as 2010 is concerned, 15 Board meetings have been scheduled, of which 4 have already been held.

The activities of the Board of Directors are coordinated by the Chairman, who calls its meetings, establishes their agenda, and presides over them, ensuring that – except in cases of urgency and necessity – the necessary documents and information are provided to the Board members in time for the Board to express its informed opinion on the matters under examination. He also ascertains whether the Boards resolutions are implemented, chairs Shareholders' Meetings, and – like the Chief Executive Officer – is empowered to represent the Company legally.

In short, the Chairman's role is to stimulate and supervise the functioning of the Board of Directors as part of the fiduciary powers that make him the overseer for all shareholders of the legality and transparency of the Company's activities.

In addition to the powers set forth in the law and bylaws regarding the functioning of the corporate bodies (Shareholders' Meeting and Board of Directors) as well as the legal authority to represent the Company, the Chairman is also entrusted - according to a Board resolution adopted in June 2008 - with the duties of (i) participating in the formulation of corporate strategies in agreement with the Chief Executive Officer, the powers granted the latter by the Board of Directors being understood, as well as (ii) overseeing internal auditing in agreement with the Chief Executive

Officer, with the related corporate department remaining under the latter. In this regard, however, it is provided that decisions concerning the appointment and removal of the head and top executives of the aforesaid department are to be made jointly by the Chairman and the Chief Executive Officer.

Finally, in agreement and coordination with the Chief Executive Officer, the Chairman maintains relations with institutional bodies and authorities.

Evaluation of the functioning of the Board of Directors and its Committees

During the last quarter of 2009, the Board of Directors, with the assistance of a specialized company, began (and completed in February 2010) an evaluation of the size, composition, and functioning of the Board itself and its Committees (so-called board review), in accordance with the most advanced practices of corporate governance found abroad that have been adopted by the Self-regulation Code. This board review follows similar initiatives undertaken by the Board of Directors during 2004, 2006, 2007, and 2008.

Conducted by means of a questionnaire filled out by each Director during individual interviews carried out by the consultancy firm, the analysis once again focused on the most significant issues regarding the Board of Directors, such as: (i) the structure, composition, role, and responsibilities of such body; (ii) the conduct of Board meetings, the related flows of information and the decision-making processes adopted; (iii) the composition and functioning of the Committees instituted within the Board; (iv) the strategies pursued and the performance objectives set; (v) the relations between the Board, the shareholders, and the stakeholders; and (vi) the evaluation of the appropriateness of the corporate organizational structure.

Among the strengths that emerged from the 2009 board review (whose results can be considered an improvement on the already very positive assessment of the previous board reviews), was, first of all, the atmosphere of great cohesiveness and balance existing within the Board of Directors, which fosters open and constructive discussion among the members of the Board and facilitates the adoption of decisions characterized by broad agreement. The review also showed that the flows of information on which the Board's decision-making process is based are considered by the Directors as effective and, in general, timely. Specifically valued were the ways of preparing the discussion before several important resolutions – regarding the assumption of full control of the Spanish company Endesa, the disposal of non-strategic assets, the share capital increase, and the issue of bonds – adopted by the Board of Directors in the period under consideration. The minutes of the meeting containing the resolutions adopted are deemed to be accurately and promptly drafted. The size of the Board of Directors and the expertise of its members are considered appropriate as well as the number and duration of the Board's meetings. The activities carried out by the Chief Executive Officer, as well as the way he performs his role, continue to be evaluated very positively by the other Directors, as does the consolidated cooperative relationship between the Chairman and the Chief Executive Officer. As far as the Committees instituted within the Board are concerned, it was confirmed the broad consensus on the appropriateness of their composition,

their role, and the effectiveness of the activity carried out, with a special note of appreciation for the work done by the Internal Control Committee. The Company's top management is considered competent and cohesive, with Board members noticing the increasing opportunities being given to young resources with high potential within the Company, to whom key positions are entrusted. The foregoing considerations indicate, as pointed out by the specialized consulting company, that the Board of Directors operates in an effective and transparent manner, making a broad use of the best practices regarding corporate governance.

Among the areas needing improvement noted by some Directors, we have, first of all, confirmation of the wish to have one or more non-executive members with training and experience on the international scene, among other things to strengthen the Group's multinational profile. Then there was the suggestion to dedicate more time during Board meetings to understanding the business and the areas at risk connected with internationalization of the Group. Even though some progress has been noted, there was confirmation of the need to improve the knowledge and perception that Italy has of Enel as a multinational operating in a competitive international situation. Finally, specifying the duties to assign to the meetings reserved to the independent Directors gave rise to conflicting opinions.

Continuing an initiative introduced after the first board review (conducted in 2004), the annual meeting of the strategic committee was again organized in 2009, in October, and was dedicated to the analysis and in-depth study by the members of the Board of Directors of the long-term strategies in the different business sectors of the Group. During the board review, the Board's members highlighted the increasing usefulness of such meeting as part of their training.

Non-executive Directors

The Board of Directors consists of executive and non-executive Directors.

In accordance with the recommendations of the Self-regulation Code, the following are considered executive Directors:

- the Chief Executive Officer of the Company (or of strategically significant Group companies), as well as the related Chairman who has been granted individual powers of management or who has a specific role in the formulation of the Company's strategies;
- Directors who hold executive positions in the Company (or in strategically significant Group companies) or in the controlling entity, if the position also regards the Company.

Directors who do not correspond to any of the aforesaid categories qualify as non-executive.

According to the analysis carried out by the Board of Directors in June 2008, with the exception of the Chairman and the Chief Executive Officer, the other 7 members of the Board of Directors currently in office (Giulio Ballio, Lorenzo Codogno, Renzo Costi, Augusto Fantozzi, Alessandro Luciano, Fernando Napolitano and Gianfranco Tosi) qualify as non-executive Directors.

As far as the Chairman is concerned, it should be noted that the characterization of the latter as an executive Director derives from the specific role that the current division of powers assigns him

with regard to the formulation of the Company's strategies, while the person concerned does not have any individual powers of management.

The number, expertise, authoritativeness, and availability of time of the non-executive Directors are therefore sufficient to ensure that their judgment can have a significant influence on the decisions made by the Board.

The non-executive Directors bring their specific expertise to the Board's discussions, so as to facilitate an examination of the questions under discussion from different perspectives and consequently the adoption of well-considered and well-informed decisions that correspond to the corporate interest.

Independent Directors

Basing itself on the information provided by the individual persons concerned or, in any case, at the Company's disposal, immediately after the appointment (June 2008), subsequently in February 2009, and most recently in February 2010, the Board of Directors attested that Directors Giulio Ballio, Renzo Costi, Augusto Fantozzi, Alessandro Luciano, and Gianfranco Tosi qualify as independent pursuant to the Self-regulation Code.

Specifically, Directors were considered independent if they neither have nor have recently had relations, not even indirectly, with the Company or with parties connected with the Company that could currently condition the autonomy of their judgment.

The procedure followed in this regard by the Board of Directors began with an examination of a document with information showing the offices held and the relations maintained by the non-executive Directors that could be significant for the purpose of assessing their respective independence. This phase was followed by the self-assessment carried out by each of the non-executive Directors regarding his personal position, after which came the final assessment made collectively by the Board of Directors, with the abstention, in turn, of the individual members whose position was under examination.

In evaluating the independence of the non-executive Directors, the Board of Directors took into account the cases in which, according to the Self-regulation Code, the requisites of independence should be considered lacking and, in this regard, applied the principle of the prevalence of substance over form recommended by the aforesaid Code. Furthermore, when the evaluation was performed in February 2010, the Board of Directors established specific quantitative parameters applicable to the commercial, financial, or professional relations that may take place, directly or indirectly, between Directors and the Company. Unless there are specific circumstances, to be evaluated concretely, exceeding such parameters (specified in the attached Table 1, together with the cases in which, according to the Self-regulation Code, the requisites of independence must be considered lacking) should, in principle, preclude the possession by the non-executive director in question of the requisites of independence provided for by the aforesaid Code.

When it carried out its reviews in June 2008, February 2009, and, most recently, February 2010, the Board of Directors ascertained that the foregoing five non-executive Directors – i.e. Giulio

Ballio, Renzo Costi, Augusto Fantozzi, Alessandro Luciano and Gianfranco Tosi – also possessed the requisite of independence provided by law (namely by the Unified Financial Act) for the statutory auditors of listed companies (such requisites are also clearly specified in the attached Table 1.)

During February 2009 and, most recently, February 2010, the Board of Statutory Auditors established that, in carrying out the aforesaid evaluations of the independence of its non-executive members, the Board of Directors correctly applied the criteria recommended by the Self-regulation Code, following to that end a transparent assessment procedure that enabled the Board to learn about relations that were potentially significant for the purpose of the evaluation of independence.

The independent Directors have met, without the presence of the other Directors, in December 2009. On that occasion, they emphasized that their meetings must not affect the unity of the proceedings of the Board of Directors, while at the same noting the usefulness of a prior circulation among themselves of any thoughts they may have about the management of the Company.

In December 2006, the Board of Directors also ascertained the absence of the conditions that, according to the Self-regulation Code, require the institution of a lead independent director, in consideration of the fact that at Enel the Chairman of the Board of Directors is not the Chief Executive Officer, nor owns a controlling interest in the Company.

Although independence of judgment characterizes the activity of all the Directors, whether executive or not, an adequate presence (in terms of both number and expertise) of Directors who qualify as independent, according to the aforesaid definition, and have significant roles on both the Board of Directors and its Committees is considered a suitable means of ensuring that the interests of all the shareholders are appropriately balanced.

Committees

In order to ensure that it performs its duties effectively, as early as January 2000 the Board of Directors set up as part of itself a Compensation Committee and an Internal Control Committee, assigning them both advisory and proactive duties and entrusting them with issues that are sensitive and sources of possible conflicts of interest.

Each Committee consists of at least 3 non-executive Directors, the majority of whom are independent, and are appointed by the Board of Directors, which names one of them as coordinator and also establishes the duties of the Committee by a special resolution.

In December 2006, the Board of Directors approved special organizational regulations that govern the composition, tasks, and working procedures of each Committee.

In carrying out their duties, the Committees in question are empowered to access the information and corporate departments necessary to perform their respective tasks and may avail themselves of outside consultants at the Company's expense within the limits of the budget approved by the Board of Directors.

Each Committee appoints a secretary, who need not be one of its members, to whom the task of drawing up the minutes of the meetings is entrusted.

The meetings of each Committee may be attended by the members of the other Committee, as well as by other members of the Board of Directors or other persons whose presence may help the Committee to perform its duties better and who have been expressly invited by the related coordinator.

The meetings of the Internal Control Committee are also attended by the Chairman of the Board of Statutory Auditors or another regular Statutory Auditor designated by him (in consideration of the specific duties regarding the supervision of the internal control system with which the aforesaid Board is entrusted by the laws in force concerning listed companies) and, as from December 2006, the Chairman of the Board of Directors (in his capacity as an executive Director entrusted with supervising the functioning of the internal control system). The head of internal control may also attend the aforesaid meetings.

Compensation Committee

The compensation of the Directors is established in an amount that is sufficient to attract, retain, and motivate Directors endowed with the professional qualities required for successfully managing the Company.

In this regard, the Compensation Committee must ensure that a significant portion of the compensation of the executive Directors and executives with strategic responsibilities is tied to the economic results achieved by the Company and the Group, as well as the attainment of specific objectives established beforehand by the Board of Directors, or – with regard to the aforesaid executives – by the Chief Executive Officer, in order to align the interests of the persons concerned with the pursuit of the primary objective of creating value for the shareholders in a medium-to-long time frame.

The compensation of non-executive Directors is commensurate with the commitment required of each of them, taking into account their participation on the Committees. It should be noted in this regard that, in line with the recommendations of the Self-regulation Code, this compensation is in no way tied to the economic results achieved by the Company and the Group and that the non-executive Directors are not beneficiaries of stock-based incentive plans.

Specifically, then, the Compensation Committee is entrusted with the following tasks, which are both advisory and proactive (as last confirmed by the Board of Directors in June 2008 to implement the recommendations of the Self-regulation Code):

- to present proposals to the Board of Directors for the compensation of the Chief Executive Officer and the other Directors who hold particular offices, monitoring the implementation of the resolutions adopted by the Board. It should be noted in this regard that the Directors in question are not allowed to attend the meetings of the Committee during which the latter formulates the proposals regarding the related compensation to present to the Board of Directors;
- to periodically review the criteria adopted for the compensation of executives with strategic responsibilities, monitor their application on the basis of the information provided by the Chief

Executive Officer, and formulate general recommendations for the Board of Directors in this regard.

As part of its duties, the Compensation Committee also plays a central role in elaborating and monitoring the performance of the incentive systems, including the stock based plans, addressed to executives and conceived as instruments aimed at attracting and motivating resources with appropriate ability and experience and developing their sense of belonging and ensuring their constant, enduring effort to create value. The 2009 long-term incentive plan devised by the Compensation Committee and approved by the Board of Directors also included among its beneficiaries the Company's Chief Executive Officer in his capacity as General Manager.

In addition to those recommended by the Self-regulation Code, the Compensation Committee also performs the task of assisting the Chief Executive Officer and the relevant corporate departments in developing the potential of the Company's managerial resources, recruiting talented people, and promoting related initiatives with universities.

During 2009, the Compensation Committee consisted of Directors Augusto Fantozzi (acting as coordinator), Giulio Ballio, and Fernando Napolitano.

Also during 2009, the Committee held 9 meetings, which its members attended regularly and which lasted an average of 1 hour and 45 minutes, and called on external consultants at the Company's expense.

During 2009, the Compensation Committee – in addition to elaborating the long-term incentive plan for that year and carrying out a review of the performance of the existing stock based plans – worked on defining the applicative aspects of the variable component of the compensation of the Chairman and the Chief Executive Officer, in particular setting the annual economic and managerial objectives to assign them, as well as verifying the attainment of the objectives of the previous year. The Committee also reviewed the compensation policies and the management methods of executives in place in the Company and the Group, carrying out in this regard the annual benchmark comparison with the compensation paid by companies comparable to Enel. Finally, the Committee examined the content of the E.U.'s recommendations of 2004 and 2009 with regard to the compensation of the directors and the top management of listed companies, as well as the related possible procedures for their implementation in Italy.

Internal Control Committee

The Internal Control Committee has the task of assisting the Board of Directors in the latter's evaluations and decisions regarding the internal control system, the approval of the financial statements and the half-year report, and the relations between the Company and the external auditor by preliminarily gathering the relevant facts.

Specifically, the Internal Control Committee is entrusted with the following tasks, which are both advisory and proactive (as last confirmed by the Board of Directors, in June 2008, to implement the recommendations of the Self-regulation Code, and further implemented in February 2010):

- to assist the Board of Directors in performing the tasks regarding internal control entrusted to the latter by the Self-regulation Code;
- to evaluate, together with the executive in charge of preparing the corporate accounting documents and the external auditors, the proper use of accounting principles and their uniformity for the purpose of drawing up the consolidated financial statements;
- to express opinions, at the request of the executive Director who is assigned the task, on specific aspects regarding the identification of the Company's and the Group's main risks, as well as the planning, implementation, and management of the internal control system;
- to examine the work plan prepared by the head of internal auditing, as well as the latter's periodical reports;
- to assess – for the parts of its pertinence – the proposals made by auditing firms to obtain the related assignment, as well as the work plan prepared for the external audit and the results expounded in the report and, if there is one, the letter of suggestions;
- to oversee the effectiveness of the external audit process;
- to perform the additional tasks assigned it by the Board of Directors, with particular regard to the evaluation:
  - of the checks aimed at ensuring the transparency and fairness of transactions with related parties;

  -of the appropriateness of the diligence dedicated to the issues of corporate social responsibility, as of the completeness and transparency of the information provided in this regard through the Sustainability Report, the latter task having been assigned to the Committee in February 2010;
- to report to the Board of Directors at least once every six months – when the financial statements and the half-year report are approved – on the work performed and the adequacy of the internal control system.

During 2009, the Internal Control Committee consisted of Directors Gianfranco Tosi (acting as coordinator), Lorenzo Codogno (to whom the Board of Directors acknowledged the requisite of appropriate experience in accounting and finance), Renzo Costi, and Alessandro Luciano.

Also during 2009, the Internal Control Committee held 13 meetings, which were characterized by the regular attendance of its members (as well as of the Chairman of the Board of Statutory Auditors), the frequent presence of the Chairman of the Board of Directors (in his capacity as the executive Director entrusted with overseeing the functioning of the internal control system), and an average duration of 1 hour and 30 minutes.

During 2009, the activity of the Internal Control Committee focused first of all, as usual, on the evaluation of (i) the work plan prepared by the head of internal auditing as well as (ii) the results of the audits performed during the preceding year and (iii) the content of the letter of suggestions prepared by the external auditor regarding the accounting period in question. During the period concerned, the Committee also approved the content of a special procedure intended to regulate the appointments of the auditing firms that do business with the Group – expressing in this regard

a favorable opinion, within the limits of its authority, of the assigning of several specific additional tasks to the Group's main external auditor) and examined the effects of new legislative developments and the new international accounting standards on the Enel Group's consolidated financial statements. In 2009, the Committee also supervised the preparation of the sustainability report and of the revised version of the Code of Ethics, monitored the observance of the compliance program adopted pursuant to legislative decree n. 231 of June 8, 2001 (also seeing to the updating of the aforesaid program), examined several transactions with related parties (after receiving extensive information about the content of the second consultation document on this subject published by the Consob, and approving the observations formulated and formalized by the corporate offices concerned), and – within the limits of its authority – made a positive assessment of the appropriateness, effectiveness, and actual functioning of the internal control system during the preceding accounting period.

Finally, the Committee monitored the permanent compliance within the Group with the laws and regulations on accounting transparency, the appropriateness of the organizational structure and of the internal control systems of the subsidiaries set up under and governed by the laws of non-EU countries.

Board of Statutory Auditors

According to the provisions of the law and the Company's bylaws, the Board of Statutory Auditors consists of three regular Auditors and two alternates, who are appointed by an Ordinary Shareholders' Meeting for a period of three accounting periods and may be re-appointed when their term expires.

In order to ensure that the Board of Statutory Auditors can effectively perform its duties and in accordance with the recommendations of the Self-regulation Code, in December 2006, the Board of Directors, within the limits of its authority, expressly granted the Board of Statutory Auditors:

- the power to oversee the independence of the external auditor, monitoring both compliance with the relevant regulatory provisions and the nature and extent of the services other than auditing that the external auditor and the firms belonging to the latter's network performed for the Company and the Group;
- the power – which may also be exercised individually by the Statutory Auditors – to request the Company's Internal Auditing Department to perform checks on specific corporate operating areas or transactions;
- the power to promptly exchange information relevant for performing their respective duties with the Internal Control Committee.

According to the legislation in force, the members of the Board of Statutory Auditors must possess the requisites of honorableness provided for the company representatives of financial intermediaries, in addition to those established for the statutory auditors of listed companies. They must also possess the requisites of professional competence required by the law of statutory auditors of listed companies, as supplemented by special provisions of the bylaws. Finally, they

must possess the requisites of independence specified by the law for statutory auditors of listed companies.

In accordance with the provisions of the Unified Financial Act, the limit to the number of offices on the boards of directors and the boards of statutory auditors that the members of Enel's Board of Statutory Auditors may hold in Italian corporations were established by the CONSOB.

As in its provisions for the Board of Directors – and in compliance with the regulations regarding privatizations and with the Unified Financial Act – the bylaws provide that the appointment of the entire Board of Statutory Auditors take place according to the "slate vote" mechanism, which aims to ensure the presence on the Board of a regular Auditor (who is entitled to the office of Chairman) and an alternate Auditor (who will take over the office of Chairman if the incumbent leaves it before the end of his term) designated by minority shareholders.

This electoral system provides that shareholders who, alone or together with other shareholders, represent at least 1% of the share capital may present slates, on which candidates must be listed in numerical order. The slates must be filed at the Company's registered office and published in daily newspapers with a nationwide circulation at least 10 days before the date of the Shareholders' Meeting. It should be noted in this regard that, for the last election of the Board of Statutory Auditors, which took place in May 2007, shareholders were requested to file their slates at least 15 days before the date of the Shareholders' Meeting, in compliance with the recommendations of the Self-regulation Code and according to a specific note contained in the notice of the Meeting.

It should be noted that the deadlines and the quorum required for presenting, as well as the procedures for filing and publishing, slates for the election of the Board of Statutory Auditors will undergo significant changes following Italy's recent implementation of Directive 2007/36/EC – regarding the exercise of several rights of shareholders of listed companies – through Legislative Decree n. 27 of January 27, 2010, whose important changes in this regard will apply to shareholders' meetings of which the notice is published after October 31, 2010.

In order to ensure a transparent procedure for the appointment of the Board of Statutory Auditors, exhaustive information about the personal and professional characteristics of the candidates must be filed at the Company's registered office together with the slates, as well as promptly published on the Company's and Borsa Italiana's websites.

For the appointment of Statutory Auditors who, for whatever reason are not elected according to the "slate-vote" system, a Shareholders' Meeting resolves in accordance with the majorities required by the law and without following the aforesaid procedure, but in any case in such a way as to ensure observance of the principle regarding the representation of the minority shareholders on the Board of Statutory Auditors.

In any case, the Statutory Auditors act autonomously and independently, including with regard to the shareholders who elected them.

Having been elected by the ordinary Shareholders' Meeting of May 25, 2007, the incumbent Board of Statutory Auditors has a term that will expire when the 2009 financial statements are approved.

As a result of the appointments made at the aforesaid Shareholders' Meeting, the Board of Statutory Auditors thus currently consists of the following regular members, for whom brief professional profiles are provided below, together with the specification of the slates on which they were nominated. The latter were presented by the Ministry of the Economy and Finance (which at the time owned 21.12% of the Company's share capital) and by a group of 15 institutional investors (which at the time owned a total of 1.02% of the Company's share capital).

- Franco Fontana, 66, Chairman (designated on the slate presented by institutional investors).

A certified public accountant and a professor of economics and business management, since 1973 he has taught at a number of Italian universities and since 1995 has served as the Dean of the School of Economics at the Guido Carli LUISS University. Since 2004 he has been Director of the Business School of the aforesaid University. He has also served as a member of several technical committees for the reorganization of the Civil Service (Ministry of the Postal Service and Telecommunications, Ministry of Finance, Ministry of Industry, and Ministry of Health). From 1994 to 1997 he was chairman of the Cassa di Risparmio of the Province of L'Aquila, from 2002 to 2006 chairman of Crea Impresa (BNL group), from 2001 to 2004 chairman of the board of statutory auditors of COFIRI, and from 2002 to 2005 chairman of the board of statutory auditors of Gallo&C. (Meliorbanca). He is currently chairman of the board of statutory auditors of Thales Alenia Space Italia, Agip Rete, Polimery Europa, Eni Servizi, and Messina Fuels and a member of the board of statutory auditors of Exxon Mobil Mediterranea, Essocard, ST Microelectronics Srl, and Sofid, as well as chairman of the board of directors of ISVIM. A statutory auditor of Enel since 2001, he has been Chairman of the Company's Board of Statutory Auditors since 2007. He is also the author of numerous publications regarding business management and organization.

- Carlo Conte, 62, regular Auditor (designated on the slate presented by the Ministry of the Economy and Finance).

After graduating with a degree in Economics and Commerce from "La Sapienza" University in Rome, he remained active in the academic world, teaching at the University of Chieti (1988-1989) and the Guido Carli LUISS in Rome (1989-1995). He currently teaches public accounting at the latter's School of Management, the Civil Service School, and the Economy and Finance School, as well as administration and governmental accounting at Bocconi University in Milan. A certified public accountant, he is also the author of a number of publications. In 1967 he started his career in the Civil Service at the Government Accounting Office, becoming a General Manager in 2002. He currently represents the Office on a number of commissions and committees and in various research and work groups, as well as representing Italy on several committees of the OECD. A Statutory Auditor of Enel since 2004, he has also performed and still performs the same duties in a number of other bodies, institutions, and companies.

- Gennaro Mariconda, 67, regular Auditor (designated on the slate presented by the Ministry of the Economy and Finance).

He has been a notary public since 1970 and a notary public in Rome since 1977. From 1995 to 2001 he was a member of the National Council of Notaries, of which he was President from 1998 to 2001. As part of his activity as a notary, he has taken part in the most important reorganizations, transformations, and mergers of banks and other Italian companies, such as Banca di Roma, Medio Credito Centrale, Capitalia, IMI-San Paolo, Beni Stabili, and Autostrade. Since 1966 he has taught at a number of Italian universities and is currently a professor of private law at the University of Cassino's School of Economics and Commerce. He has served as a director of RCS Editori and Beni Stabili, as well as a trustee of the Istituto Regionale di Studi Giuridici Arturo Carlo Jemolo. He is currently a member of the editorial board of the journals "Notariato" and "Rivista dell'esecuzione forzata". A Statutory Auditor of Enel since 2007, he is the author of numerous technical legal studies – mainly on civil and commercial law – and he has also published articles, interviews, and essays in the most important Italian newspapers and magazines.

Shareholders' Meetings determine the fee of the regular members of the Board of Statutory Auditors. Specifically, in May 2007 an Ordinary Shareholders' Meeting set the fee to which the Chairman of the Board of Statutory Auditors is entitled at euro 75,000 gross a year and the fee to which each of the other regular Statutory Auditors is entitled at euro 65,000 gross a year, in addition to the reimbursement of the expenses necessary for them to perform their duties.

During 2009, the Board of Statutory Auditors held 17 meetings, lasting an average of about 1 hour and 30 minutes, which were regularly attended by the regular Auditors and the magistrate representing the Court of Accounts.

During February 2010, the Board of Statutory Auditors established that the Chairman, Franco Fontana, and the regular Auditor Gennaro Mariconda possess the requisites of independence provided for by the Self-regulation Code with regard to directors. As far as the regular Auditor Carlo Conte is concerned, the Board of Statutory Auditors established that, even though he does not possess the aforesaid requisites of independence (because he is a General Manager at the Ministry of the Economy and Finance, the reference shareholder of the Company), he does possess the characteristics of independence provided for by the Unified Financial Act (and the related implementation regulations) with regard to statutory auditors of listed companies.

At the end of June 2009, pursuant to the above-mentioned CONSOB's rules on the limits to the number of offices on the boards of directors and the boards of statutory auditors that the members of Board of Statutory Auditors may hold in Italian corporations (which set a maximum limit of six points to the offices that may be hold by a Statutory Auditor), the regular Statutory Auditors have communicated to the Authority the following number of offices held as well as the points thereof:

- Franco Fontana: 13 offices amounting to 4.5 points;
- Carlo Conte: 11 offices amounting to 2.15 points;
- Gennaro Mariconda: 1 office amounting to 1.0 point;

Auditing firm

The external audit of Enel's financial statements and the Group's consolidated financial statements is entrusted to KPMG S.p.A.

The assignment was awarded to this firm first for the three-year period 2002-2004 (by the Shareholders' Meeting on May 24, 2002), then for the three-year period 2005-2007 (by the Shareholders' Meeting on May 26, 2005), and, finally, was extended for the three-year period 2008-2010 (by the Shareholders' Meeting on May 25, 2007). The extension was granted to make the total duration of the external audit assignment awarded to KPMG S.p.A. correspond to the new nine-year limit set by the Unified Financial Act (according to the amendments introduced at the end of 2006).

During 2009, a special procedure was formalized for regulating the appointments of auditing firms that do business with the Group. According to this procedure, the Internal Control Committee and the Board of Statutory Auditors are to express a binding opinion on the assignment of each additional task – thus ones other than the main task of auditing and for which no incompatibility is provided for by the law – to the Group's main external auditor or to parties belonging to its related network. The assignment of such additional tasks is allowed only in determined circumstances of demonstrated necessity, from the legal or economic point of view or in terms of service quality.

Oversight of the Court of Accounts

The Court of Accounts oversees the financial management of Enel, availing itself for this purpose of an appointed magistrate. This role was performed for all of 2009 by Michael Sciascia (who was appointed in accordance with a resolution of the Presidential Council of the Court of Accounts at its meeting on December 19-20, 2007).

In January 2009, the Board of Directors resolved to pay the magistrate appointed by the Court of Accounts an attendance allowance of euro 1,000 for each Board meeting attended.

The magistrate appointed by the Court of Accounts attends the meetings of the Board of Directors and the Board of Statutory Auditors. The Court of Accounts presents an annual report on the results of the oversight performed to the office of the President of the Senate and the office of the President of the House of Deputies.

Executive in charge of preparing the corporate accounting documents

In compliance with the provisions of the Unified Financial Act and of the Company's bylaws, in June 2006 the Board of Directors, after receiving the opinion of the Board of Statutory Auditors, appointed the head of the Company's Accounting, Planning, and Control Department (renamed "Accounting, Finance, and Control" in June 2009), in the person of Luigi Ferraris, to the position of executive in charge of preparing the corporate accounting documents. As ascertained by the Board of Directors in June 2007, such executive possesses the professional qualifications introduced in the Company's bylaws on May 2007 in compliance with the Unified Financial Act.

The duty of this executive is to establish appropriate administrative and accounting procedures for the preparation of the financial statements of the Parent Company and the consolidated financial statements, as well as all other financial documents.

The Board of Directors ensures that this executive has adequate powers and means, as well as seeing that the administrative and accounting procedures that he establishes are actually observed.

The executive in question issues a declaration that accompanies the corporate documents and communications released to the market regarding financial information, including interim information, and certifies that such information corresponds to what is recorded in the Company's documents, account books, and book entries.

Together with the Chief Executive Officer, the aforesaid executive also certifies in a specially provided report regarding the financial statements of the Parent Company, the consolidated financial statements, and the half-year financial report: (i) the adequacy and actual application of the aforesaid administrative and accounting procedures during the period to which such accounting documents refer; (ii) the conformance of the content of these documents to the international accounting standards applicable within the European Union; (iii) the correspondence of the aforesaid documents to the accounting records and their suitability for providing a true and fair view of the Company's and the Group's balance sheet, income statements, and cash flows; (iv) that the report on operations accompanying the financial statements of the Parent Company and the consolidated financial statements contains a reliable analysis of the performance and results of the year, as well as of the situation of the Company and the Group and the main risks and uncertainties to which they are exposed; (v) that the report on operations included in the half-year financial report contains a reliable analysis of the most important events that occurred during the first six months of the period, together with a description of the main risks and uncertainties in the remaining six months of the period and information on the significant transactions with related parties.

The content of the certification that the executive in question and the Chief Executive Officer must issue in accordance with the foregoing is regulated by the CONSOB with a specially provided set of rules.

Internal control system

With regard to internal control, several years ago the Group adopted a special system aimed at (i) checking the appropriateness of Group procedures in terms of effectiveness, efficiency, and costs, (ii) ensuring the reliability and correctness of accounting records, as well as the safeguard of Company and Group assets, and (iii) ensuring that operations comply with internal and external regulations, as well as with the corporate directives and guidelines for sound and efficient management.

The Group's internal control system is divided into two distinct areas of activity:

- line auditing, which consists of all the auditing activities that the individual operating units or Group companies carry out on their own processes. Such auditing activities are primarily the responsibility of operating executives and are considered an integral part of every corporate process;
- internal auditing, which is entrusted to the Company's Audit Department and is aimed essentially at the identification and containment of corporate risk of any kind. This objective is pursued through the monitoring of line auditing, in terms of both the appropriateness of the audits themselves and the results actually achieved by their application. This activity under consideration is therefore applied to all the corporate processes of the Company and of the Group companies. The personnel in charge of said activity is responsible for indicating both the corrective actions deemed necessary and for carrying out follow-up actions aimed at checking the results of the measures suggested.

The responsibility for adopting an adequate internal control system consistent with the reference models and existing national and international best practice is entrusted to the Board of Directors, which to this end and availing itself of the Internal Control Committee:

- establishes the guidelines of such system, so that the main risks regarding the Company and its subsidiaries are correctly identified, as well as properly measured, managed, and monitored, and then ensures the compatibility of such risks with sound and correct corporate management. It should be observed in this regard that in December 2006, the Board of Directors took note of the identification of the main risks regarding the Group and the establishment of specially provided criteria for measuring, managing, and monitoring the aforesaid risks – in accordance with the content of a special document drawn up by the Company's Audit Department – and agreed on the compatibility of the aforesaid risks with sound and correct corporate management. In February 2008, the Board of Directors examined an updated Group risk assessment prepared by the Company's Audit Department;
- appoints one or more executive Directors to supervise the functioning of the internal control system. In this regard, it should be noted that in December 2006 the Board of Directors entrusted this role to both the Chief Executive Officer and the Chairman, assigning the latter the task of regularly participating in the meetings of the Internal Control Committee;
- evaluates the appropriateness, efficiency, and actual functioning of the internal control system at least once a year. It should be noted that in March 2009 and, most recently, February 2010, the Board of Directors expressed a positive evaluation in this respect;
- appoints, and removes, one or more persons to be in charge of the internal control system, establishing the related compensation in line with the relevant corporate policies. In this regard, in January 2008, the Board of Directors, having taken note that there was a new head of the Company's Audit Department (in the person of Francesca Di Carlo), confirmed the latter as the person in charge of the internal control system and confirmed her compensation as the same as she was already receiving.

The executive Directors assigned to supervise the functioning of the internal control system in turn:

- oversee the identification of the main corporate risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and then submit them periodically to the Board of Directors for examination;
- carry out the guidelines established by the Board of Directors, seeing to the planning, implementation, and management of the internal control system and constantly monitoring its overall adequacy, effectiveness, and efficiency. They also supervise the adaptation of this system to the dynamics of operating conditions and the legislative and regulatory framework;
- make proposals to the Board of Directors regarding the appointment, removal, and compensation of one or more persons to be in charge of the internal control system.

The person in charge of the internal control system:

- is entrusted with ensuring that the internal control system is always adequate, fully operative and functioning;
- is not the head of any operating area and is not hierarchically dependent on any head of an operating area;
- has direct access to all the information that is useful for the performance of his or her duties;
- has adequate means at his or her disposal for performing the assigned tasks;
- reports on his or her activities to the executive Directors assigned to supervise the functioning of the internal control system, the Internal Control Committee, and the Board of Statutory Auditors. Specifically, he or she reports on the procedures through which risk management is conducted, as well as on the observance of the plans devised to limit them, and expresses his or her evaluation of the suitability of the internal control system for achieving an acceptable level of overall risk.

In line with the most advanced corporate governance practices, in June 2009 the Company created a specific “Group Risk Management” Department, whose mission is to ensure the effective implementation at the Group level of the process of managing all financial, operating, strategic, and business risks with a significant impact, as well as the main risks that, for whatever reason, can affect the Company’s and the Group’s balance sheet, income statement, and cash-flow statement. Among the most important tasks entrusted to this new corporate department are the following: (i) to define and oversee the guidelines, procedures, instruments, and methods for assessing the aforesaid risks with a significant impact; (ii) to manage, with regard to the aforesaid risks with a significant impact, the process of mapping Group risks and analyzing and assessing their effects, cooperating with the Audit Department for the purpose of sharing the results of their respective risk assessment activities; (iii) to consolidate risks at the Group level and develop intra-Group netting and hedging actions; (iv) define the guidelines for risk management and submit them to the Chief Executive Officer, identifying the related mitigation actions and ensuring that the latter are properly implemented; (v) to transfer to the risk owners the management models, the instruments that can be used for hedging, and the optimal levels of exposure, monitoring their observance with regard to short-, medium-, and long-term plan objectives; (vi) to define and propose to the Chief Executive Officer the optimal architecture of the controls dedicated to risk management; (vii) to prepare

appropriate integrated and detailed reports on the Company's significant risks, the control processes implemented, and the hedging actions carried out; (viii) to ensure insurance coverage for the entire Group; and (ix) to implement and manage the Group enterprise risk management model.

The system of risk management and internal control of financial information

As part of the internal control system, the Group has had for several years a special system of risk management and internal control regarding the process of financial information (in the present section, for the sake of brevity, referred to as the "System").

Overall, this System is defined as the set of activities intended to identify and asses the actions or events whose materialization or absence could compromise, partially or entirely, the achievement of the objectives of the control system ("Risk Management System"), supplemented by the subsequent activities of identifying the controls and defining the procedures that ensure the achievement of the objectives of the credibility, accuracy, reliability, and timeliness of financial information ("Internal Control System").

The executive in charge of preparing the corporate accounting documents supervised the development and implementation of a specific model for assessing the System and adopted a special procedural body – of which all the personnel concerned has been informed – which records the methods adopted and the responsibilities of the aforesaid personnel as part of the activities of defining, maintaining, and monitoring the System in question. Specifically, the executive in charge issued a procedure that regulates the reference model of the control system and a procedure describing the process of assessing the internal system for controlling financial information, which defines roles and responsibilities within the Company's organization, providing for a specific flow of internal certifications.

The controls instituted have been monitored to check both their "design" (that is, if it is operative, that the control is structured to mitigate the identified risk in an acceptable way) and their actual "effectiveness".

The management responsible for the activities/controls and the Company's Audit Department are entrusted with responsibilities regarding the periodic testing of the System.

In line with Section 404 of the Sarbanes-Oxley Act (which was fully applicable to the Company and the Group until the completion of the procedure of deregistration in March 2008, as explained in detail in the first section of the document under "Structure of the share capital"), the assessment of the controls on financial information was based on the criteria established in the model "Internal Controls – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (the so-called "COSO Report"), supplemented with regard to the IT aspects by the model "Control Objectives for Information and related Technology" (the so-called "COBIT").

The process of assessment of the System, defined in Enel as Management Assessment Process (and in the rest of the present section referred to, for the sake of brevity, as "MAP"), which is

progressively extended to newly acquired subsidiaries of a material significance, is divided into the following macro-phases:

- definition of the perimeter and identification of the risks;
- assessment of the design and effectiveness of the controls (the so-called “line” monitoring) ;
- “independent” monitoring, entrusted to the Company’s internal Audit function;
- reporting, internal certifications, consolidation, and summary of the assessments;
- certification of the Chief Executive Officer and of the executive in charge of preparing the corporate accounting documents regarding the financial statements of Enel S.p.A., the consolidated financial statements, and the half-year financial report.

The perimeter of the Group companies to include in the assessment is determined with regard to the specific level of risk, in both quantitative terms (for the level of materiality of the potential impact on the consolidated financial statements) and qualitative terms (taking into account the specific risks connected with the business or the process).

For the definition of the System, first of all a Group–level risk assessment was carried out in order to identify and evaluate the actions or events whose materialization or absence could compromise the achievement of the control objectives (for example, claims in the financial statements and other control objectives connected with financial information). The risk assessment was also conducted with regard to the risks of fraud.

Risks are identified at both the entity level and the process level. In the former, the risks identified are considered in any case to have a significant impact on financial information, regardless of the probability that it will occur. Process-level risks, on the other hand, are assessed in terms of potential impact and the probability of occurrence, on the basis of both qualitative and quantitative elements.

Following the identification and assessment of the risks, specific controls were established that are aimed at reducing to an acceptable level the risk connected with the failure to achieve the objectives of the System, at both the entity and the process level.

Within the scope of the companies identified as significant, the processes at greatest risk were then defined and assessed and, within such processes, the aforesaid activities/phases were carried out following the top-down risk-based approach. In accordance with this approach, the Company then identified and assessed the risks with the greatest impact and the related controls, both general and specific, aimed at reducing the possibility of the aforesaid risks occurring to an acceptable level.

In order to assess the appropriateness of the System, provision has been made for, every six months, a specific phase of the MAP, which consists in the monitoring by the process managers (that is, the individuals in charge of the activities/control) aimed at testing the design and effectiveness of each of the controls identified.

For each corporate process assessed, an appropriate documentation is kept for the purpose of describing roles and responsibilities and the flow of data and information, as well as the key points of control (administrative and accounting procedures).

The Company's Audit Department is entrusted with the task of performing an "independent" assessment of the effectiveness of the MAP.

The results of the assessments performed by both the line management and the Audit Department of the Company are communicated to the executive in charge of preparing the corporate accounting documents through specific periodic flows of summarized information, which classify any deficiencies in the effectiveness and/or design of the controls – for the purposes of their potential impact on financial information – into simple deficiencies, significant weaknesses, or material deficiencies.

In the event the assessments carried out reveal deficiencies, the aforesaid information flows also report the corrective actions that have been or will be undertaken to allow the objectives of the credibility, accuracy, reliability, and timeliness of financial information to be achieved.

These flows are also used for the periodic information about the adequacy of the System, provided by the executive in charge with regard to the Board of Statutory Auditors, the Internal Control Committee, and the external auditor.

On the basis of the aforesaid reports, and taking into account the certification issued by the heads of each corporate unit concerned by the MAP, the executive in charge, together with the Chief Executive Officer, in turn issues special certification regarding the adequacy and actual application of the administrative and accounting procedures established for the preparation of the financial statements of Enel S.p.A., the consolidated financial statements, or the half-year report, according to the document concerned each time.

Non-EU foreign subsidiaries

During 2009, the Internal Control Committee checked that the Group was consistently complying with the regulations, established by CONSOB as part of its Market Rules, regarding accounting transparency, as well as the adequacy of the organizational structure, and the internal control systems of subsidiaries set up and regulated under the law of non-EU countries (hereinafter, for the sake of brevity, referred to as "non-EU foreign subsidiaries").

In particular, the following should be noted in this regard:

- according to the data contained in the financial statements as of December, 31 2008 and in application of the parameter concerning material significance for consolidation purposes introduced in the Market Rules with effect from July 1, 2008, eleven non-EU foreign subsidiaries were identified within the Enel Group to which the regulations apply for 2009. Specifically, these are: 1) Ampla Energia e Servicos SA (a Brazilian company); 2) Chilectra S.A. (a Chilean company); 3) Compania Distribuidora y Comercializadora de Energia S.A. (a Colombian company); 4) Companhia Energetica do Ceará S.A. (a Brazilian company); 5) Edegel S.A. (a Peruvian company); 6) Emgesa S.A. ESP (a Colombian company); 7) Empresa Nacional de Electricidad – Endesa Chile S.A. (a Chilean company); 8) Endesa Brasil S.A. (a Brazilian company); 9) Endesa Capital Finance L.L.C. (a U.S. company); 10) Enersis S.A. (a Chilean company); and 11) Enel OGK-5 OJSC (a Russian company);

- the Balance Sheet and Income Statement for 2009 of all the above companies, as included in the reporting package used for the preparation of the Enel Group's Consolidated Financial Statements for 2009, will be made available to the public by Enel by the day after the Annual General Meeting approves the 2009 financial statements of Enel S.p.A. (according to the procedures described in CONSOB's Issuer Regulations);
- the bylaws and the composition and powers of the corporate bodies of the above companies were obtained by Enel and are available to the CONSOB, in updated form, where the latter should so request for supervisory purposes;
- Enel has ensured that all the above companies: (i) provide the external auditor of the Parent Company with the information necessary to perform the annual and interim audits of Enel; (ii) use an administrative and accounting system appropriate for regular reporting to the management and the external auditor of the Parent Company of the Income Statement, Balance Sheet and financial data necessary for the preparation of the Group's Consolidated Financial Statements.

Transactions with related parties

In December 2006, the Board of Directors – implementing the provisions of the Italian Civil Code (which, until then, the CONSOB had not specifically adopted), as well as the recommendations of the Self-regulation Code – adopted regulations that establish the procedures for approving and carrying out transactions undertaken by the Company or its subsidiaries with related parties, in order to ensure the transparency and correctness, both substantial and procedural, of the aforesaid transactions. Implementing the provisions of the Civil Code, in March 2010 the CONSOB established general principles regarding transactions with related parties, according to which the Board of Directors plans to adapt the aforesaid regulations during 2010.

According to these regulations, the Internal Control Committee is entrusted with the prior examination of the various kinds of transactions with related parties, with the exception of those that present a low level of risk for the Company and the Group (the latter including the transactions carried out between companies entirely owned by Enel, as well as those that are typical or usual, those that are regulated according to standard conditions, and those whose consideration is established on the basis of official market prices or rates established by public authorities).

After the Internal Control Committee has completed its examination, the Board of Directors gives its prior approval (if the transactions regard the Company) or prior evaluation (if the transactions regard Group companies) of the most significant transactions with related parties, by which is meant (i) atypical or unusual transactions; (ii) transactions with a value exceeding euro 25 million (with the exception of the previously mentioned ones that present a low level of risk for the Company and the Group); and (iii) other transactions that the Internal Control Committee thinks should be examined by the Board of Directors.

Transactions whose value amounts to or is less than euro 25 million and in which the relationship exists with a Director, a regular Statutory Auditor of Enel, or an executive of the Company or the

Group with strategic responsibilities (or with a related party through such persons) are always submitted to the Internal Control Committee for its prior examination.

For each of the transactions with related parties submitted for its prior approval or evaluation, the Board of Directors receives adequate information on all the significant aspects and the related resolutions adequately explain the reasons for and the advantageousness for the Company and the Group of the aforesaid transactions. Furthermore, it is provided for the Board of Directors to receive detailed information on the actual carrying out of the transactions that it has approved or evaluated.

In order to prevent a transaction with related parties from being entered into on conditions that are different from those that would probably have been negotiated between unrelated parties, both the Internal Control Committee and the Board of Directors have the authority to avail themselves – depending on the nature, value, or other characteristics of the transaction – of one or more independent experts of recognized professional competence.

If the relationship exists with a Director of the Company or with a related party through the latter, the Director concerned must promptly inform the Board of Directors of the nature, terms, origin, and extent of his interest and leave the Board meeting when the resolution is adopted, unless that prejudices the quorum or the Board of Directors decides otherwise.

If the relationship exists with the Chief Executive Officer of the Company or with a related party through the latter, in addition to the foregoing he abstains from carrying out the transaction and leaves the decision to the Board of Directors.

If the relationship exists with one of the regular Statutory Auditors of the Company or with a related party through the latter, the Auditor concerned promptly informs the other regular Auditors and the Chairman of the Board of Directors of the nature, terms, origin, and extent of his interest.

Finally, a system of communications and certifications is provided for the purpose of promptly identifying, as early as the negotiation phase, transactions with related parties that involve Directors and regular Statutory Auditors of Enel, as well as Company and Group executives with strategic responsibilities (or parties related through such persons).

Processing of corporate information

As early as February 2000, the Board of Directors approved special rules (to which additions were made in March 2006) for the management and processing of confidential information, which also contain the procedures for the external circulation of documents and information concerning the Company and the Group, with particular reference to privileged information. The Directors and Statutory Auditors of the Company are obliged to comply with the provisions contained in such rules and, in any case, to maintain the confidentiality of the documents and information acquired in carrying out their duties.

The rules are aimed at keeping confidential information secret, while at the same time ensuring that the information regarding the Company and the Group made available to the market is correct, complete, adequate, timely, and non-selective.

The rules entrust Enel's Chief Executive Officer and the chief executive officers of the Group companies with the general responsibility of managing the confidential information concerning their respective spheres of authority, establishing that the divulgation of information regarding individual subsidiaries must in any case be agreed upon with the Parent Company's Chief Executive Officer.
The rules also establish specific procedures to be followed in circulating information regarding the Company and the Group outside the Group – with particular emphasis on privileged information – and carefully regulate the ways in which Company and Group representatives enter into contact with the press and other mass media (or financial analysts and institutional investors).
Following the adoption by Italian law of the E.U. regulations regarding market abuse and the coming into force of the secondary regulations issued by the CONSOB, in April 2006 the Company instituted (and began to regularly update) a Group register recording the persons, both legal and natural, who have access to privileged information because of the professional or other work they do or because of the tasks they perform on behalf of the Company or Group companies. The purpose of this register is to make the persons recorded therein aware of the value of the privileged information at their disposal, while at the same time facilitating the CONSOB's supervision of compliance with the regulations provided to safeguard market integrity.
Also following the adoption by Italian law of the E.U. regulations regarding market abuse and the coming into force of the secondary regulations issued by the CONSOB, as from April 2006 radical changes were introduced regarding internal dealing, that is, the transparency of transactions involving the Company's shares and financial instruments connected with them carried out by the largest shareholders, Company representatives, and persons closely connected with them.
The E.U. regulations replaced those previously adopted by Borsa Italiana, which had regulated the matter since January 2003. Therefore, as from April 2006, the Group's Dealing Code – which the Board of Directors had adopted in December 2002 in compliance with the regulations issued by Borsa Italiana – also became inapplicable. The current regulations regarding internal dealing apply to the purchase, sale, subscription, and exchange of Enel shares and of financial instruments connected with them by "important persons". This category includes shareholders who own at least 10% of the Company's share capital and the Directors and regular Statutory Auditors of Enel, as well as 17 other managerial positions currently identified within the Company in accordance with the relevant regulations, because they have regular access to privileged information and are authorized to make managerial decisions that could influence Enel's evolution and prospects.
The obligations of transparency apply to all the aforesaid transactions whose total value is at least euro 5,000 in a given year, even if carried out by persons closely connected with the "important persons".
In enacting measures to implement the aforesaid regulations, the Board of Directors considered it advisable to provide that "important persons" (other than the shareholders who possess an interest amounting to or exceeding 10% of the Company's share capital) are obliged to abstain from carrying out transactions subject to the regulations regarding internal dealing during two blocking

periods, lasting approximately one month each, around the time the Board of Directors approves the Company's proposed financial statements and the half-year report.
This initiative of the Board of Directors was prompted by the will to improve the Company's governance standards with respect to the relevant regulations, maintaining in force a provision formerly contained in the Group's Dealing Code and aimed at preventing the carrying out of transactions by "important persons" that the market could perceive as suspect, because they are carried out during periods of the year that are especially sensitive to corporate information.

Relations with institutional investors and shareholders in general

Ever since the listing of its shares on the stock market, the Company has deemed it appropriate for its own specific interest – as well as its duty with respect to the market – to establish on ongoing dialogue based on mutual understanding of their respective roles, with its shareholders in general, as well as with institutional investors. Such dialogue, in any case, was to take place in accordance with the rules and procedures that regulate the divulgation of privileged information.
In this regard, in consideration of the size of the Group, it was deemed that such dialogue could be facilitated by the creation of dedicated corporate units.
The Company therefore created (i) an investor relations unit, which is currently part of its Accounting, Finance, and Control Department, and (ii) a unit within its Department of Corporate Affairs in charge of communicating with shareholders in general.
It was also decided to further facilitate communication with investors through the creation of a special section of the Company's website (www.enel.com, investor section), providing both financial information (financial statements, half-year and quarterly reports, presentations to the financial community, analysts' estimates, and information on trading of the securities issued by the Company) and up-to-date data and documents of interest to shareholders in general (press releases, the members of Enel's Boards, the Company's bylaws and Shareholders'-Meeting regulations, information and documents regarding Shareholders' Meetings, documents regarding corporate governance, the Code of Ethics, and the compliance program pursuant to legislative decree n. 231/2001, as well as a general chart of the organization of the Group).

Shareholders' Meetings

The suggestion contained in the Self-regulation Code to consider shareholders' meetings important occasions for discussion between a company's shareholders and its board of directors (even with the availability of a number of different communication channels between listed companies and shareholders, institutional investors, and the market) was carefully evaluated and fully accepted by the Company, which – in addition to ensuring the regular attendance of its Directors at Shareholders' Meetings – deemed it advisable to adopt specific measures to adequately enhance the latter.
Pursuant to applicable laws and regulations, the Shareholders' Meeting is competent to resolve, in both ordinary and extraordinary session, upon, among other things (i) the appointment and

revocation of the members of the Board of Directors and of the Board of Statutory Auditors determining their compensation and liability, (ii) the approval of the financial statements and the distribution of the net income, (iii) the buyback and sale of own shares, (iv) the compensation plans based on shares; (v) the amendments to the bylaws, (vi) the issue of convertible bonds. The resolutions are adopted with the quorum set forth by law for each case.

Ordinary and extraordinary Shareholders' Meetings are normally held in the municipality where the Company's registered office is located. The Board of Directors may determine otherwise, provided the venue is in Italy.

The bylaws, as amended in February 2009 by the Board of Directors in accordance with the provisions of the Unified Financial Act, provide that an ordinary Shareholders' Meeting must be called at least once a year, to approve the financial statements, within one hundred and twenty days after the end of the accounting period.

The bylaws also provide that the participation in Shareholders' Meetings is restricted to those who deposit their shares at least two days prior to the date set for a given meeting and do not withdraw them before the meeting has taken place. This rule was intended to satisfy the Company's interest in knowing in advance the identity and number of the shareholders entitled to attend the Shareholders' Meeting – inter alia, for the purpose of seeing in a timely manner if the quorum can be reached – without at the same time prejudicing the possibility for the latter to sell the shares already deposited, if they so wish (in this case, however, losing the right to attend the Shareholders' Meeting, in accordance with the relevant regulations in force).

In line with the recommendations of the special legislation regarding listed companies, a specific provision was inserted in Enel's bylaws aimed at facilitating the collection of vote proxies from shareholders who are Group employees, thus favoring their involvement in the decision-making processes at Shareholders' Meetings.

The conduct of Shareholders' Meetings is governed, in addition to the law and bylaws, by a specific regulation approved at the Ordinary Shareholders' Meeting of 25 May 2001. The contents of such regulation are in line with the most advanced models for listed companies expressly drawn up by several professional associations (Assonime and ABI).

Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors or, if it happens that he or she is not available, by the Deputy Chairman if one has been appointed, or if both are absent, the meeting shall be chaired by a person designated by the Board, failing which the meeting shall elect its Chairman. The Chairman of a Shareholders' Meeting shall be assisted by a Secretary, except if the drafting of the minutes is entrusted to a notary public.

The Chairman of a Shareholders' Meeting, among other things, verifies the regular constitution of the meeting, assesses the identity and legitimacy of those attending, regulates the conduct of the meeting and assesses the results of the vote.

The resolutions of the meeting shall be recorded in minutes signed by the Chairman and the Secretary or public notary. The minutes of extraordinary Shareholders' Meetings shall be drafted by a public notary.

As regards the right of each shareholder to request the floor to speak on the matters in the agenda, the Shareholders' Meetings regulation provides that the Chairman, taking into account the nature and the importance of the specific matters under discussion, as well as the number of those requesting the floor, shall predetermine the time limits for speaking from the floor and for rejoinders – normally no more than ten minutes for the former and five minutes for the latter - in order to ensure that the Meeting is able to conclude its business at one sitting. All those entitled to vote may request the floor to speak on the matters under discussion only once, making observations, requesting information and making proposals. Requests for the floor may be presented from the time the quorum is determined and – unless the Chairman sets a different deadline – until the Chairman closes the discussion of the matter concerned. The Chairman and, at his or her request, those who assist him or her, shall reply to participants who speak on matters being discussed after all of them have spoken or after each one has spoken. Those who have requested the floor shall be entitled to a brief rejoinder.

It should be noted that the regulations governing the most important mechanisms of shareholders' meetings of listed companies – with regard to, among other things, the deadlines for calling the meetings, the number of calls, the quorums, the exercise of minority shareholders' rights of convocation and supplementation of the agenda, attendance and voting at the meeting, information before the meeting, voting proxies, the identification of shareholders, the introduction of the so-called record date for the purpose of recognizing entitlement to attend and vote at the meeting – will undergo significant changes following Italy's recent implementation of Directive 2007/36/EC (regarding the exercise of several rights of shareholders of listed companies) through Legislative Decree n. 27 of January 27, 2010, whose important innovations on this matter will apply to shareholders' meetings of which the notice is published after October 31, 2010.

Code of Ethics

Awareness of the social and environmental effects that accompany the activities carried out by the Group, as well as consideration of the importance of both a cooperative approach with stakeholders and the good reputation of the Group (in both internal and external relations) inspired the drawing up of the Group's Code of Ethics, which was approved by the Company's Board of Directors in March 2002 and updated in March 2004 and, most recently, in September 2009.

The Code expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate behavior in accordance with standards requiring maximum transparency and fairness with respect to all stakeholders. Specifically, the Code of Ethics consists of:

- general principles regarding relations with stakeholders, which define the reference values guiding the Group in the carrying out of its activities. Among the aforesaid principles, specific mention should be made of the following: honesty, impartiality, confidentiality, the creation of value for shareholders, the value of human resources, the transparency and completeness of information, service quality, and the protection of the environment;

- criteria of behavior towards each class of stakeholders, which specify the guidelines and rules that Enel's officers and employees must follow in order to ensure observance of the general principles and prevent the risk of unethical actions;
- implementation mechanisms, which describe the control system devised to ensure observance of the Code of Ethics and its continual improvement.

The revision of the Code of Ethics carried out in September 2009 was prompted by the necessity of updating this document in the light of the legal and organizational changes that had taken place since its previous version was published, as well as the intention to further align its content with international best practice. Among the most significant amendments made at that time were (i) the updating of the corporate mission, (ii) adoption of the prohibition of intimidation, mobbing, and stalking in the workplace, and (iii) an express provision of the obligation for suppliers to comply with regulations regarding health and safety in the workplace, as well as (iv) the exclusion in principle of the possibility for Group companies to grant requests for contributions for the same kind of activities in which Enel Cuore Onlus is engaged.

Compliance program pursuant to legislative decree n. 231 of June 8, 2001

In July 2002, the Company's Board of Directors approved a compliance program in accordance with the requirements of legislative decree n. 231 of June 8, 2001, which introduced into the Italian legal system a regime of administrative (but in fact criminal) liability with respect to companies for several kinds of crimes committed by their directors, executives, or employees in the interest of or to the benefit of the companies themselves.

The content of the aforesaid program is consistent with the guidelines on the subject established by industry associations and with the best practice of the United States and represents another step towards strictness, transparency, and a sense of responsibility in both internal relations and those with the external world. At the same time, it offers shareholders adequate assurance of efficient and fair management.

The program in question – conceived as an instrument to be adopted by all the Italian companies of the Group – consists of a "general part" (in which are described, among other things, the content of legislative decree n. 231/2001, the objectives of the program and how it works, the duties of the control body responsible for supervising the functioning of and compliance with the program and seeing to its updating, and the penalty regime) and separate "special parts" concerning the different kinds of crimes provided for by legislative decree n. 231/2001, which the aforesaid program aims to prevent.

During 2006, the compliance program was completely revised. As proposed by the Internal Control Committee, the Board of Directors (i) updated both the "general part" and the "special parts" regarding corporate crimes and crimes against the civil service, in order to take into account court rulings and the applicative experience acquired during the first years of implementation of the program, and (ii) approved new "special parts" concerning crimes of terrorism and subversion of

the democratic order, crimes against the person, and crimes and administrative wrongdoing involving market abuse.

In February 2008, the Board of Directors approved an additional "special part" of the program in question concerning the crimes of negligent manslaughter and personal injury committed in violation of the regulations for the prevention of industrial accidents and the protection of workplace hygiene and on-the-job health.

At the same time, the Board of Directors also updated the composition of the body entrusted with the supervision of the functioning and observance of the program and with seeing to its updating, which was transformed from a one-member body into a collective one in order to bring its characteristics into line with the prevalent practice of the most important listed companies and the trends of court decisions.

In accordance with the regulation of the supervisory body approved by the Board of Directors in May 2008, such body may consist of three to five members appointed by the Board. Such members may be either from within or outside the Company or the Group, with specific expertise and professional experience (in any case it is requested the presence of the responsible for the internal Audit function). The Board of Directors, upon proposal of the Internal Control Committee, has appointed as members of the control body – in addition to the head of the Internal Audit Department – the heads of the Company's Department of Corporate Affairs and Legal Department, since they have specific professional expertise regarding the application of the compliance program and are not directly involved in operating activities.

In June 2009, the Board of Directors also resolved, upon proposal by the Internal Control Committee (i) to update both the "general part" and the "special part" concerning the crimes of negligent manslaughter and personal injury committed in violation of the regulations for the prevention of accidents and on the promotion of hygiene and workplace health and safety in order to take into account the applicative experience acquired, the trend of court decisions, and regulatory innovations, as well as (ii) to approve a new "special part" concerning the crimes of handling stolen goods, recycling and using illegally acquired money, property, and benefits, which recent legislation included among the crimes that are the "condition" of the liabilities regulated by legislative decree n. 231/2001.

During 2009, the supervisory body oversaw the functioning and the observance of the compliance program and promoted - as part of the usual training initiatives necessary to keep employees constantly up to date on the content of the aforesaid program – a special training event dedicated to the prevention of on-the-job accidents.

"Zero tolerance of corruption" plan

In June 2006, the Board of Directors approved the adoption of the "zero tolerance of corruption – ZTC" plan in order to give substance to Enel's adherence to the Global Compact (an action program sponsored by the U.N. in 2000) and the PACI – Partnership Against Corruption Initiative (sponsored by the Davos World Economic Forum in 2005).

The ZTC plan neither replaces nor overlaps with the Code of Ethics and the compliance program adopted pursuant to legislative decree n. 231/2001, but represents a more radical step regarding the subject of corruption and adopts a series of recommendations for implementing the principles formulated on the subject by Transparency International.

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Attached below are three tables that summarize some of the information contained in the second section of the report.

TABLE 1: Structure of Enel's Board of Directors and Committees

Board of Directors								Internal Control Committee		Compensation Committee		Nomination Committee *(if any)*		Executive Committee *(if any)*	
Office	Members	Executive	Non executive	Independent U.F.A. *****	Independent S.C. ******	****	Other offices **	***	****	***	****	***	****	***	****
Chairman	Gnudi Piero	X				100%	1					Non-existent		Non-existent	
C.E.O./General Manager	Conti Fulvio	X				100%	2								
Director	Ballio Giulio (*)		X	X	X	85%	1			X	89%				
Director	Codogno Lorenzo		X			95%	-	X	77%						
Director	Costi Renzo(*)		X	X	X	100%	1	X	100%						
Director	Fantozzi Augusto (*)		X	X	X	95%	3			X	100%				
Director	Luciano Alessandro		X	X	X	100%	1	X	100%						
Director	Napolitano Fernando		X			85%	1			X	100%				
Director	Tosi Gianfranco		X	X	X	90%	-	X	100%						

Q*uorum* for the presentation of slates for the appointment of the Board of Directors: 1% of the share capital.					
Number of meetings held in 2009	Board of DIrectors: 20	Internal Control Committee: 13	Compensation Committee: 9	Nomination Committee: N.A.	Executive Committee: N.A.

NOTES

* The presence of an asterisk indicates that the Director was designated on a slate presented by minority shareholders.

** This column shows the number of offices held by the person concerned on the boards of directors or the boards of statutory auditors of other companies of significant size, as defined by the related policy established by the Board of Directors. In this regard, during 2009 Enel's Directors held the following offices considered significant for this purpose:

1) Piero Gnudi: director of Unicredit S.p.A.
2) Fulvio Conti: director of Barclays Plc. and AON Corporation
3) Giulio Ballio: director of RCS Quotidiani S.p.A.
4) Renzo Costi: director of the publishing house "Il Mulino" S.p.a.
5) Augusto Fantozzi: receiver of Alitalia S.p.A., director of Ferretti S.p.A., and chairman of the board of statutory auditors of Hewlett Packard Italia S.r.l.

6) Alessandro Luciano: director of Livingston S.p.A.
7) Fernando Napolitano: chief executive officer of Booz & Company Italia S.r.l.

*** In these columns, an "X" indicates the Committee(s) of which each Director is a member.

**** These columns show the percentage of the meetings of, respectively, the Board of Directors and the Committee(s) attended by each Director. All absences were appropriately explained.

***** In this column, an "X" indicates the possess of the requisite of independence provided for the statutory auditors of listed companies by Article 148, Subsection 3, of the Unified Financial Act, applicable to the Directors pursuant to Article 147-*ter,* Subsection 4, of the Unified Financial Act. Pursuant to the provisions of article 148, paragraph 3, of the Unified Financial Act, the following do not qualify as independent:

a) persons who are in the situation s provided for by article 2382 of the Civil Code (that is, in the state of incapacitation, disqualification, or bankruptcy or who have been sentenced to a punishment that entails debarment, even temporary, from public offices or incapacitation from performing executive functions);
b) the spouse, relatives, and in-laws within the fourth degree of the directors of the company, as well as the directors, spouse, relatives, and in-laws of its subsidiaries, the companies of which it is a subsidiary, and those under common control;
c) persons who are connected with the company. its subsidiaries, the companies of which it is a subsidiary, or those under common control, or with the directors of the company or the parties referred to under the preceding letter b) by relations as an employee or a self-employed person or other economic or professional relations that could compromise their independence.

****** In this column, an "X" indicates the possess of the requisite of independence provided by Article 3 of the Self-regulation Code. Specifically, according to applicative criterion 3.C.1 of the Self-regulation Code, a director should normally be considered lacking the requisites of independence in the following cases:

a) if, directly or indirectly – including through subsidiaries, fiduciaries, or third parties, he or she controls the issuer or is able to exercise considerable influence on it or has entered into a shareholders' agreement through which one or more persons can exercise control or considerable influence on the issuer;
b) if he or she is, or during the three preceding accounting periods has been, an important representative [(1)] of the issuer, a strategically important subsidiary, or a company under common control along with the issuer or of a company or an organization that, even together with others through a shareholders' agreement, controls the issuer or is able to exercise considerable influence on it;
c) if, directly or indirectly (for example, through subsidiaries or companies of which he or she is an important representative or as a partner in a professional firm or consultancy) he or she has, or had in the preceding accounting period, a significant commercial, financial, or professional relationship:
   - with the issuer, a subsidiary of it, or any of the related important representatives;
   - with a party who, even together with others through a shareholders' agreement, controls the issuer or – if it is a company or an organization – with the related important representatives;

   or is, or during the three preceding accounting periods was, an employee of one of the aforesaid entities.

In this regard, in February 2010 the Company's Board of Directors established the following quantitative criteria applicable to the aforesaid commercial, financial, or professional relations:

- commercial or financial relations: (i) 5% of the annual turnover of the company or organization of which the Director has control or is an important representative, or of the professional or consulting firm of which he is a partner, and/or (ii) 5% of the annual costs incurred by the Enel Group through the same kind of contractual relations;
- professional services: (i) 5% of the annual turnover of the company or organization of which the Director has the control or is an important representative or of the professional or consulting firm of which he is a partner, and/or (ii) 2.5% of the annual costs incurred by the Enel Group through similar assignments.

[(1)] It should be noted that, according to applicative criterion 3.C.2 of the Self-regulation Code, the following are to be considered "important representatives" of a company or an organization (including for the purposes of the provisions of the other letters of applicative criterion 3.C.1): the legal representative, the president of the organization, the chairman of the board of directors, the executive directors, and the executives with strategic responsibilities of the company or organization under consideration.

In principle, unless there are specific circumstances that should be concretely examined, exceeding these limits should mean that the non-executive director to whom they apply does not possess the requisites of independence provided for by the Self-regulation Code.

d) if he or she receives, or has received in the three preceding accounting periods, from the issuer or from a subsidiary or controlling company significant additional compensation with respect to his or her "fixed" pay as a non-executive director of the issuer, including participation in incentive plans connected with the company's performance, including those involving stock based plans;
e) if he or she has been a director of the issuer for more than nine years in the last twelve years;
f) if he holds the office of chief executive officer in another company in which an executive director of the issuer holds a directorship;
g) if he or she is a shareholder or a director of a company or an organization belonging to the network of the firm entrusted with the external audit of the issuer;
h) if he or she is a close family member [(2)] of a person who is in one of the conditions referred to in the preceding items.

[(2)] The comment on article 3 of the Self-regulation Code states in this regard that "in principle, the following should be considered not independent: the parents, the spouse (unless legally separated), life partner *more uxorio* , and co-habitant family members of a person who could not be considered an independent director."

TABLE 2: Enel's Board of Statutory Auditors

Office	Members	Percentage of Board meetings attended	Number of offices**
Chairman	Fontana Franco (*)	100%	13
Regular Auditor	Conte Carlo	94%	11
Regular Auditor	Mariconda Gennaro	76%	1
Alternate Auditor	Giordano Giancarlo	N.A.	-
Alternate Auditor	Sbordoni Paolo (*)	N.A.	-
Number of meetings held in 2009: 17			
Quorum required for the presentation of slates for the appointment of the Board of Statutory Auditors: 1% of the share capital.			

NOTES

* The presence of an asterisk indicates that the Statutory Auditor was designated on a slate presented by minority shareholders.

** This column shows the number of offices that the person concerned has declared to hold on the boards of directors or the boards of statutory auditors of Italian corporations.

TABLE 3: Other provisions of the Self-regulation Code

	YES	NO	Summary of the reasons for any deviation from the recommendations of the Code
Delegation system and transactions with related parties			
Has the Board of Directors delegated powers and established:	X		
a) their limits	X		
b) how they are to be exercised	X		
c) and how often it is to be informed?	X		
Has the Board of Directors reserved the power to examine and approve beforehand transactions having a significant impact on the company's strategy, balance sheet, income statement, or cash flow (including transactions with related parties)?	X		
Has the Board of Directors established guidelines and criteria for identifying "significant" transactions?	X		
Are the aforesaid guidelines and criteria described in the report?	X		
Has the Board of Directors established special procedures for the examination and approval of transactions with related parties?	X		
Are the procedures for approving transactions with related parties described in the report?	X		
Procedures of the most recent election of the Board of Directors and the Board of Statutory Auditors			
Were the candidacies for the office of Director filed at least 10 days (*) beforehand?	X		
Were the candidacies for the office of Director accompanied by exhaustive information on the personal and professional characteristics of the candidates?	X		
Were the candidacies for the office of Director accompanied by a statement that the candidates qualify as independent?	X		
Were the candidacies for the office of Statutory Auditor filed at least 10 days (*) beforehand?	X		
Were the candidacies for the office of Statutory Auditor accompanied by exhaustive information on the personal and professional characteristics of the candidates?	X		
Shareholders' Meetings			
Has the company approved regulations for Shareholders' Meetings?	X		
Are the regulations attached to the report (or is it stated where they can be obtained/downloaded)?	X		

(*) It should be noted that in the 2006 edition of the Self-regulation Code the recommended deadline for filing slates of candidates for the offices of director and statutory auditor was increased from 10 to 15 days. The deadline of 10 days applies to the Company under the provisions of the regulations regarding privatizations (article 4, Law n. 474 of July 30, 1994). These special regulations will cease to have effect beginning with the shareholders' meetings of which the notice is published after October 31, 2010, in accordance with the provisions of article 6 of Legislative Decree n. 27 of January 27, 2010.

(continued)

	YES	NO	Summary of the reasons for any deviation from the recommendations of the Code
Internal control			
Has the Company appointed the person in charge of internal control?	X		
Is the person in charge hierarchically independent of the heads of operating areas?	X		
Organizational position of the person in charge of internal control	Head of the Company's Internal Audit Department		
Investor relations			
Has the Company appointed a head of investor relations?	X		
Organizational unit of the head of investor relations and related contact information	▪ Relations with institutional investors: Investor Relations – Viale Regina Margherita, 137 – 00198 Rome, Italy – tel. ++39 06/83057975 – fax ++39 06/83053771 – e-mail: investor.relations@enel.com ▪ Relations with retail shareholders: Department of Corporate Affairs – Viale Regina Margherita, 137 – 00198 Rome, Italy – tel. ++39 06/83054000 – fax ++39 06/83052129 – e-mail: azionisti.retail@enel.com		