



## REPORT OF THE BOARD OF DIRECTORS ON THE THIRD ITEM OF THE AGENDA

### **Authorization for the acquisition and the disposal of own shares, subject to the revocation of the authorization granted by the ordinary Shareholders' Meeting held on May 24, 2018. Related resolutions**

Dear Shareholders,

You have been convened to discuss and resolve upon granting the Board of Directors with an authorization for the acquisition and the disposal of own shares of the Company, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, subject to the revocation of the previous authorization granted by the ordinary Shareholders' Meeting held on May 24, 2018.

In relation to the above, it is reminded that the last-mentioned Meeting authorized (i) for a period equal to eighteen months starting from the date of the same Shareholders' Meeting (i.e. until November 24, 2019), the acquisition of own shares of the Company up to a maximum amount of Euro 2 billion and to a maximum number of 500 million Enel shares representing approximately 4.92% of the Company's share capital; (ii) for an unlimited period of time, the disposal of own shares thus acquired. As of the date of this report, the Board of Directors has not exercised the right provided for by the authorization above and, therefore, the Company does not hold own shares.

Considering that the expiration of the above-mentioned eighteen-months term is approaching and the persistence of the reasons justifying the said authorization, we hereby submit to the Shareholders' Meeting the proposal to renew the authorization for the acquisition of own shares for the purposes, according to the terms and conditions, and through the modalities illustrated below for an additional period of eighteen months, and to grant a new authorization for the disposal of own shares with no term, subject to the revocation of the previously granted authorization.

## **1. Reasons for the renewal of the authorization request**

The request for the authorization renewal is aimed at granting the Board of Directors with the right to purchase and dispose of own shares of the Company, in compliance with the relevant applicable laws, for the following purposes:

- (i) to offer to Shareholders an additional tool for monetising their investment;
- (ii) to operate on the market with a medium and long-term investment view;
- (iii) to fulfil the obligations arising from the Long term incentive Plan 2019 reserved to the top management of Enel S.p.A. ("Enel" or the "Company") and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code (subject to the approval of this Shareholders' Meeting as the seventh item on the agenda) and/or any other equity plans for Directors and/or employees of Enel and/or of its subsidiaries and/or affiliates;
- (iv) to support the market liquidity of Enel's stock, in order to facilitate the regular execution of trading and to avoid irregular price fluctuations, as well as to regularize the trend of negotiations and quotations against temporary distortions due to volatility excess or low trading liquidity; and
- (v) to set up a share portfolio to serve extraordinary financial transactions or for other purposes deemed to be in the financial, business and/or strategic interest of Enel.

## **2. Maximum number of shares to which the authorization refers to**

In line with the resolution approved by the ordinary Shareholders' Meeting held on May 24, 2018, it is hereby submitted a request to authorize the acquisition of own shares, in one or more instalments, up to a maximum amount of Euro 2 billion and to a maximum number of 500 million Enel ordinary shares, representing approximately 4.92% of the Company's share capital, which is currently divided into no. 10,166,679,946 ordinary shares with a par value of 1 Euro each.

Pursuant to Article 2357, paragraph 1, of the Italian Civil Code, the acquisitions shall be made within the limits of distributable net income and of the available reserves, as per the most recent duly approved financial statements. In this regard, please note that the available reserves resulting from Enel's financial statements as of December 31, 2018, which is submitted to the approval of this Shareholders' Meeting, are equal to an overall amount of approximately Euro 14,055 million.

The renewal of the authorization includes the right to dispose, in one or more instalments, of all or part of the own shares in portfolio, also before having reached the maximum amount of shares that can be purchased as well as, as the case may be, to buy-back the shares, provided that the own shares held by the Company and, if applicable, by its subsidiaries, do not exceed the limit established by the authorization.

Please note that the limit concerning the maximum number of 500 million Enel ordinary shares, and the limit concerning the maximum amount of Euro 2 billion set forth for the acquisition of ordinary shares shall apply severally and therefore once one (and even one only) of the said limits is reached, the acquisitions must cease. In particular, the limit concerning the maximum number of no. 500 million of shares represents the maximum number of shares which can be held at a specific time. On the contrary, the limit concerning the maximum amount of Euro 2 billion shall be interpreted as the absolute limit for the acquisitions, and therefore shall remain unchanged also in case of sell or disposal of own shares in *portfolio*; hence, it is a maximum amount, which cannot be restored nor integrated by selling the shares previously purchased.

**3. Further useful information for assessing compliance with Article 2357, paragraph 3, of the Italian Civil Code**

As of the date of this report, Enel's share capital is equal to Euro 10,166,679,946 and is divided into no. 10,166,679,946 ordinary shares with a par value of 1 Euro each, fully subscribed and paid-in.

Currently, the Company does not hold own shares in portfolio, neither through its subsidiaries.

**4. Term for which the authorization is requested**

The authorization to purchase own shares is requested for the maximum term provided for by Article 2357, paragraph 2, of the Italian Civil Code, equal to eighteen months starting from the date on which the Shareholders' Meeting grants the authorization. During such period, the Board of Directors may carry out the acquisitions freely determining the relating amount and times, in compliance with the relevant applicable laws and, where applicable, with the accepted market practices in force from time to time.

Given the absence of any legislative restriction and taking into account the need to grant the Company with as much operational flexibility as possible, the requested authorization does not provide for any term in relation to the disposal of the own shares purchased.

#### **5. Minimum and maximum consideration**

In line with the resolution approved by the ordinary Shareholders' Meeting held on May 24, 2018, under the new requested authorization, acquisitions shall be made at a price which shall be determined from time to time, taking into account the specific modality selected to carry out the transaction and in compliance with the relevant applicable laws and, where applicable, with the accepted market practices in force from time to time, provided that in any case such price shall not be 10% lower or higher than the official price recorded by the Enel's stock on the *Mercato Telematico Azionario* organized and managed by Borsa Italiana S.p.A. in the trading day preceding each transaction.

Under the same requested authorization, the sale or any other disposal of own shares in portfolio shall take place in accordance with the terms and conditions determined from time to time by the Board of Directors, in compliance with the purposes and criteria illustrated above, and in any case according to the limits (if any) provided for by the relevant applicable laws and, where applicable, by the accepted market practices in force from time to time.

#### **6. Modalities for the acquisition and disposal of own shares**

Given the several purposes indicated in paragraph 1 above, also under the new requested authorization, acquisitions shall be carried out in compliance with most of the modalities provided for by the relevant applicable laws and, where applicable, by the accepted market practices in force from time to time.

Such modalities are currently set forth by Article 132 of Legislative Decree no. 58 of February 24, 1998 (the "Consolidated Financial Act"), by Article 144-*bis* of Consob Resolution no. 11971 of May 14, 1999 ( "Consob Issuers' Regulation"), and by Article 5 of the Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 and its relating implementing measures, as well as by the market practices accepted by Consob with Resolution no. 16839 of March 19, 2009.

In particular, under Article 132, paragraph 1, of the Consolidated Financial Act, the acquisitions of own shares shall be carried out ensuring the equal treatment among Shareholders, according to the modalities established by Consob. In this respect, among the modalities envisaged by Article 144-*bis*, paragraphs 1 and 1-*bis*, of Consob Issuers' Regulation, it is provided that the acquisitions of Enel shares may be carried out:

- a) through a public tender or exchange offer;
- b) on regulated markets or on multilateral trading facilities in accordance with the operating modalities provided for by the regulations for the organization and management of the same markets, that do not allow the direct matching of purchase offers with predetermined sale offers;
- c) through the purchase and the sale of derivative instruments traded on regulated markets or on multilateral trading facilities providing the delivery of the underlying shares, provided that the market rules lay down modalities for the purchase and sale of such instruments in compliance with the same Article 144-*bis*, paragraph 1, letter c), of Consob Issuers' Regulation. In such case, authorized financial intermediaries will be in any case appointed for the implementation of purchase and sell transactions of derivative instruments;
- d) in accordance with the modalities provided for under the accepted market practices accepted by Consob pursuant to Article 13 of the Regulation (EU) no. 596/2014;
- e) upon the conditions set forth by Article 5 of Regulation (EU) no. 596/2014.

The purchases shall not be executed (i) by granting Shareholders with put-option rights in relation to the number of shares they hold nor (ii) by the systematic internalization activity through non-discriminatory modalities which provide for an automatic and non-discretionary implementation of the transactions on the basis of pre-set *criteria*.

Pursuant to Article 132, paragraph 3, of the Consolidated Financial Act, the above-mentioned modalities shall not apply with reference to the purchase of own shares held by employees of the Company or of its subsidiaries and assigned or subscribed pursuant to Articles 2349 and 2441, paragraph 8, of the Italian Civil Code, or resulting from compensation plans based on financial instruments approved according to Article 114-*bis* of the Consolidated Financial Act.

Under the same requested authorization, acts of disposal and/or use of own shares shall be made with the modalities deemed the most appropriate and compliant with the interest of the Company and, in any case, in accordance with the relevant applicable laws and, where applicable, with the accepted market practices in force from time to time.

In particular, own shares acquired in relation to 2019 Long term incentive Plan reserved to the top management of Enel S.p.A. and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code (subject to the approval of this Shareholders' Meeting as the seventh item on the agenda) and/or any other equity incentive plans for Directors and/or employees of Enel and/or of its subsidiaries and/or affiliates will be granted in accordance with the modalities and terms provided for by the regulations of the same plans.

**7. Information on the relation, if any, between the purchase of own shares and the purpose of reducing the share capital**

This request for authorization to purchase own shares is not instrumental to the reduction of the share capital.

We therefore submit to your approval the following

**Agenda**

The Shareholders' Meeting of Enel S.p.A., having examined the explanatory report of the Board of Directors,

**resolves**

1. to revoke the resolution concerning the authorization for the acquisition and the disposal of own shares approved by the Ordinary Shareholders' meeting held on May 24, 2018;
2. to authorize the Board of Directors – pursuant to Article 2357 of the Italian Civil Code – to purchase shares of the Company, in one or more instalments and for a period of eighteen months starting from the date of this resolution, for the purposes provided for by the explanatory report of the Board of Directors relating to this item on the agenda of today's Shareholders' Meeting (the "Explanatory Report"), according to the terms and conditions specified below:

- the maximum number of shares to be purchased is equal to no. 500 million ordinary shares of the Company, representing approximately 4.92% of the share capital of Enel S.p.A., which is currently divided into no. 10,166,679,946 ordinary shares with a par value of 1 Euro each, up to a maximum amount of Euro 2 billion; the acquisitions shall be made within the limits of distributable net income and of the available reserves, as per the most recent duly approved financial statements;
  - the acquisitions shall be made at a price which shall be determined from time to time, taking into account the specific modality selected to carry out the transaction and in compliance with the relevant applicable laws and, where applicable, with the accepted market practices in force from time to time, provided that in any case such price shall not be 10% lower or higher than the official price recorded by Enel S.p.A.'s stock on the *Mercato Telematico Azionario* organized and managed by Borsa Italiana S.p.A. in the trading day preceding each transaction;
  - the acquisitions shall be carried out ensuring the equal treatment among Shareholders and according to the modalities provided for by the relevant applicable laws and, where applicable, by the accepted market practices in force from time to time, as recalled in the Explanatory Report relating to this item on the agenda of today's Shareholders' Meeting, it being understood that in any case the purchases shall not be executed by granting Shareholders with put-option rights in relation to the number of shares they hold, nor by the systematic internalisation activity through non-discriminatory modalities which provide for an automatic and non-discretionary implementation of the transactions on the basis of pre-set criteria;
3. to authorize the Board of Directors – pursuant to Article 2357-*ter* of the Italian Civil Code – to dispose, in one or more instalments, for an unlimited period of time, of all or part of the own shares held in portfolio, also before having reached the maximum amount of shares that can be purchased, as well as, as the case may be, to buy-back the shares, provided that the own shares held by the Company and, if applicable, by its subsidiaries, do not exceed the limit established by the authorization referred to in point 2 above, without prejudice to what provided by the Explanatory Report in this respect. The acts

of disposal and/or use of the own shares in portfolio shall be carried out for the purposes provided for by the said Explanatory Report, according to the terms and conditions specified below:

- the sale or any other disposal of own shares in portfolio shall be carried out with the modalities deemed the most appropriate and compliant with the interest of the Company and, in any case, in accordance with the relevant applicable laws and, where applicable, with the accepted market practices in force from time to time;
  - the sale or any other disposal of own shares in portfolio shall take place in accordance with the terms and conditions determined from time to time by the Board of Directors, in compliance with the purposes and criteria as per this authorization, and in any case according to the limits (if any) provided for by the relevant applicable laws and, where applicable, by the accepted market practices in force from time to time;
  - the own shares acquired in relation to 2019 Long term incentive Plan reserved to the top management of Enel and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code (subject to the approval of this Shareholders' Meeting as the seventh item on the agenda) and/or other equity incentive plans, if any, for Directors and/or employees of Enel S.p.A. and/or of its subsidiaries and/or affiliates shall be granted in accordance with the modalities and terms provided for by the regulations of the same plans;
4. to grant the Board of Directors – and, on its behalf, the Chairman and the Chief Executive Officer, on a several basis and with the right to sub-delegate – with any power needed in order to implement the resolutions as per the points above, carrying out all the activities that may be necessary, advisable, instrumental and/or related to the successful outcome of the same resolutions, as well as to provide the market with the due disclosure in compliance with the relevant applicable laws and, where applicable, with the accepted market practices in force from time to time.