



REPORT ON THE EIGHTH ITEM OF THE ORDINARY SESSION

Appointment of the External Auditor for the period 2011-2019 and determination of the remuneration.

Dear Shareholders,

the external audit mandate conferred by the ordinary Shareholders' Meeting dated May 26, 2005 to KPMG S.p.A. for the period 2005-2007, and then extended for the period 2008-2010 by the ordinary Shareholders' Meeting dated May 25, 2007, shall expire in concurrence with the approval of the financial statements of Enel S.p.A. for the year ended December 31, 2010.

Therefore, the Board of Directors submits to the approval of the present Shareholders' Meeting the following substantiated proposal formulated by the Board of Statutory Auditors, pursuant to article 13, paragraph 1, of Legislative Decree No. 39 of January 27, 2010, regarding the appointment of Reconta Ernst & Young S.p.A. as the external auditor of Enel S.p.A. for the period from 2011 to 2019.

"Dear Shareholders,

the external audit mandate of Enel S.p.A. conferred to KPMG S.p.A. expires in concurrence with the approval of the financial statements of Enel S.p.A. for the year ended December 31, 2010.

Such mandate, having been carried out for nine financial years, cannot be further extended pursuant to article 17, paragraph 1, of Legislative Decree No. 39, of January 27, 2010 (hereinafter "Decree 39/2010"); it is therefore necessary to confer to a new firm the external audit mandate of Enel S.p.A. for the period 2011-2019.

For this purpose, the Company organised a tender to which the most qualified auditing firms participated and during which, for each offer submitted, the most relevant technical and economic parameters were assessed under the supervision of the Board of Statutory Auditors – which is the competent body, pursuant to article 13, paragraph 1, of Decree

39/2010, to submit the relevant substantiated proposal to the Shareholders' Meeting – as indicated in more detail below.

The Board of Statutory Auditors, in compliance with the supervisory functions assigned to it by applicable laws and regulations, has in particular coordinated and controlled the activities carried out by the competent Enel S.p.A.'s functions (Administration, Finance and Control Function, Audit Function, Corporate Affairs Function and Procurement and Services Function) during the tender for the selection of the auditing firm to which confer the external audit mandate of Enel S.p.A. for the period 2011-2019.

In this respect, it should be noted that the Board of Statutory Auditors has carried out its activity in compliance with applicable laws, consistently with Assonime's Circular No. 16/2010 (which commented on Decree 39/2010), which states that "the controlling corporate body, when formulating the proposal, shall assess the technical suitability of the external auditor, its independence, and the completeness of the auditing plan and of the organization of the firm with respect to the scale and complexity of the mandate to be carried out". The Board of Statutory Auditors discussed this issue and carried out its activities in the course of seven meetings, held from May 2010 to November 2010, in which has constantly participated the Magistrate appointed by the Court of Accounts delegated for the control of Enel S.p.A..

The main activities carried out during the aforementioned tender are summarised below.

- in May 2010, the Procurement and Services Function of Enel S.p.A. published a European invitation for the qualification of auditing firms to participate to the tender. The following basic technical-qualitative requisites were required to the auditing firms in order to be included in the list of qualified suppliers of the services object of the tender: (i) registration in the special register of auditing firms held by Consob pursuant to article 161 of Legislative Decree No. 58 of February 24, 1998; (ii) a production value (limited to the sole audit) in the last fiscal year of more than 50 million euro; (iii) adequate references regarding the audit carried out during the last three financial years, comprising at least two references of companies belonging to the FTSE MIB index as of December 31, 2009;
- on the basis of the aforementioned requisites, the following auditing firms presented a request for qualification and resulted eligible: Deloitte & Touche S.p.A., PricewaterhouseCoopers S.p.A. and Reconta Ernst & Young S.p.A.. To each of these firms was sent a preliminary communication aimed at assessing the independence requisites;

- *On July 26, 2010, the effective tender began by sending an invitation letter to the aforementioned auditing firms to present an offer within September 27, 2010. In brief, the invitation letter included details regarding mainly the following aspects:*
 - a) *object of the tender:*
 - *audit of the financial statements of the Parent Company Enel S.p.A., of the consolidated annual and condensed half-year financial statements of Enel Group as well as of the financial statements and/or the consolidated financial statements of the other companies of the Enel Group for the nine-year period 2011-2019;*
 - *assessment of the internal controls system pursuant to the U.S. legislation prescribed by the Sarbanes-Oxley Act, applicable to certain Latin American companies of the Enel Group which fall within the perimeter of Endesa, for the nine-year period 2011-2019;*
 - *additional assignments closely connected with the audit (to be requested in relation to the attainments prescribed by law, regulations and consolidated practice as well as to the verification procedures previously agreed) of the companies of Enel Group for the nine-year period 2011-2019, which can be activated upon request;*
 - b) *submission of the offer: documentation to be provided by the bidder (including “general data”, “technical data”, and “economic data” of the offer, as indicated in the invitation letter);*
 - c) *procedure to send clarification requests regarding the tender, if any, by the auditing firms;*
 - d) *description of the expected course of the tender and procedure for the presentation of the offers;*
 - e) *awarding phase and its procedure;*
 - f) *signing of a framework agreement;*
 - g) *technical specifications;*
 - h) *additional information;*
- *the criterion adopted for the awarding of the tender was that of the most economically advantageous offer, while the assessment of the offers submitted was made on the basis of: (i) a technical assessment entrusted to a specific judging Committee (appointed on a date subsequent to the date set for the submission of the offers by the bidders and composed by members of the Administration, Finance*

and Control Function, Audit Function and Corporate Affairs Function of Enel S.p.A.) and (ii) an economic assessment carried out by the Procurement and Services Function of Enel S.p.A., after the technical evaluation. With respect to the technical assessment of the offers, it should be noted that specific technical parameters – to each of which was assigned a specific score, for a cumulative total amount of 100 points related to the total parameters – were identified in relation to: the auditing “effort”, the professional quality of the team in charge, the operative approach to the mandate, the “effort” for the assessment of the internal controls system prescribed by the Sarbanes-Oxley Act and the network (i.e. the presence of the auditing network in those Countries in which the Enel Group operates, in order to ensure the same working methodologies). The Board of Statutory Auditors examined the aforementioned technical parameters and recognized their suitability in order to allow an assessment of the offers based on objective analytical judgments, and approved their contents as formulated by the department in charge;

- the Board of Statutory Auditors has also approved the methods for drawing up the final list of the tender. In this respect, it was provided that the tender should be assigned to the bidder that offered the lowest “final price”, as resulting from the price effectively offered from each bidder adjusted (only for the purpose of drafting the final list of the tender) by a coefficient linked to the technical assessment. In particular, it was decided that such coefficient would have a value between a minimum of 0 (if the technical assessment of the bidder obtained 80 points, i.e. the minimum score in order to pass the technical phase) and a maximum of 0.1 (if the technical assessment of the bidder obtained the maximum 100 points).
- In the course of the meeting of the Board of Statutory Auditors held on September 29, 2010, in the presence of the members of the judging Committee and of the representatives of the Procurement and Services Function of Enel S.p.A., the envelopes containing the offers sent by the aforementioned bidder auditing firms were opened. The Board of Statutory Auditors has therefore verified the compliance with the formal requisites for the participation to the tender (such as the date and time at which the offers were received), ensuring that the documentation sent by each bidder (divided into an envelop “general data”, an envelop “technical data” and an envelop “economic data”) was closed, sealed and signed. Preliminarily, the envelopes containing the “general data” were opened and delivered to the representatives of the Procurement and Services Function of Enel S.p.A. for the

assessment of the completeness of their content. The Board of Statutory Auditors has then opened the envelopes containing the “technical data”, which were delivered to the judging Committee for the technical assessment of the offers. The documentation regarding the “economic data” was finally put into an envelop closed, sealed and signed by the members of the Board of Statutory Auditors and delivered to the Head of the Procurement and Services Function of Enel S.p.A. in order to be kept until the completeness of the assessment of the “technical data” by the judging Committee;

- *subsequently, in the meeting held on October 20, 2010, the Board of Statutory Auditors examined and shared the technical assessment of the offers, approving the illustrative report of the judging Committee and the score that the same Committee assigned to the bidders. The Board of Statutory Auditors has then opened the envelopes containing the “economic data”, delivering the relevant documentation to the Procurement and Services Department of Enel S.p.A. for the definition of the final list;*
- *upon the examination of the “technical data”, the Procurement Department of Enel S.p.A. proposed to assign the external audit mandate regarding the financial statements of Enel S.p.A. for the period 2011-2019 (and the additional activities indicated in the tender) to the auditing firm Reconta Ernst & Young S.p.A., insofar as it resulted to be the first on the list on the basis of both the technical and economic assessment;*
- *in the course of the meeting held on November 8, 2010, the Board of Statutory Auditors, in light of the technical-economic assessments made during the tender process, whilst expressing appreciation to the mentioned corporate structures for their work, has in turn identified as best bidder Reconta Ernst & Young S.p.A., considering that:*
 - 1) *the auditing plan for the financial statements of Enel S.p.A. and of the companies of the Enel Group indicated in the proposal of Reconta Ernst & Young S.p.A. is consistent with the relevant criteria prescribed by the Board of Statutory Auditors;*
 - 2) *the aforementioned proposal of Reconta Ernst & Young S.p.A. contains a description of the nature of the mandate, the indication of the activities and their methods of implementation with specific reference, for the period 2011-2019, to:*

- *the audit of the financial statements of Enel S.p.A.;*
 - *the audit of the financial statements and/or the consolidated financial statements of the other companies of the Enel Group;*
 - *the audit of the consolidated financial statements of the Enel Group;*
 - *the certification of the duly bookkeeping of the Company;*
 - *the limited review of the consolidated condensed half-year financial statements of the Enel Group;*
 - *the assessment of the internal controls system pursuant to the U.S. legislation prescribed by the Sarbanes-Oxley Act, applicable to certain Latin American companies of the Enel Group which fall within the perimeter of Endesa;*
 - *other assignments closely connected with the auditing, which can be activated upon request of the companies of the Enel Group;*
- 3) *the estimate of the hours and the composition of the auditing teams indicated by Reconta Ernst & Young S.p.A. in order to carry out the aforementioned services, shall be deemed to be fully adequate;*
- 4) *the total consideration requested by Reconta Ernst & Young S.p.A. (i) is lower than those requested by the other auditing firms participating to the tender and (ii) is considered appropriate and sufficient to ensure the quality and reliability of the work as well as the auditor's independence;*
- 5) *the partner responsible for this mandate, with respect to Enel S.p.A., is Dr. Massimo Delli Paoli;*

The Board of Statutory Auditors reported to the Board of Directors (at the meeting held on November 9, 2010) and to the Internal Control Committee (at the meeting held on November 18, 2010) on the course of the tender for the assignment of the external audit mandate of Enel S.p.A. with respect to the period 2011-2019, as well as on the technical and economic assessments made.

Taking into account the result of the tender, the Board of Statutory Auditors has therefore resolved to propose to the Ordinary Shareholders' Meeting of Enel S.p.A. to confer the external auditing mandate described above to Reconta Ernst & Young S.p.A., subordinating the signing of the relevant agreement to the delivery of a declaration by Reconta Ernst & Young S.p.A. certifying its independence (pursuant to articles 10 and 17 of Decree 39/2010).

Having regard to the foregoing, the Board of Statutory Auditors proposes that the Ordinary Shareholders' Meeting of Enel S.p.A. confers to the auditing firm Reconta Ernst & Young S.p.A., pursuant to article 13 of Decree 39/2010, the external audit mandate of the financial statements of Enel S.p.A., with respect to the fiscal years from 2011 to 2019, and, in particular:

- the audit of the financial statements of Enel S.p.A. in relation to which the auditing firm shall issue the specific report prescribed by article 14, paragraph 1, letter a) of Decree 39/2010;*
- the audit of the consolidated financial statements of the Enel Group in relation to which the auditing firm shall issue the specific report prescribed by article 14, paragraph 1, letter a) of Decree 39/2010;*
- the limited review of the consolidated condensed half-year financial statements of the Enel Group, in compliance with Consob Communication n. 97001574 of February 20, 1997 and Consob Resolution n. 10867 of July 31, 1997;*
- the mandate regarding the certification, in the course of the fiscal year, of the duly bookkeeping of the Company and the duly recording of the facts in the Company's accounts, pursuant to article 14, paragraph 1, letter b) of Decree 39/2010;*
- other assignments closely connected with the external audit to be assigned in relation to the attainments prescribed by law, regulations and consolidated practice as well as to verification procedures previously agreed with Enel S.p.A.*

For the aforementioned services, the auditing firm Reconta Ernst & Young S.p.A. requested a consideration, for 2011, of euro 404,042.53 and, for the nine-year period 2011-2019, of euro 3,480,791.55, as provided in the table below.

(amounts in thousands of euro, rounded to 2 decimals)

Activities	Period 2011-2013		Period 2014-2019		Total 2011-2019	
	Hours/Year	Amount/Year	Hours/Year	Amount/Year	Hours	Amount
1) audit of the financial statements	1,591	71.06	1,491	66.67	13,719	613.22
2) audit of the consolidated financial statements	3,915	174.79	3,689	164.77	33,879	1,512.97
3) limited review of the consolidated condensed half-year financial statements	1,591	71.06	1,491	66.67	13,719	613.22
4) accounting certifications	568	25.30	541	24.29	4,950	221.62
5) other assignments (*)	1,384	61.84	1,247	55.71	11,634	519.75
TOTAL	9,049	404.04	8,459	378.11	77,901	3,480.79

(*) These mandates include: Unbundling, pursuant to Resolution AEEG 11/07, auditing of the sustainability report and of the environmental report.

Please find below the details of each service which shall be carried out in 2011, with respect to the “effort”, the amount per hour and the consideration for each professional category.

1. Audit of the financial statements of Enel S.p.A.

(amounts in thousands of euro, rounded to 2 decimals)

Category	Hours	Mix hours%	Consideration (€)	
			Hours	Total
Partner	159	10%	100.70	16.01
Manager	398	25%	64.25	25.57
Senior	558	35%	35.65	19.89
Assistant	476	30%	20.14	9.59

2. Audit of the consolidated financial statements of Enel Group

(amounts in thousands of euro, rounded to 2 decimals)

Category	Hours	Mix hours%	Consideration (€)	
			Hours	Total
Partner	391	10%	100.70	39.37
Manager	979	25%	64.25	62.90
Senior	1,371	35%	35.65	48.87
Assistant	1,174	30%	20.14	23.64

3. Limited review of the consolidated condensed half-year financial statements of Enel Group

(amounts in thousands of euro, rounded to 2 decimals)

Category	Hours	Mix hours%	Consideration (€)	
			Hours	Total
Partner	159	10%	100.70	16.01
Manager	398	25%	64.25	25.57
Senior	558	35%	35.65	19.89
Assistant	476	30%	20.14	9.59

4. Accounting certifications

(amounts in thousands of euro, rounded to 2 decimals)

Category	Hours	Mix hours%	Consideration (€)	
			Hours	Total
Partner	56	10%	100.70	5.64
Manager	142	25%	64.25	9.12
Senior	199	35%	35.65	7.09
Assistant	171	30%	20.14	3.44

5. Other assignments

(amounts in thousands of euro, rounded to 2 decimals)

Activity	Hours	Consideration	
		Average hours	Total
Unbundling pursuant to Resolution AEEG 11/07	100	44.65	4.46
Sustainability report	667	44.65	29.81
Environmental report	617	44.65	27.56

As previously stated, the tender included also additional assignments closely connected with the external audit mandate, which can be activated upon request by Enel S.p.A.. The table below indicates the type of activity and the applicable consideration requested for such additional assignments:

Additional assignments:

(amounts in thousands of euro)

Service	Amount
Interim dividend	30.00
Bring down letter	5.00
Comfort Letter - Rule 144 A	90.00
Comfort Letter on bond issues	30.00
Comfort letter on operations on the share capital	50.00
Comfort Letter on the renewal of GMTN programs	45.00
Annual Report Kanto Local Finance Bureau – Tokyo	30.00
Semi-annual Report Kanto Local Finance Bureau – Tokyo	20.00

The consideration is determined according to the criteria set out in CONSOB Communication n. 96003556 of April 18, 1996 and may be adjusted for each country if significant changes should occur in the relative cost of living index; such index is the index of the country whose currency is specified in the relevant agreement (for Italy, the index of reference is ISTAT or another equivalent index in the euro area).

For the purposes of any adjustment, in December of each year (starting in December 2011) it shall be assessed if any variation of the foregoing index in respect of the month of December of the preceding year has occurred; if such variation is greater than 7% the remuneration shall be adjusted, with effect from the following year, of an amount equal to 65% of the variation of the index.

The above consideration is subject to the variation provided by the aforementioned CONSOB Communication n. 96003559 of April 18, 1996, which refers to “the occurrence of exceptional and/or unforeseeable circumstances” (as a consequence of which the auditing firm shall formulate a supplement to its proposal).

The auditing firm Reconta Ernst & Young S.p.A. shall execute the activities prescribed in article 14, paragraph 6, of Decree 39/2010 in compliance with the procedures prescribed in the Document No. 600 of the Accounting Principles; the application of these provisions entails that Reconta Ernst & Young S.p.A. shall assume full responsibility for the audit of the financial statements that could be carried out by other auditing firms. Therefore, with respect to the audit of the consolidated financial statements of Enel Group, Reconta Ernst & Young S.p.A. shall assume the role and the responsibility of main auditor of the Group.

The overall proposal of Reconta Ernst & Young S.p.A. involves, in addition to Enel S.p.A., also other 352 companies identified on the basis of the perimeter of the Enel Group derived from the last consolidated financial statements published at the date in which the tender commenced (i.e. at the fiscal year ended as of December 31, 2009), with the exclusion of:

- the companies in relation to which the laws of the countries in which the registered office is located set out limitations to the possibility to confer the aforementioned services to entities included in the network of the auditing firm appointed as auditor of the Parent Company; as well as*
- the companies which, on the basis of the ongoing negotiations at the date in which the tender commenced and of the scheduled disposal plans, were expected to leave the consolidation perimeter in the course of 2010 or in the first months of 2011.*

The overall proposal referred to such corporate perimeter can be summarised as follows:

Overall proposal for Enel S.p.A. and the companies of the Enel Group

(amounts in thousands of euro, rounded to 2 decimals)

Company	2011		2011-2019	
	Hours	Amount	Hours	Amount
<u>Enel S.p.A. and other subsidiaries not included in the perimeter of Endesa, Enel Green Power and Enel OGK-5:</u>	64,966	2,888.47	558,684	24,848.84
<i>Financial statements – Full audit</i>	46,595	2,043.48	400,779	17,582.14
<i>Consolidated financial statements - Full audit</i>	4,392	214.31	38,028	1,856.39
<i>Consolidated half-year report –Limited review</i>	1,760	85.04	15,186	734.69
<i>Accounting certifications</i>	6,787	303.01	59,055	2,637.31
<i>Unbundling pursuant to Resolution AEEG 11/07</i>	4,148	185.26	34,848	1,556.37
<i>Sustainability report</i>	667	29.81	5,601	250.17
<i>Environmental report</i>	617	27.56	5,187	231.78
<u>Endesa S.A. and subsidiaries</u>	114,720	3,837.13	888,828	29,761.04
<i>Financial statements – Full audit</i>	66,303	2,218.37	510,909	17,141.66
<i>Consolidated financial statements - Full audit</i>	20,332	731.28	157,020	5,641.55
<i>Consolidated half-year report –Limited review</i>	13,279	467.06	102,321	3,597.71
<i>Assessment of the Internal Controls System for the purposes of the U.S. financial information</i>	9,109	258.37	73,809	2,093.85
<i>Audit of the documents of the Secondary Auditor</i>	4,197	107.70	32,151	828.97
<i>Sustainability report</i>	1,100	38.74	9,258	326.14
<i>Environmental report</i>	400	15.61	3,360	131.16
<u>Enel Green Power S.p.A. and subsidiaries</u>	25,649	1,050.27	207,129	8,622.19
<i>Financial statements – Full audit</i>	22,517	910.46	180,459	7,431.66
<i>Consolidated financial statements - Full audit</i>	340	15.18	2,958	131.99
<i>Consolidated half-year report –Limited review</i>	368	16.45	3,198	142.82
<i>Accounting certifications</i>	559	24.90	4,845	216.06
<i>Unbundling pursuant to Resolution AEEG 11/07</i>	614	27.41	5,154	229.98
<i>Sustainability report</i>	740	33.04	6,222	277.98
<i>Environmental report</i>	511	22.82	4,293	191.70
<u>Enel OGK-5 O.J.S.C.</u>	2,171	87.65	18,891	762.51
<i>Financial statements – Full audit</i>	2,171	87.65	18,891	762.51
	207,506	7,863.51	1,673,532	63,994.59