



## REMUNERATION REPORT

(approved by the Board of Directors of Enel S.p.A. on April 4, 2013)

(Drawn up pursuant to Articles 123-*ter* of the Consolidated Financial Act and  
84-*quater* of CONSOB's Issuers Regulation)

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# Remuneration Report

## Letter of the Chairman of the Compensation Committee

In my capacity as President of the Compensation Committee, I am pleased to present the annual Enel Remuneration Report.

Since the last Shareholder's Meeting, the Compensation Committee, composed also of Directors Banchi and Solbes Mira, carried out an in-depth analysis in order to ensure an appropriate balance between the need to attract and retain the most appropriate resources to successfully manage the Company and the sustainable growth together with the creation of value for Shareholders.

This Remuneration Report illustrates several amendments to the Policy on the Remuneration, as compared to the last financial year, considering the current difficulties in the economic environment. In this respect, the Company has mainly focused on decreasing the short-term variable compensation for 2013, freezing the mechanics of fixed discretionary remuneration and, as a consequence, on reducing the variable long-term remuneration (based on a percentage of the fixed remuneration).

In particular, such proposals, made by the Committee and approved by the Board of Directors, relate to:

- (i) the revision, with reference to the financial year 2013, of the amount of the short-term variable remuneration payable to the Chairman, the Chief Executive Officer/General Manager and the Executives with strategic responsibilities. In particular – having the persons concerned agreed to share the effort aimed at overcoming the current negative economic situation – it is provided that:
  - the amount of the variable remuneration payable to the Chairman, as a result of the level of achievement of the performance targets, is reduced by 30%;
  - the amount of the short-term variable remuneration payable to the Chief Executive Officer/General Manager, as a result of the level of achievement of the performance targets, is set to zero, with reference to the directorship relationship, and is it is reduced by 30%, with reference to the executive relationship, resulting in an overall reduction of such remuneration equal to 65%;
  - the amount of the short-term variable remuneration payable to the Executives with strategic responsibilities, as a result of the level of achievement of the performance targets, is reduced by 30%;
- (ii) the abrogation of the clause providing for a minimum guaranteed term of three years, included in the remuneration of the Chairman and of the Chief Executive Officer/General Manager, pursuant to which they were entitled, in the event of revocation without cause, to an amount equal to the total amount of the fixed and variable emolument (of short-term) that they would have received up to the expiry of their mandate;
- (iii) the addition to the remuneration plans of the above mentioned top management and of the Executives with strategic responsibilities, of a clawback clause granting to the Company the right to claim back the variable component of the remuneration, where distributed on the basis of data which are subsequently proved to be clearly erroneous.

The Committee is aware of how important matters related to remuneration are to the Shareholders and to the market and is committed to carry on its duties, supporting the Board of Directors, in order to promote the long-term sustainability of the Company and to ascertain that the remuneration is based on actual results, ensuring that investors are being informed on such policy with the highest degree of clarity and transparency.

Rome, April 3<sup>rd</sup>, 2013

Fernando Napolitano  
Chairman of the Compensation Committee

## Introduction

This Report, approved by the Board of Directors on April 4, 2013, upon proposal of the Compensation Committee, is divided into two sections:

- (i) the first section describes the policy adopted by Enel S.p.A. (“Enel” or “the Company”) on the remuneration of the members of the Board of Directors, of the General Manager and of the Executives with strategic responsibilities, with reference to the financial year 2013; in accordance with the provisions of Article 123-*ter* of Legislative Decree of February 24<sup>th</sup>, 1998 No. 58 (the “Consolidated Financial Act”), such section is submitted to consultive vote of the Shareholders’ Meeting called to approve the financial statements as of December 31<sup>st</sup>, 2012;
- (ii) the second section provides for a detailed disclosure on compensation paid to the above mentioned individuals and to the regular Statutory Auditors in the financial year 2012.

The report also provides for information on the shareholdings held in Enel and in its subsidiaries by members of the Board of Directors and the Board of Statutory Auditors, the General Manager, the Executives with strategic responsibilities, as well as their spouses who are not legally separated and their underage children, whether such shareholdings are held directly or indirectly through subsidiaries, trusts or agents.

This Remuneration Report is made available to the public at Enel’s registered office (located at Viale Regina Margherita, No. 137, Rome) and on the Company’s website ([www.enel.com](http://www.enel.com)).

# **SECTION I: POLICY ON THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, THE GENERAL MANAGER, AND THE EXECUTIVES WITH STRATEGIC RESPONSIBILITIES. PROCEDURES FOR THE ADOPTION AND IMPLEMENTATION OF THE POLICY.**

## **1.1 Procedures for the adoption and implementation of the policy**

### *1.1.1 Bodies and persons involved in the preparation, approval and implementation of the policy.*

Enel's remuneration policy was approved by the Board of Directors, upon proposal of the Compensation Committee.

In accordance with the recommendations set forth under art. 6.C.5 of the Corporate Governance Code, the adequacy, overall consistency and effective application of the remuneration policy are reviewed periodically by the Compensation Committee.

The Chief Executive Officer is in charge of managing the remuneration policy for Executives with strategic responsibilities and, with the support of the Company's "Personnel and Organization" function, of monitoring on a continuous basis the adequacy, overall consistency and effective application of the policy, reporting periodically to the Compensation Committee.

### *1.1.2 Role, composition and functioning of the Compensation Committee*

The Compensation Committee is currently entirely composed of the following independent Directors: Fernando Napolitano (who is also chairman), Alessandro Banchi and Pedro Solbes Mira.

The composition, the tasks and the functioning rules of such Committee are governed by an organizational regulation approved by the Board of Directors and made available to the public on the Company's website ([www.enel.com](http://www.enel.com)).

In particular, the Compensation Committee is in charge of the following consulting and proposing tasks:

- a) formulating to the Board of Directors proposals on the policy on the remuneration of Directors and Executives with strategic responsibilities, periodically assessing the adequacy, overall consistency and effective application of the policy adopted;
- b) submitting proposals to or expressing opinions in favor of, the Board of Directors on the remuneration of executive Directors and other Directors holding particular offices, as well as for the identification of performance targets related to the variable component of such remuneration; monitoring the application of decisions adopted by the Board and verifying, in particular, the actual achievement of performance targets;
- c) reviewing in advance the annual remuneration report, to be made available to the public prior to the annual Shareholders' Meeting called to approve the financial statements.

The Committee also drafts and submits to the Board of Directors, for its approval, incentive schemes for the management, including stock-based remuneration plans, monitoring the application of the same.

The Committee provides support to the Chief Executive Officer and to the competent corporate functions in connection with the optimization of managerial resources, talent scouting and promotion of initiatives with universities in such regard.

The Compensation Committee meets as often as appropriate to ensure the proper performance of its functions. The Chairman of the Board of Statutory Auditors attends the Committee meetings,

and may also designate another regular Statutory Auditor to attend the meeting in his place; the other regular Statutory Auditors may also participate. The Head of the "Personnel and Organization" function generally attends the meeting as well. The Chairman may, from time to time, invite to the Committee meetings other members of the Board of Directors, or other representatives of corporate functions or third parties whose attendance could be deemed helpful for purposes of optimizing the functioning of the Committee. No Director takes part in the Committee meetings in which proposals are presented to the Board of Directors with regard to his own remuneration, unless such proposals concern all the members of Committees established within the Board of Directors. In order for Committee meetings to be valid, the attendance of a majority of the members in office is required. The Committee's resolutions are adopted through an absolute majority vote on the part of those in attendance; in the event of parity, the vote of the Chairman prevails.

With regard to the activities performed by the Compensation Committee, the Chairman of the Committee reports to the Board of Directors at least once a year.

### *1.1.3 Independent experts who took part in the preparation of the policy*

In drafting the remuneration policy for the financial year 2013, the Company availed itself of the consultancy services provided by independent expert of Hay Group S.r.l. In particular, such expert conducted a benchmarking analysis on the remuneration of executive directors and executives with strategic responsibilities in companies, including foreign companies, operating in the same business sector and/or companies endowed with a division of powers similar to Enel's, which are particularly representative on account of their economic or operating dimensions. Such companies are mentioned in the following paragraphs together with the results of the benchmarking analysis.

The remuneration policies of companies belonging to the benchmarking sample were assessed overall, in order to take into account the market standard, without making reference to only one policy or only certain of such policies.

## **1.2 Remuneration policy concerning the members of the Board of Directors, the General Manager and Executives with strategic responsibilities**

### *1.2.1 Purposes of the remuneration policy, its underlying principles and changes compared with the financial year 2012*

In line with the recommendations set forth in Articles 6.C.1 and 6.C.3 of the Corporate Governance Code, the remuneration (i) of Enel's executive Directors, *i.e.* the President and the Chief Executive Officer (who also holds the role of General Manager; with a provision that such role will automatically cease in the event of termination of the office of Chief Executive Officer), and (ii) of Executives with strategic responsibilities of the Enel Group (the "Group"), *i.e.* those persons reporting directly to Enel's Chief Executive Officer, is defined so as to align their interests with the priority purpose of creating value for Enel's shareholders over the medium-long term, ensuring that the remuneration is based upon results effectively achieved by the persons in question and by the Group as a whole.

In particular, in order to strengthen the link between the remuneration and the Company's long-term interests, the policy on the remuneration of the above-mentioned individuals provides as follows:

- (i) there must be an adequate balance between the fixed component and the variable component and, as part of this latter component, between the short-term and the long-term components;

- (ii) the Company has the right to claim back the variable components of the remuneration, if such components were paid on the basis of data which are subsequently proved to be clearly erroneous (so-called clawback);
- (iii) a significant portion of the remuneration of the above-mentioned persons shall come from three-year incentive plans;
- (iv) such plans must be paid subject to the achievement of *performance* targets, the term of which is also three years;
- (v) such targets are pre-determined, measurable and indicative of the operating efficiency of the Company, as well as its capacity to remunerate invested capital and generate cash for the shareholders over the medium/long-term; and
- (vi) disbursement of a significant portion (equal to 70%) of the medium/long-term variable remuneration must be paid on a deferred basis, one year after the date of accrual.

The remuneration policy applicable to such individuals is therefore aimed at enhancing sustainable performance, aligning their remuneration with market standards, with a view to ensuring an adequate level of competitiveness on the labor market.

In addition, such policy sets a maximum cap on the variable components and, in general, purports to ensure an adequate balance between its fixed and variable components.

The remuneration of non-executive Directors, in accordance with the recommendations set forth in Clause 6.P.2 of the Corporate Governance Code, is related to the dedication requested to each of them, also taking into account their respective participation in one or more committees established within the Board of Directors.

### **Amendments to the remuneration policy for the financial year 2013 compared with financial year 2012**

It should be noted that, in consideration of the current difficulties in the economic environment and taking also into account of certain indications emerged from the voting results of Shareholder's Meeting of April 30<sup>th</sup>, 2012 on the Remuneration Report, the Board of Directors, on the basis of the willingness of the person concerned and the proposal of the Compensation Committee, has made the following amendments to the remuneration policy vis-à-vis the financial year 2012:

- (i) with reference to the financial year 2013, the amounts of the short-term variable remuneration payable to the Chairman, to the Chief Executive Officer/General Manager and to the Executives with strategic responsibilities have been revised. In particular, it is provided that:
  - the amount of the variable remuneration payable to the Chairman, as a result of the level of achievement of the performance targets, is reduced by 30%;
  - the amount of the short-term variable remuneration payable to the Chief Executive Officer/General Manager, as a result of the level of achievement of the performance targets, is set to zero, with reference to the directorship relationship, and is it is reduced by 30%, with reference to the executive relationship;
  - the amount of the short-term variable remuneration payable to the Executives with strategic responsibilities, as a result of the level of achievement of the performance targets, is reduced by 30%;
- (ii) the clause providing for a minimum guaranteed term of three years, pursuant to which the Chairman and the Chief Executive Officer/General Manager were entitled – in the event of early termination of the relationship by the Company, revocation without cause or resignation at the request of the shareholder who has presented the slate from which they were appointed – to an amount equal to the total amount of the fixed and variable emolument (of short-term) that they would have received at the expiry of the mandate, has been repealed. Even if this clause is entirely justified, since it is aimed at quantifying *ex ante* the amount of compensation to be paid to the Chairman and to the Chief Executive Officer/General Manager in the event of revocation of the mandate without cause (indemnity admitted by

- Italian law even in the absence of a specific contractual clause), it was decided to repeal it, in order to enhance the appreciation from the market on both the compensation and regulatory conditions, taken as a whole, applied by the Company to the persons concerned; and
- (iii) It has been introduced a clause, according to which it is granted to the Company the right to claim back the variable remuneration, if this is paid on the basis of data which are subsequently proved to be clearly erroneous (clawback).

## 1.2.2 Chairman of the Board of Directors

The remuneration due to the Chairman is comprised of a fixed and a variable emolument. The Chairman is entitled to non-monetary benefits indicated in detail below.

The emoluments granted to the Chairman include the base emolument granted to him, on the basis of the resolution adopted by the Ordinary Shareholders' Meeting (pursuant to Article 2389, paragraph 1, of the Italian Civil Code and Article 23 of the Bylaws), as member of the Board of Directors, and the compensation due for attendance at the board meetings of Enel's subsidiaries or affiliates, which therefore are repaid to or forfeited in favor of Enel.

### Fixed Remuneration

The fixed remuneration granted to the Chairman amounted to Euro 750,000 gross per year. In addition to the afore-mentioned remuneration, the Chairman is entitled to a compensation for the participation in the relevant committees established within the Board of Directors.

### Variable Remuneration

The variable remuneration to the Chairman is equal to a maximum of 80% of the fixed annual remuneration and it is conditioned upon the achievement of annual performance targets. As already said, with specific reference to the financial year 2013, in consideration of the current difficulties in the economic environment and taking also into account the willingness of the Chairman, it has been agreed that the amount of his payable variable remuneration, as a result of the level of achievement of the performance targets, is reduced by 30%.

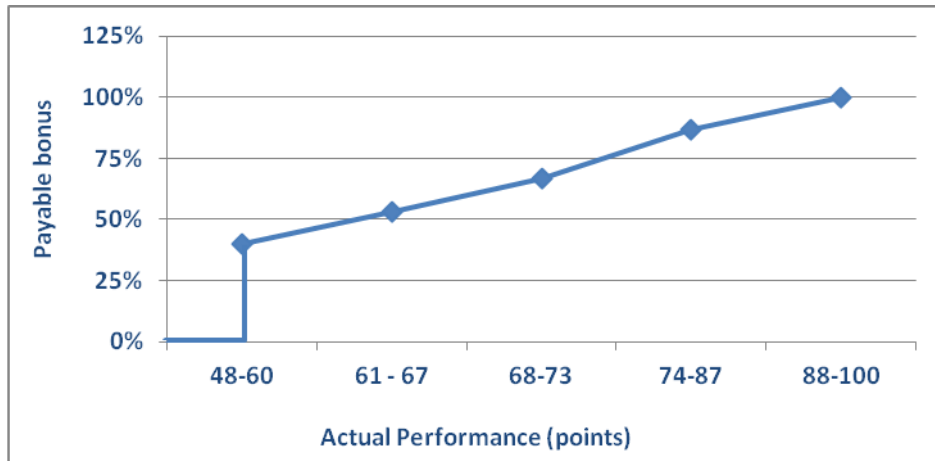
The performance targets to which the payment of the variable remuneration for the financial year 2013 is subject, and the related weight, are indicate below:

<b>Performance target</b>	<b>Points</b>
Consolidated EBITDA	between 15 and 25
Reduction of consolidated financial indebtedness	between 18 and 30
Issuance of hybrid financial instruments	0 or 15 (on/off)
Collection of the Tariff Deficit in Spain	between 10 and 20
Safety in the workplace	between 5 and 10

For each target, except for those related to the issuance of hybrid financial instruments, the score will vary between the minimum and the maximum level based on the actual performance. A performance below the minimum level scores zero points.

Please note that the minimum threshold triggering the assignment of the variable remuneration is 48 points (equal to the 40% of the variable remuneration). In case of a performance equal to 100 points, 100% of the variable remuneration shall be assigned (equal to, as mentioned, the 80% of the fixed annual remuneration). With reference to year 2013, the mentioned 30% reduction on the amount assigned as variable remuneration will apply. The relationship between performance and short-term remuneration is represented by the incentive curve illustrated below.



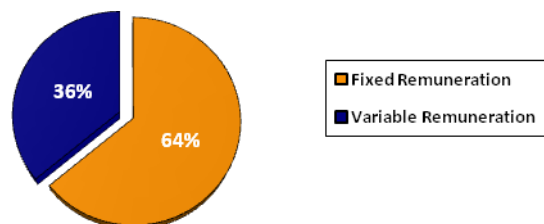


### Clawback

As already mentioned, the economic and regulatory treatment of the Chairman provides that the Company has the right to claim back the variable remuneration, if this was paid on the basis of data which are subsequently proved to be clearly erroneous.

### Pay mix and positioning in the market

The pay mix of the Chairman (assuming the payment of the maximum of the variable component of the remuneration, as reduced for the financial year 2013) is composed as follows:



The positioning in the market of the two components of the remuneration of the Chairman – taking into account the reduction of the variable component agreed between the Company and the President for the financial year 2013 – is specified below:

- the fixed portion of the remuneration tends to be positioned, as compared to the reference benchmark, below the median;
- the total remuneration including the payment of the short term variable portion is positioned slightly below the market median.

The Companies considered for the purpose of the above mentioned benchmark are Assicurazioni Generali, Eni, Intesa SanPaolo and Unicredit; European Companies were not considered, since the powers granted to the Chairman – who, under the Corporate Governance Code, would qualify as executive director but lacks management powers – place him in a peculiar position as compared to the chairmen of European companies having size similar to Enel.

### Other compensation

The policy on non-monetary benefits provides for the undertaking of Enel to: (i) enter into a specific insurance policy (to cover risks such as death or permanent disability); and (ii) adopt protective measures in the event of judicial or administrative proceedings related to the office of chairman (except in cases of willful misconduct or gross negligence established by final judgment or acts clearly committed to the detriment of the Company). The Company has also entered into a specific

insurance policy in order to pay to the Chairman one twelfth of the total remuneration received, fixed and variable part, for each year of actual duration of the office.

The Board of Directors may order in favor of the Chairman: (i) the payment of an extraordinary compensation due to transactions of exceptional strategic importance to and highly relevant for the Company; and (ii) a supplement, at the expiry of the office, of severance indemnity amounts if, over the three-year period, he has achieved noteworthy results, causing the ordinary management targets to be exceeded substantially.

### *1.2.3 Chief Executive Officer / General Manager*

Based on the current organizational structure of the Company, the office of Chief Executive Officer and of General Manager is held by the same person and the economic and regulatory treatment applied to him concern, therefore, both the directorship and executive relationship. To the aforementioned executive relationship – which shall remain in force for all the duration of the directorship relationship and will expire upon its termination – both the national collective employment contract of executives companies which produce goods and services, and the supplementary contracts applicable to Enel' s executives, apply.

For each of the two relationships the Chief Executive Officer/General Manager is entitled to a fixed and a variable component.

The emoluments granted to the Chief Executive Officer include the base emolument granted to him on the basis of the resolution adopted by the Ordinary Shareholders' Meeting (pursuant to Article 2389, paragraph 1, of the Italian Civil Code and Article 23 of the Bylaws), as member of the Board of Directors, and the compensation due for attendance at the board meetings of Enel' s subsidiaries or affiliates, which therefore are repaid to or forfeited in favor of Enel.

#### Fixed Remuneration

The fixed remuneration is divided into: (i) Euro 720,000 gross per year as compensation for the office of Chief Executive Officer; and (ii) Euro 703,357 gross per year as compensation for the office of General Manager (amount subject only to the adjustments provided for under the national collective employment contract of executives companies which produce goods and services); for a total of Euro 1,423,357 gross per year.

#### Variable Remuneration

The variable remuneration payable to the Chief Executive Officer/General Manager (in relation to both relationships) is divided into:

- (i) a short-term component, up to a maximum amount of 150% of the fixed annual remuneration related both to the directorship and to the executive relationship, depending upon whether or not the annual performance targets have been met. With specific reference to the financial year 2013, considering the current difficulties in the economic environment and the willingness of the Chief Executive Officer/General Manager, it was agreed that the amount of the variable remuneration payable in his favor, as a result of the level of achievement of the performance targets, is set to zero, with reference to the directorship relationship, and is it is reduced by 30%, with reference to the executive relationship;

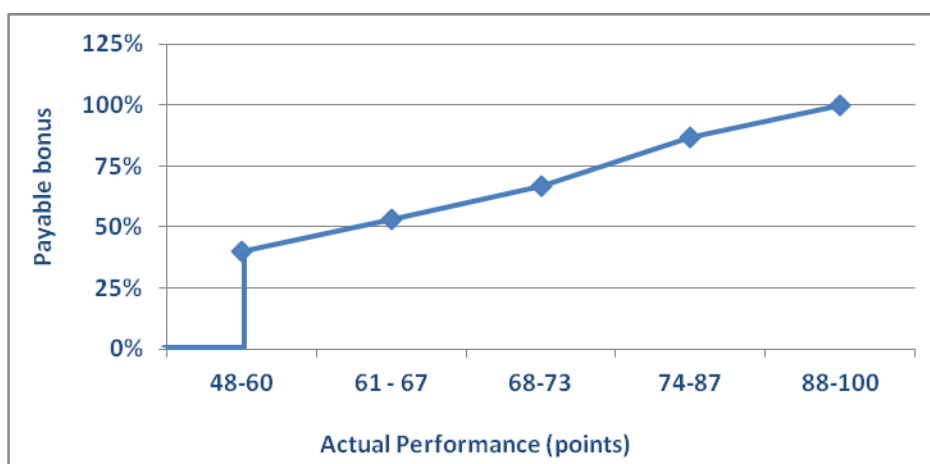
The performance targets to which achievement is subject the payment of the variable remuneration for the financial year 2013, and the related weight, are indicate below:

Performance target	Points
Consolidated EBITDA	between 15 and 25
Reduction of consolidated financial indebtedness	between 18 and 30
Issuance of hybrid financial instruments	0 or 15 (on/off)
Collection of the Tariff Deficit in Spain	between 10 and 20
Safety in the workplace	between 5 and 10

For each target, except for those related to the issuance of hybrid financial instruments, the score will vary between the minimum and the maximum level based on the actual performance. A performance below the minimum level scores zero points.

Please note that the minimum threshold triggering the assignment of the variable remuneration is 48 points (equal to the 40% of the variable remuneration). In case of a performance equal to 100 points, 100% of the variable remuneration shall be assigned (equal to, as mentioned, 150% of the fixed annual remuneration). With reference to year 2013, the amount assigned as short-term variable remuneration will be set to zero (and consequently no such amount will be paid out) with reference to the directorship relationship and a 30% reduction will apply on the amount to be paid under the managerial relationship.

The relationship between performance and short-term remuneration is represented by the incentive curve illustrated below.



- (ii) a medium/long-term component deriving from his participation, in his capacity as General Manager, to the incentive plans periodically adopted by Enel, through a resolution by the Board of Directors, upon proposal of the Compensation Committee, in favor of the Group's management. Under such plans, it is envisaged that the Board of Directors, upon proposal of the Compensation Committee, may grant to the General Manager an amount of financial instruments (options, units, etc.) or money, which is proportional to the position held with respect to the other recipients. The actual exercise of such plans is conditional upon the achievement of the objective and specific targets provided under those plans.

In particular, the new long-term incentive plan (LTI) for 2013, adopted by the Board of Directors, upon proposal of the Compensation Committee, at the meeting held on March 12, 2013, provides for the pre-assignment to the person in question of a base amount, equal to 80% of his fixed remuneration, with reference to both the directorship and the executive position, which is proportional, with reference to the position held, to the amounts envisaged for the other senior managers. The actual payment of the bonus is subject to the achievement of the following triennial targets (*vesting period*):

- a) an operating target consisting in the Group's cumulative EBITDA for the three years 2013-2015 (the so-called gateway target); if this target is not met, the plan would cease to be effective; therefore, if the gateway target is not met, the recipients will not be granted any bonus under the LTI plan, even if all of the performance targets are met; and
- b) two different performance targets of an economic-financial nature consisting in:
- with respect to 75% of the base value of the premium, the ordinary earning per share (EPS, i.e. the net earnings of the Group related to the number of shares of the Company, on a cumulative basis for the three-year period 2013-2015);
  - with respect to the remaining 25% of the base value of the bonus, the return on average capital employed (ROACE, i.e. the ratio between the results of operations and average net invested capital, on a cumulative basis for the three-year period 2013-2015).

The final bonus payable under the plan may vary, depending upon the achievement of the targets, from zero to a maximum level of 120% of the base amount, which is equal to 96% of the fixed remuneration.

A monetary adjustment clause is also provided, pursuant to which, if the Chief Executive Officer/General Manager decide to exercise his rights under the plan starting from the penultimate year of the plan (considering that the plan expires on December 31, 2019), the Company will carry out a revaluation of the bonus due by applying the following formula:

$$\frac{\text{Final Cumulative 2013 EBITDA (year preceding the year of exercise)}}{\text{Cumulative Budget 2013 EBITDA (year preceding the year of exercise)}} \times \text{Actual amount accrued in 2016}$$

Such adjustment may not (i) under any circumstances exceed 50% of the bonus due and accrued through 2016, or (ii) in the event of decrease, lead to a reduction in the above-mentioned actual value of the bonus accrued through 2016.

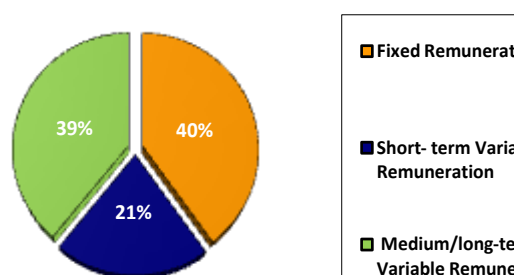
Moreover it is provided that a material portion of the medium/long-term remuneration (equal to 70% of the total) is paid on a deferred basis, one year after accrual (the so called deferred payment).

### Clawback

As already mentioned, the economic and regulatory treatment of the Chief Executive Officer/General Manager provides that Enel has the right to claim back the variable remuneration (both short-term and medium/long-term), if this was paid on the basis of data which are subsequently proved to be clearly erroneous.

### Pay mix and positioning in the market

The pay mix of the Chairman (assuming the distribution of the maximum of the variable component of the remuneration, as reduced for the financial year 2013) is composed as follows:



The positioning in the market of the three components of the remuneration of the Chief Executive Officer/General Manager – taking into account the reduction of the short-term variable component agreed between the Company and the person involved for the financial year 2013 – is specified below:

- the fixed part of the remuneration tends to be positioned, as compared to the reference benchmark, between the first quartile and the market median;
- the total remuneration, inclusive of the payment of the short-term variable component is positioned below the first quartile of the market;
- the total remuneration, inclusive of the payment of the medium/long-term variable component, is below the first quartile of the market.

The Companies considered for the purpose of the above mentioned benchmark are BG Group, Centrica, EDP, Eni, E.On, GDF Suez, Iberdrola, Repsol, RWE and Total (information related to financial year 2011).

#### Other compensation

With the termination of the directorship and, consequently, of the executive relationship (given that the termination as Chief Executive Officer triggers the termination of the office of General Manager), the Chief Executive Officer/General Manager is entitled to the payment of an indemnity equal to two years of the fixed component (for each of the two relationships), in line with the provisions of European Commission's Recommendation No. 385 dated April 30<sup>th</sup>, 2009; such indemnity includes the indemnity in lieu of advance notice and implies the recipient's waiver of any requests/claims under the national collective employment contract for executives of companies which produce goods and services. It is also provided that such indemnity shall not be paid in the event of (i) voluntary resignation, (ii) revocation for cause by the Company, and (iii) request for resignation by the shareholder who has presented the slate from which the Chairman was appointed, which is concurrent with the assignment by such shareholder of another office that is equivalent or of greater professional importance than the one held in Enel.

The Chief Executive Officer/General Manager is also entitled to receive a consideration ( non-competition agreement) in exchange for his undertaking to refrain from engaging in, for a period of one year from the termination of the relationship, on his own account and directly, throughout the European Union, any business activities which could compete with those carried out by Enel or other companies belonging to the Group; such consideration is equal to one year's fixed component and short-term variable component received in his capacity as Chief Executive Officer and General Manager. Such consideration shall be paid 12 months after the termination of the relationship and it shall not be paid in the event that the person in question is granted by the shareholder who has presented the slate from which the Chief Executive Officer has been appointed with another equivalent office or a mandate of greater professional importance than that held in Enel. Under the policy, the breach of the non-competition agreement results in the non-payment of the above mentioned amount or its restitution, where Enel has learnt of such breach after the payment. It is finally provided that such breach triggers the duty to indemnify the damage which amount has been agreed between the parties as equal to the double of the value of the non-competition agreement.

The policy on non-monetary benefits provides that Enel undertakes to: (i) enter into a specific insurance policy (to cover risks such as death or permanent disability); and (ii) adopt protective measures in the event of judicial or administrative proceedings related to the office (except in cases of willful misconduct or gross negligence established by final judgment or acts clearly committed to the detriment of the Company). The Company has also entered into a specific insurance policy in favor of the Chief Executive Officer/General Manager, for the integration of the treatment envisaged in connection with the directorship relationship. In particular such policy pays only for the directorship relationship, (i) one twelfth of the total emoluments paid, including both the fixed and variable portions, for each year of actual duration of the mandate; and (ii) a social security and pension benefit that is similar to what he received, with reference to both the fixed

portion and the variable portion of the directorship relationship, had such relationship been considered equivalent to an executive position.

The Board of Directors may order in favor of the Chief Executive Officer/General Manager: (i) the payment of an extraordinary compensation for transactions of exceptional strategic importance to and highly relevant for the Company; and (ii) a supplement, at the expiry of the mandate, of severance indemnity amounts if, over the three-year period, he has achieved noteworthy results, causing the ordinary management targets to be exceeded substantially.

#### *1.2.4 Non executive-directors*

With regard to non-executive Directors, the policy – as indicated in paragraph 1.2.1 above – provides that their remuneration consists solely of a fixed emolument (approved by the ordinary Shareholders' Meeting in accordance with Article 2389, paragraph 1, of the Italian Civil Code and Article 23 of the Company's Bylaws), and, for Directors who are also members of one or more committees established within the Board of Directors, of an additional amount determined by the latter, upon proposal of the Remuneration Committee and upon consultation of the Board of Statutory Auditors.

Such Directors' remuneration is, therefore, composed only of the fixed component approved by the ordinary Shareholders' Meeting upon the director's appointment, currently equal to Euro 85,000 gross per year, not being provided any variable component.

Furthermore, for all Directors who are also members of one or more committees established within the Board of Directors, the grant of an additional compensation has been determined by the Board, at the meeting held on June 16<sup>th</sup>, 2011, upon proposal of the Compensation Committee, after consulting with the Board of Statutory Auditors, in line with the recommendations set forth in Article 6.P.2 of the Corporate Governance Code. The above-mentioned compensation, for participation in each of the committees established within the Board of Directors (*i.e.*, under the current denomination, the Control and Risk Committee, the Compensation Committee, the Related Parties Committee and the Nomination and Corporate Governance Committee), are as follows:

- gross annual compensation for the Chairman of the Committee: Euro 30,000
- gross annual compensation for the other members of the Committee: Euro 20,000
- amount due for each attendance (for all members): Euro 1,000 per session

In setting the above-mentioned fees, the Board of Directors also set a maximum limit, establishing that the total amount that may be paid to each Director for his participation in the above-mentioned Committees may not, under any circumstances, exceed the limit of Euro 70,000 gross per year.

#### *1.2.5 Executives with strategic responsibilities*

##### Remuneration structure

As regards Executives with strategic responsibilities, the remuneration policy provides that the compensation structure for such individuals is comprised of the following:

- (i) a fixed component aimed at adequately remunerating the skills and expertise that are distinctive and necessary for purposes of performing the office assigned, the scope of responsibilities, and the overall contribution provided in order to achieve business results;
- (ii) a short-term variable component remunerating the performance from a merit and sustainability standpoint. The remuneration policy provides that the short-term variable component is granted to such individuals subject to the achievement of objective, specific, annual targets, based upon the business plan and jointly identified by the "Administration, Finance and Control" function and the "Personnel and Organization" function. In particular, such targets include (i) economic-financial targets, in line with the strategic budget targets of the Group as a whole and the individual Divisions/Business Areas (for all beneficiaries of the plan:

consolidated EBITDA, the reduction of operating expenses and the reduction of consolidated financial indebtedness, as well as the assignment of specific targets for the individual Divisions/Business Areas); (ii) technical and/or project-based targets; and (iii) the assessment of conducts envisaged under the Group's "Leadership Model" (*i.e.*, the set of conducts relevant for Enel at all organizational levels, which contribute towards the achievement of successful performance, which is fundamental for ensuring sustainable growth over time; in particular, reference is made to conduct related to: (1) safety in the workplace, (2) management of changes (3) assumption of responsibilities and risks, (4) oversight of tasks and responsibilities and (5) growth of coworkers).

It should also be noted that the cash base annually pre-assigned in connection with the short-term variable component (MBO) may vary from the achievement of a minimum level of performance targets (below which the bonus is set to zero) up to a maximum predetermined level in the event of over-performance connected to the targets, which is different depending on the countries and the business of the Group. With specific reference to the financial year 2013, in consideration of the current difficulties in the economic environment, it has been agreed that the amount of the short-term variable remuneration payable, as a result of the level of achievement of the performance targets, is reduced by 30%.

- (iii) a medium/long-term variable component characterized by the participation in long-term incentive plans (LTI), which provide that, for 2013, recipients are awarded in advance a base amount linked to the GAR (*RAL*) and a subsequent grant of a cash bonus that may vary on the basis of such amount (from zero to a maximum of 120%) depending upon the level of achievement of pre-established targets and performance conditions for the Group. Such variable component is aimed at orienting management's actions toward the creation of value for shareholders over the medium/long-term; as such, this right to the said medium/long term remuneration mature only if, at the expiry of the three-year period (three-year vesting period), the performance targets established under the plans are met.

The medium/long-term variable component (LTI plan) payable to Executives with strategic responsibilities is granted, under the 2013 plan, subject to the achievement of a combination of the following:

- a) an operating target consisting in the Group's cumulative EBITDA for the three years 2013-2015 (the so-called gateway target); if this target is not met, the plan would cease to be effective; therefore, if the gateway target is not met, the recipients will not be granted any bonus under the LTI plan, even if all of the *performance* targets are met; and
- b) two distinct *performance* targets of an economic-financial nature consisting in:
  - with respect to 75% of the base value of the bonus, the ordinary earning per share (EPS, or in other words, the net earnings of the Group as compared with the number of shares in the Company, on a cumulative basis for the three-year period 2013-2015);
  - with respect to the remaining 25% of the base value of the bonus, the return on average capital employed (ROACE, or in other words, the ratio between the results of operations and average net invested capital, on a cumulative basis for the three-year period 2013-2015).

The foregoing targets also present variations in the long-term incentive plans (LTI) assigned to the managers and, therefore, also to the Executives with strategic responsibilities of the "Infrastructures and Networks" Division, the "Renewable Energies" Division, and the "Iberia and Latin America" Division, for purposes of ensuring compliance with the sector-specific laws and regulations. In particular, the remuneration of the above mentioned managers varies (depending upon the Division they belong to) depending upon (i) the growth and operating efficiency (measured by EBITDA) of the Divisions, (ii) the profitability of the business operations in terms in the capacity of the Divisions to remunerate capital invested (measured by ROACE), (iii) the capacity to generate cash for shareholders (measured by EPS), as well

as the quality of services rendered (measured by the average service interruption time for low voltage clients envisaged for the “Infrastructures and Networks” Division).

A monetary adjustment clause is also included, which applies in accordance with the same terms described above with regard to the LTI 2013 plan assigned to the Chief Executive Officer/General Manager.

On the basis of such clause, if the recipients decide to exercise their rights under the plan starting from the penultimate year of the plan (considering that the plan expires on December 31, 2019), the Company will carry out a revaluation of the bonus due by applying the following formula:

$$\frac{\text{Final Cumulative EBITDA 2013-(year preceding the year of exercise)}}{\text{Cumulative Budget EBITDA 2013-(year preceding the year of exercise)}} \times \text{Actual amount accrued in 2016}$$

Such adjustment may not (i) under any circumstances exceed 50% of the bonus due and accrued through 2016, or (ii) in the event of decrease, lead to a reduction in the above-mentioned actual value of the bonus accrued through 2016.

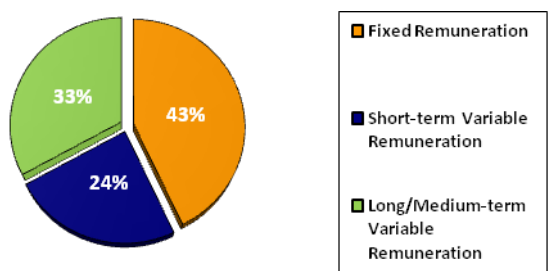
It also envisaged that the disbursement of a significant portion of the medium/long-term remuneration (equal to 70% of the total) is paid on a deferred basis, one year after accrual (*deferred payment*).

Clawback

As already mentioned, the economic and regulatory treatment of the Executive with strategic responsibilities provides that Enel has the right to claim back the variable remuneration (both short-term and medium/long-term), if this was paid on the basis of data which are subsequently proved to be clearly erroneous.

Pay mix and positioning in the market

The pay mix of the Executives with strategic responsibilities (assuming the achievement of results equal to the targets – i.e. 100% of the pre-established cash base – of the variable component, as reduced for the financial year 2013) is composed as follows:



The positioning in the market of the three components of the remuneration of the Executives with strategic responsibilities – taking into account the reduction of the short-term variable component agreed between the Company and the person concerned for the financial year 2013 – is specified below:

- the fixed portion of the remuneration is positioned between the first quartile and the market median;
- the remuneration including the payment of the short-term variable portion is positioned between the first quartile and the market median;



- the total remuneration, inclusive also of the medium/long-term variable component, is positioned between the first quartile and the market median.

Such benchmark was set taking into account the compensation of some 1,550 top executives of the 318 most representative European listed companies based on market capitalization (data referred to year 2012).

#### Other compensation

In the event of termination of the employment relationship, no additional indemnities or payments are due other than those resulting from the application of the provisions of the national collective employment contract for executives of companies which produce goods and services and the supplementary contracts applicable to Enel's executives.

It is envisaged (i) the assignment of an automobile for business and personal use; (ii) the entering into of insurance policies to cover the risk of accidents that may occur outside the professional environment; (iii) the payment by Enel of contributions for the supplementary pension fund, based on the relevant contract, for the Group's executives; (iv) the payment by Enel of contributions for the supplementary healthcare coverage; and, in accordance with the contractual provisions, (v) the adoption of protective measures in the event of legal or administrative proceedings against them in connection with their office (except in cases of willful misconduct or gross negligence established by final judgment or acts clearly committed to the Company's detriment). Such benefits are also granted to the Chief Executive Officer/General Manager, in consideration of its executive relationship with the Company.

## 1.2.6 Summary table

The following table shows the transposition of the national and European recommendations concerning the remuneration of the top management (Directors, Executives with strategic responsibilities, non-Executive Directors) by the Company. Each recommendation is listed in the left column, while the right column indicates the page numbers of this report where are included the comments on how the recommendations were transposed.

Recommendations	Implementation in Enel	
<b>Directors and Executives with strategic responsibilities</b>		
The remuneration shall be defined in such a way as to align interests of beneficiaries with pursuing the priority objective of the creation of value for the shareholders in a medium-long term timeframe. A significant part of the remuneration shall be linked to achieving specific performance objectives, possibly including non-economic objectives, identified in advance ( <i>article 6.P.2 Corporate Governance Code</i> ).	✓	p. 8, 10-12, 15-16
The non-variable component and the variable component are properly balanced according to issuer's strategic objectives and risk management policy, taking into account the business sector in which it operates and the nature of the business carried out ( <i>article 6.C.1, lett. a), and article 6.C.3 Corporate Governance Code</i> ).	✓	p. 8, 10-12, 14-16
Upper limits for variable components shall be established ( <i>article 6.C.1, lett. b), and article 6.C.3 Corporate Governance Code</i> ).	✓	p. 8, 10-11
Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met ( <i>article 3.1 Recommendations n. 2009/385/CE</i> ).	✓	p. 8, 10, 14
The non-variable component shall be sufficient to reward the director/manager when the variable component was not delivered because of the failure to achieve the performance objectives specified by the Board of Directors ( <i>article 6.C.1, lett. c), and article 6.C.3 Corporate Governance Code</i> ).	✓	p. 8, 10, 14
The performance objectives – i.e. the economic performance and any other specific objectives to which the payment of variable components is linked – shall be predetermined, measurable and linked to the creation of value for the shareholders in the medium-long term ( <i>article 6.C.1., lett. d), and article 6.C.3 Corporate Governance Code</i> ).	✓	p. 11-12, 15-16
Award of variable components of remuneration should be subject to predetermined and measurable performance criteria. Performance criteria should promote the long-term sustainability of the company and include non-financial criteria that are relevant to the company's long term value creation, such as compliance with applicable rules and procedures ( <i>article 3.2 Recommendations n. 2009/385/CE</i> ).	✓	p. 11-12, 15-16
The payment of a significant portion of the variable component of the remuneration shall be deferred for an appropriate period of time; the amount of that portion and the length of that deferral shall be consistent with the characteristics of the issuer's business and associated risk profile ( <i>article 6.C.1, lett. e), and article 6.C.3 Corporate Governance Code</i> ).	✓	p. 12, 16
Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration ( <i>article 3.3 Recommendations n. 2009/385/CE</i> ).	✓	p. 12, 16
Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated ( <i>article 3.4 Recommendations n. 2009/385/CE</i> ).	✓	p. 9, 12, 16
Termination payments shall not exceed a fixed amount or fixed number of years of annual remuneration. Termination payments shall not be paid if the termination is due to inadequate performance ( <i>article 6.C.1, lett. f), Corporate Governance Code</i> ).	✓	p. 13
Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof. Termination payments should not be paid if the termination is due to inadequate performance ( <i>article 3.5 Recommendations n. 2009/385/CE</i> ).	✓	p. 13
<b>Non-Executive Directors</b>		
The remuneration of non-executive directors shall be proportionate to the commitment required from each of them, also taking into account their possible participation in one or more committees ( <i>article 6.P.2 Corporate Governance Code</i> ).	✓	p. 14
The remuneration of non-executive directors shall not be – other than for an insignificant portion – linked to the economic results achieved by the issuer. Non-executive directors shall not be beneficiaries of share-based compensation plans, unless it is so decided by the annual shareholders' meeting, which shall also give the relevant reasons ( <i>article 6.C.4 Corporate Governance Code</i> ).	✓	p. 14
Remuneration of non-executive or supervisory directors should not include share options ( <i>article 4.4 Recommendations n. 2009/385/CE</i> ).	✓	p. 14

## SECTION II: REPRESENTATION OF ITEMS WHICH COMPRISE THE REMUNERATION AND FEES PAID DURING THE RELEVANT FINANCIAL YEAR

### 2.1 Compensation paid in 2012

Table 1: Compensation paid to members of the Board of Directors, the Board of Statutory Auditors, to the General Manager and to Executives with strategic responsibilities

The following table sets forth compensation paid to the members of the Board of Directors and the Board of Statutory Auditors, to the General Manager and to the Executives with strategic responsibilities, on an accrual basis (with the exception of the column entitled “Non-monetary Benefits” which was completed in accordance with the taxable income criterion), in accordance with the provisions of Schedule 3A, Scheme 7-*bis*, of the Issuers’ Regulation issued by Consob.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
First Name and Last Name	Office	Term of office	Expiry of term of office	Fixed compensation	Compensation for committee participation	Non-equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	End of mandate indemnity / end of employment indemnity
						Bonuses and other incentives	Profit sharing					
Paolo Andrea Colombo <sup>(1)</sup>	Chairman	01/2012-12/2012	Approval of financial statement for 2013	750,000 <sup>(a)</sup>	37,000 <sup>(b)</sup>	600,000 <sup>(c)</sup>	-	-	-	1,387,000	-	-
Fulvio Conti <sup>(2)</sup>	Chief Executive Officer and General Manager.	01/2012-12/2012	Approval of financial statement for 2013	1,423,357 <sup>(a)</sup>	-	2,525,036 <sup>(b)</sup>	-	68,634 <sup>(c)</sup>	-	4,017,027	269,845 <sup>(d)</sup>	-
Alessandro Banchi <sup>(3)</sup>	Director	01/2012-12/2012	Approval of financial statement for 2013	85,000 <sup>(a)</sup>	57,000 <sup>(b)</sup>	-	-	-	-	142,000	-	-
Lorenzo Codogno <sup>(4)</sup>	Director	01/2012-12/2012	Approval of financial statement for 2013	85,000 <sup>(a)</sup>	57,000 <sup>(b)</sup>	-	-	-	-	142,000	-	-
Mauro Miccio <sup>(5)</sup>	Director	01/2012-12/2012	Approval of financial statement for 2013	85,000 <sup>(a)</sup>	62,000 <sup>(b)</sup>	-	-	-	-	147,000	-	-
Fernando Napolitano <sup>(6)</sup>	Director	01/2012-12/2012	Approval of financial statement for 2013	85,000 <sup>(a)</sup>	62,000 <sup>(b)</sup>	-	-	-	-	147,000	-	-
Pedro Mira <sup>(7)</sup>	Director	01/2012-12/2012	Approval of financial	85,000 <sup>(a)</sup>	47,000 <sup>(b)</sup>	-	-	-	-	132,000	-	-

			statement for 2013									
Angelo Taraborrelli <sup>(8)</sup>	Director	01/2012-12/2012	Approval of financial statement for 2013	85,000 <sup>(a)</sup>	56,000 <sup>(b)</sup>	-	-	-	-	141,000	-	-
Gianfranco Tosi <sup>(9)</sup>	Director	01/2012-12/2012	Approval of financial statement for 2013	85,000 <sup>(a)</sup>	66,000 <sup>(b)</sup>	-	-	-	-	151,000	-	-
Sergio Duca <sup>(10)</sup>	Chairman of Board of Statutory Auditors	01/2012-12/2012	Approval of financial statement for 2012	85,000 <sup>(a)</sup>	-	-	-	-	-	85,000	-	-
Carlo Conte <sup>(11)</sup>	Regular statutory auditor	01/2012-12/2012	Approval of financial statement for 2012	75,000 <sup>(a)</sup>	-	-	-	-	-	75,000	-	-
Gennaro Mariconda <sup>(12)</sup>	Regular statutory auditor	01/2012-12/2012	Approval of financial statement for 2012	75,000 <sup>(a)</sup>	-	-	-	-	-	75,000	-	-
<b>Total</b>				<b>3,003,357</b>	<b>444,000</b>	<b>3,125,036</b>	<b>-</b>	<b>68,634</b>	<b>-</b>	<b>6,641,027</b>	<b>269,845</b>	<b>-</b>

**Notes:**

**(1) Paolo Andrea Colombo – Chairman of the Board of Directors**

- (a) Fixed Emolument approved, in accordance with Article 2389, paragraph 3, of the Italian Civil Code, by the Board of Directors at the meeting held on November 9<sup>th</sup>, 2011, upon proposal of the Compensation Committee, after obtaining the opinion of the Related Parties Committee and upon consultation with the Board of Statutory Auditors.
- (b) Compensation for participation in the Nomination and Corporate Governance Committee (as Chairman of such Committee, including attendance fees) in accordance with resolutions passed by the Board of Directors on June 16<sup>th</sup>, 2011.
- (c) Variable emolument determined by the Board of Directors, upon proposal of the Compensation Committee, following the verification conducted at the meeting held on April 4<sup>th</sup>, 2013, on the level of achievement of objective, specific, annual targets, which had been assigned to him by the Board at the meeting held on March 7<sup>th</sup>, 2012.

**(2) Fulvio Conti – Chief Executive Officer/General Manager**

- (a) Fixed Emolument approved, in accordance with Article 2389, paragraph 3, of the Italian Civil Code, by the Board of Directors at the meeting held on November 9<sup>th</sup>, 2011, upon proposal of the Compensation Committee, after obtaining the opinion of the Related Parties Committee and upon consultation with the Board of Statutory Auditors, of which Euro 720,000 for the office of Chief Executive Officer and Euro 703,357 for the office of General Manager.
- (b) Variable component (i) short-term, of which Euro 1,080,000 for the office of Chief Executive Officer and of Euro 1,055,036 for the office of General Manager, determined by the Board of Directors, upon proposal of the Compensation Committee, following the verification conducted at the meeting held on April 4<sup>th</sup> 2013, on the level of achievement of objective, specific, annual targets, which had been assigned to him by the Board at the meeting held on March 7<sup>th</sup>, 2012 (ii) medium/long-term of Euro 390,000 related to the second tranche of the LTI 2010 plan.
- (c) Benefits related to: i) the company automobile which may be used for both business and personal purposes, in connection with the executive position (on the basis of the value subject to tax and social security contributions, as provided under the relevant ACI tables); (ii) insurance policies covering the risk of accidents unrelated to professional activities; (iii) contributions borne by Enel for the supplementary Pension Fund for the Group's executives; and (iv) contributions borne by Enel for *Asem - Associazione Assistenza Sanitaria Integrativa Dirigenza Energia e Multiservizi* (Association for Supplementary Healthcare Coverage for Energy and Multiservices Executives).
- (d) In light of the current market trend, such options, although theoretically exercisable until December 31<sup>st</sup>, 2014, are for the time being out of the money (since the strike price is set at Euro 7.118).

**(3) Alessandro Banchi – Independent Director**

- (a) Fixed emolument approved by Ordinary Shareholders' Meeting on April 29<sup>th</sup>, 2011.
- (b) Compensation, including attendance fees, for participation in the Compensation Committee (amounting to Euro 26,000) and the Related Parties Committee (amounting to Euro 31,000, as Chairman of such Committee)

**(4) Lorenzo Codogno – Director**

- (a) Fixed emolument approved by Ordinary Shareholders' Meeting on April 29<sup>th</sup>, 2011.
- (b) Compensation for the participation in the Control and Risk Committee (amounting to Euro 20,000) and in the Nomination and Corporate Governance Committee (amounting to Euro 20,000). The above-mentioned emoluments and compensation, with the exception of the attendance fees (amounting to Euro 17,000), are paid entirely to the Ministry of the Economy and Finance in accordance with the directive issued by the Presidency of the Council of Ministers – Public Function Department on March 1<sup>st</sup>, 2000.

**(5) Mauro Miccio – Independent Director**

- (a) Fixed emolument approved by Ordinary Shareholders' Meeting on April 29<sup>th</sup>, 2011.
- (b) Compensations, including attendance fees, for participation in the Control and Risk Committee (amounting to Euro 35,000) and in the Nomination and Corporate Governance Committee (amounting to Euro 27,000).

**(6) Fernando Napolitano – Independent Director**

- (a) Fixed emolument approved by Ordinary Shareholders' Meeting on April 29<sup>th</sup>, 2011.
- (b) Compensation, including attendance fees, for participation in the Compensation Committee (amounting to Euro 36,000, as Chairman of such Committee) and in the Nomination and Corporate Governance Committee (amounting to Euro 26,000).

**(7) Pedro Solbes Mira – Independent Director**

- (a) Fixed emolument approved by Shareholders' Meeting on April 29<sup>th</sup>, 2011.
- (b) Compensation, including attendance fees, for participation in the Compensation Committee (amounting to Euro 26,000) and the Related Parties Committee (amounting to Euro 21,000).

**(8) Angelo Taraborrelli – Independent Director**

- (a) Fixed emolument approved by Ordinary Shareholders' Meeting on April 29<sup>th</sup>, 2011.
- (b) Compensation, including attendance fees, for participation in the Control and Risk Committee (amounting to Euro 35,000) and the Related Parties Committee (amounting to Euro 21,000).

**(9) Gianfranco Tosi – Independent Director**

- (a) Fixed emolument approved by Ordinary Shareholders' Meeting on April 29<sup>th</sup>, 2011.

- (b) Compensation, including attendance fees, for participation in the Control and Risk Committee (amounting to Euro 45,000, as Chairman of such Committee) and the Related Parties Committee (amounting to Euro 21,000).
- (10) **Sergio Duca – Chairman of the Board of Statutory Auditors**  
(a) Fixed emolument approved by Ordinary Shareholders' Meeting on April 29<sup>th</sup>, 2010.
- (11) **Carlo Conte – Regular auditor**  
(a) Fixed emolument approved by Ordinary Shareholders' Meeting on April 29<sup>th</sup>, 2010, of which Euro 37,500 paid to the Ministry of the Economy and Finance in accordance with the directive issued by the Presidency of the Council of Ministers – Public Function Department dated March 1<sup>st</sup>, 2000.
- (12) **Gennaro Mariconda – Regular auditor**  
(a) Fixed emolument approved by Ordinary Shareholders' Meeting on April 29<sup>th</sup>, 2010.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
First Name and Last Name	Office	Term of office	Expiry of term of office	Fixed compensation	Compensation for committee participation	Non-equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	End of office indemnity / end of employment indemnity
						Bonuses and other incentives	Profit sharing					
-	Executives with strategic responsibilities	-	-									
(I) Fees paid to the firm which prepares the financial statement				5,359,701	-	5,701,730	-	425,341	-	11,486,772	1,135,580	-
(II) Compensation/fees from subsidiaries and affiliates				3,269,491	-	3,246,394	-	1,018,318	-	7,534,203	-	-
(III) Total				<b>8,629,192</b>	-	<b>8,948,124<sup>(a)</sup></b>	-	<b>1,443,659<sup>(b)</sup></b>	-	<b>19,020,975</b>	<b>1,135,580<sup>(c)</sup></b>	-

- Notes:**
- (a) Medium/long-term, short-term variable component and other lump sum compensation accrued in the year 2012. The short-term variable component is Euro 6,258,201, calculated on the level of achievement of annual targets, objective and specific, which were set for the persons concerned. The medium/long-term variable component is Euro 2,626,848, disbursable with reference to the LTI 2010 plan (second tranche – the 50% – of the plan), based on the level of achievement of annual performance targets of the three years period 2010/2012. The other lump sum compensation component is Euro 63,075.
- (b) Benefits related to: i) the company automobile which may be used for both business and personal purposes, in connection with the executive position (on the basis of the value subject to tax and social security contributions, as provided under the relevant ACI tables); (ii) insurance policies covering the risk of accidents unrelated to professional activities; (iii) contributions borne by the company for the supplementary Pension Fund for the Group's executives; and (iv) contributions borne by the company for Supplementary Healthcare Coverage.
- (c) In light of the current market trend, such options, although theoretically exercisable until December 31<sup>st</sup>, 2014, are for the time being out of the money (since the strike price is set at Euro 7.118).

**Table 2: Stock options awarded to members of the Board of Directors, to the General Manager and to the other Executives with strategic responsibilities**

The following table sets forth the stock options in place, which have been awarded under the stock option plan for 2008 to the members of the Board of Directors, to the General Manager and to the Executives with strategic responsibilities, in accordance with the provisions of Schedule 3A, Scheme 7-bis, of the Issuers' Regulation issued by Consob.

A	B	(1)	Options held at the beginning of the financial year			Options awarded during the financial year						Options exercised during the financial year			Options that have expired during the financial year	Options held at the end of the financial year	Options referring to the financial year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2) + (5) – (11) – (14)	(16)
First Name and Last Name	Office	Plan	Number of options	Strike price	Possible exercise period (from – until)	Number of options	Strike price	Possible exercise period (from – until)	Fair value as of date of award	Date of award	Market price of the shares underlying the award of the options	Number of options	Strike price	Market price of the underlying shares on the date on which the options are exercised	Number of options	Number of options	Fair value
Fulvio Conti <sup>(1)</sup>	Chief Executive Officer / General Manager	Plan for 2008 (11/06/2008)	1,587,326 <sup>(a)</sup>	7,118	14.04.2011 / 31.12.2014	-	-	-	-	-	-	0	-	-	0	1,587,326	269,845 <sup>(b)</sup>
Executives with strategic responsibilities <sup>(2)</sup>																	
(I) Fees/compensation paid by the company which prepares the financial statement		Plan for 2008 (11/06/2008)	6,679,885	7,118	14.04.2011 / 31.12.2014	-	-	-	-	-	-	0	-	-	0	6,679,885	1,135,580 <sup>(a)</sup>
II) Fees/compensation paid by subsidiaries and affiliates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Total			8,267,211	-	14.04.2011 / 31.12.2014	-	-	-	-	-	-	0	-	-	0	8,267,211	1,405,425

**Notes**

**(1) Fulvio Conti**

(a) Option granted to the involved person for the executive relationship. For further information on the stock option plan for 2008, see the management report for the financial year 2011, as well as the disclosure document which explains the above-mentioned plan pursuant to Article 84-bis of the Issuers Regulation, available at the Company's registered office, Borsa Italiana S.p.A. and on the Company's website (www.enel.com).

(b) In light of the current market trend, such options, although theoretically exercisable until December 31<sup>st</sup>, 2014, are for the time being out of the money (since the strike price is set at Euro 7.118).

**(2) Executives with strategic responsibilities** (following the adoption of the new organizational model of Enel Group, the executives with strategic responsibilities have partially changed with effect from January 1st 2012)

(a) In light of the current market trend, such options, although theoretically exercisable until December 31<sup>st</sup>, 2014, are for the time being out of the money (since the strike price is set at Euro 7.118).

**Table 3: Monetary incentive plans in favor of members of the Board of Directors, of the General Manager and of the Executives with strategic responsibilities**

The following table sets forth the compensation deriving from monetary incentive plans in favor of the members of the Board of Directors, of the General Manager, and of the Executives with strategic responsibilities, on an accrual basis in accordance with the provisions of Schedule 3A, Scheme 7-bis, of the Issuers' Regulation issued by Consob.

A	B	(1)	(2)			(3)			(4)
First Name and Last Name	Office	Plan	Bonus for the year			Bonuses for previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Still deferred	
Paolo Andrea Colombo	Chairman	MBO 2012	600,000	-	-	-	-	-	-
Fulvio Conti	Chief Executive Officer/General Manager	MBO 2012	2,135,036	-	-	-	-	-	-
		LTI 2010	-	-	-	-	390,000	-	-
Total			2,735,036	-	-	-	390,000	-	-
A	B	(1)	(2)			(3)			(4)
Last Name and First Name	Office	Plan	Bonus for the year			Bonus for previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Still deferred	
-	Executives with strategic responsibilities								
(I) Fees/compensation paid by the company which drafts the financial statement		MBO 2012	4,201,730	-	-	-	-	-	-
		LTI 2010	-	-	-	-	1,450,000	-	-
		One-off	-	-	-	-	-	-	50,000
(I) Sub-total				-	-	-	1,450,000	-	
(II) Fees/compensation paid by subsidiaries and affiliates		MBO 2012	2,056,471	-	-	-	-	-	-
		LTI 2010	-	-	-	-	1,176,848	-	-
		One-off	-	-	-	-	-	-	13,075
(II) Sub-total			6,258,201	-	-	-	2,626,848	-	63,075
(III) Total			<b>8,993,237</b>	-	-	-	<b>3,016,848</b>	-	<b>63,075</b>

**Notes**

**(1) Fulvio Conti**

- (a) Remuneration payable to the Chief Executive Officer/General Manager, in function of the executive relationship, for the financial year 2012, with reference to LTI 2010 plan (for the second tranche – i.e. 50% – of such plan), based upon the level of achievement of the performance targets for the three-year period 2010/2012.

- (b) The Chief Executive Officer/General Manager, on the basis of the executive relationship, is a recipient (i) of the long-term incentive plan (LTI) for 2011, which provides for the pre-assignment of a base amount of Euro 1,040,000 and (ii) of the long-term incentive plan (LTI) for 2012, which provides for the pre-assignment of a base amount of Euro 1,138,685 and (iii) of the long term incentive plan (LTI) 2013, which provides for the pre-assignment of a base amount of Euro 1,138,685. The final bonus obtainable under such plans may vary, depending upon the level of achievement of the performance targets, respectively, for the three-year period 2011/2013, 2012/2014 and 2013/2015, from zero to a maximum level of 120% of the above-mentioned base value. Since these are performance targets to be realized over the three-year period (and since intermediate tranches are not envisaged unlike under the LTI plan for 2010), the verification of the level of achievement of the above-mentioned targets will take place only, respectively, in 2014, in 2015 and in 2016.
- (2) **Executives with strategic responsibilities**
- (a) Amount accrued under the LTI plan for 2010 (for the second tranche – i.e. 50% – of such plan), based upon the level of achievement of the performance targets for the three-year period 2010/2012. In particular, the amount represents 100% of the total “base amount” awarded to the Executives with strategic responsibilities (amounting to Euro 1,450,000), following the achievement of the gateway target related to operations (consisting in three-year cumulative consolidated EBITDA) and the level of achievement of the performance target (consisting in three-year cumulative EPS – earnings per share).
- (b) Amount accrued with reference to LTI plans for 2010: (i) of the “Infrastructures and Networks” Division (for the second tranche – i.e. 50% – of such plan), on the basis of the level of achievement of the performance targets for the three-year period 2010/2012 (ii) of the “Iberia and Latin America” Division and (iii) Enel (as referred to in point 1 above), only with respect to Executives with strategic responsibilities who work for the “Renewable Energies” Division who, before the listing of the shares of Enel Green Power S.p.A. on Borsa Italiana, maintained an employment relationship with Enel and who are currently employees of Enel Green Power S.p.A.
- (c) It should also be noted that the Executives with strategic responsibilities are recipients (i) of the long-term incentive plan (LTI) for 2011, which provides for the pre-assignment of a base amount of Euro 4,377,454 and (ii) of the long-term incentive plan (LTI) for 2012, which provides for the pre-assignment of a base amount of Euro 4,381,494, and (iii) of the long term incentive plan (LTI) 2013, which provides for the pre-assignment of a base amount of Euro 4,413,512. The final bonus obtainable under such plans may vary, depending upon the level of achievement of the performance targets, respectively, for the three-year period 2011/2013, 2012/2014 and 2013/2015, from zero to a maximum level of 120% of the above-mentioned base value. Since these are performance targets to be realized over the three-year period (and since intermediate tranches are not envisaged unlike under the LTI plan 2010), the verification of the level of achievement of the above-mentioned targets will take place only, respectively, in 2014 in 2015 and in 2016.
- (d) It should be noted that Executives with strategic responsibilities belonging to the “Infrastructure and Networks” Division, the “Renewable Energies” Division and the “Iberia and Latin America” Division are recipients of specific LTI plans for 2011 (subject to the achievement of *ad hoc* targets related to the three-year period 2011/2013), for an amount totaling Euro 2,252,322 (corresponding to the base amount awarded, which may vary in an equivalent manner for all of the Executives with strategic responsibilities), of specific LTI 2012 (subject to achievement of *ad hoc* targets referred to the three year period 2012/2014), for a total amount equal to Euro 2,337,235 (corresponding to the base amount awarded, which may vary in an equivalent manner for all of the Executives with strategic responsibilities), and of specific LTI 2013 (subject to achievement of *ad hoc* targets referred to the three year period 2013/2015), for a total amount equal to Euro 2,616,316 (corresponding to the base amount awarded, which may vary in an equivalent manner for all of the Executives with strategic responsibilities).



## 2.2 Shareholdings held by members of the Board of Directors, of the Board of Statutory Auditors, of the General Manager and of Executives with strategic responsibilities

The following table sets forth the shares in Enel and its subsidiaries held by the members of the Board of Directors and Board of Statutory Auditors, of the General Manager and of Executives with strategic responsibilities, as well as by their spouses who are not legally separated and minor children, either directly or through subsidiaries, trusts or agents, as set forth in the shareholders' ledger, communications received and information gathered from such members of the Board of Directors and Board of Statutory Auditors, the General Manager and the Executives with strategic responsibilities. The data related to the latter are provided on an aggregate basis, in accordance with the provisions of Schedule 3A, Scheme 7-ter, of the Issuers Regulation issued by Consob.

The table is completed only with reference to the persons who held, over the course of 2012 shares in Enel or companies controlled by it, including those who held the office in question for only a portion of the year. Please note that in 2012 certain changes to the list of persons below have occurred vis-à-vis 2011.

Last Name and First Name	Office	Company in which shareholding is held	Number of shares held at the end of 2011	Number of shares acquired in 2012	Number of shares sold in 2012	Number of shares held at the end of 2012	Title
<b>Members of the Board of Directors</b>							
Colombo Paolo Andrea	Chairman of the Board of Directors	Enel S.p.A.	59,452 <sup>(1)</sup>	-	-	59,452 <sup>(1)</sup>	Ownership
Conti Fulvio	Chief Executive Officer/ General Manager	Enel S.p.A.	573,132 <sup>(2)</sup>	70,000	-	643,132 <sup>(3)</sup>	Ownership
		Endesa S.A.	200	-	-	200	Ownership
		Enel Green Power S.p.A.	156,900 <sup>(4)</sup>	4,300 <sup>(5)</sup>	-	161,200 <sup>(6)</sup>	Ownership
Napolitano Fernando	Director	Enel S.p.A.	76,540	-	-	76,540	Ownership
		Enel Green Power S.p.A.	34,000 <sup>(7)</sup>	-	-	34,000 <sup>(7)</sup>	Ownership
Taraborrelli Angelo	Director	Enel S.p.A.	20,500	-	-	20,500	Ownership
<b>Members of the Board of Statutory Auditors</b>							
Conte Carlo	Regular Statutory Auditor	Enel S.p.A.	27,000 <sup>(8)</sup>	-	27,000 <sup>(8)</sup>	-	Ownership
		Enel Green Power S.p.A.	2,000 <sup>(9)</sup>	100 <sup>(9)(10)</sup>	-	2,100 <sup>(9)</sup>	Ownership
Mariconda Gennaro	Regular Statutory Auditor	Enel S.p.A.	257,860 <sup>(11)</sup>	-	-	257,860 <sup>(11)</sup>	Ownership
Salsone Antonia Francesca	Alternate Statutory Auditor	Enel S.p.A.	3,040	-	-	3,040	Ownership
Tutino Franco	Alternate Statutory Auditor	Enel S.p.A.	262 <sup>(12)</sup>	-	-	262 <sup>(12)</sup>	Ownership

<sup>(1)</sup> 51,566 of which held personally and 7,886 through the spouse.

<sup>(2)</sup> 564,525 of which held personally and 8,607 through the spouse.

<sup>(3)</sup> 634,525 of which held personally and 8,607 through the spouse.

<sup>(4)</sup> 132,900 of which held personally and 24,000 through the spouse.

<sup>(5)</sup> Bonus shares granted in compliance with what was disclosed in the Prospectus published in connection with the public offering and listing on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. of ordinary shares of Enel Green Power S.p.A.

<sup>(6)</sup> 137,200 of which held personally and 24,000 through the spouse.

<sup>(7)</sup> 24,000 of which held personally and 10,000 through the spouse.

<sup>(8)</sup> 22,000 of which held personally and 5,000 through the spouse.

<sup>(9)</sup> Thoroughly through the spouse.

<sup>(10)</sup> Bonus shares granted in compliance with what was disclosed in the Prospectus published in connection with the public offering and listing on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. of ordinary shares of Enel Green Power S.p.A.

<sup>(11)</sup> 248,284 of which held personally and 9,576 through the spouse's heirs.

<sup>(12)</sup> Thoroughly through the spouse.

Last Name and First Name	Company in which shareholding is held	Number of shares held at the end of 2011	Number of shares acquired in 2012	Number of shares sold in 2012	Number of shares held at the end of 2012	Title
17 Executives With strategic responsibilities (1)	Enel S.p.A.	390,152	30,000	74,371	345,781	Ownership
	Endesa S.A.	400	100	-	500	Ownership
	Enel Green Power S.p.A.	349,000	6,000 (2)	-	355,000	Ownership

(1) Following the adoption of the new organizational model of Enel Group, the executives with strategic responsibilities (i.e. Heads of Functions of Enel and the Heads of Divisions were Executives) have partially changed with effect from January 1st 2012.

(2) Bonus shares granted in compliance with what was disclosed in the Prospectus published in connection with the public offering and listing on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. of ordinary shares of Enel Green Power S.p.A.

## PROPOSAL OF RESOLUTION

In consideration of the foregoing, we submit to your approval the following

### Agenda

The Shareholders' Meeting of Enel S.p.A.,

- having examined the remuneration report drawn up by the Board of Directors, pursuant to Article 123-ter of Legislative Decree No. 58 dated February 24<sup>th</sup>, 1998, and Article 84-quater of the Issuers' Regulation adopted by Consob with resolution No. 11971/1999;
- having examined and discussed, in particular, the first section of the aforementioned report containing the description of the policy for the remuneration of the members of the Board of Directors, of the General Manager and of the Executives with strategic responsibilities adopted by the Company for the financial year 2013, as well as of the procedures used for the adoption and implementation of such policy;
- considering that the aforesaid remuneration policy has been prepared pursuant to the recommendations of the Corporate Governance Code for listed companies promoted by Borsa Italiana, which the Company complies with;
- considering that, pursuant to Article 123-ter, paragraph 6, of Legislative Decree No. 58 dated February 24<sup>th</sup>, 1998, it is called to express a non-binding vote of the first section of the remuneration report;

### resolves

to vote in favor of the first section of the Remuneration Report drawn up pursuant to Article 123-ter of Legislative Decree No. 58 dated February 24<sup>th</sup>, 1998, and Article 84-quater of the Issuers' Regulation adopted by Consob with resolution No. 11971/1999, containing the description of the policy for the remuneration of the members of the Board of Directors, of the General Manager and of the Executives with strategic responsibilities adopted by the Company for the financial year 2013, as well as of the procedures used for the adoption and implementation of such policy.