Disclosures supplementing the Annual Report for the year ended December 31, 2012 requested by CONSOB pursuant to the provisions of Article 114, paragraph 5, of Legislative Decree 58 of February 24, 1998

In a letter dated April 19, 2013, CONSOB asked the Board of Directors of Enel S.p.A. (“Enel” or the “Company”), pursuant to Article 114, paragraph 5, of Legislative Decree 58 of February 24, 1998, to supplement the content of the Annual Report as of December 31, 2012, with the following information.

In compliance with the requests of CONSOB – which for convenience are reproduced below in the order in which they were posed in the letter – we report the following.

A) “Main risks and uncertainties” in operations: (i) discuss the risks and uncertainties faced by the issuer that are associated with the weak operational conditions in the energy market in Italy and Spain; (ii) specify the key factors underpinning that weakness and the impact on the operations of the divisions active in those markets; (iii) discuss the actions that management has taken to counter the uncertainties connected with the decline in electricity demand, the narrowing of power generation margins and the excess generation capacity in order to protect operating margins and cash flow generation in those markets.

In addition to the information already provided in the section “Main risks and uncertainties” in the Annual Report as of December 31, 2012, it is important to note that the macroeconomic situation in Italy and Spain remains weak. The most recent figures on the annual change in GDP as of the end of 2012, which show contractions of 2.4% and 1.4% in Italy and Spain, respectively, underscore the fact that the crisis continues and is expected to continue for all of 2013, as reflected in the Group business plan. Similarly, the year-on-year decline in electricity demand in Italy and Spain in 2012 amounted to 2.8% and 1.3% respectively, and this trend is expected to continue in 2013 in Spain but ease in Italy.

The demand weakness, together with excess generation capacity in these two markets, could have a negative impact both on the expected output and generation margins of the Generation and Energy Management Division in Italy and the generation activities in Spain of our Endesa subsidiary. The reduction in margins primarily reflects the performance of prices in connection with the priority of dispatching more efficient conventional and renewable power plants, especially photovoltaic plants in Italy and wind farms in Spain.

In addition, in Spain the electrical industry was, and could still be, adversely affected by unfavorable developments in the regulatory framework associated with the measures being taken to eliminate the electricity “Tariff deficit”.

Nevertheless, Enel’s strong position in regulated businesses, especially in Italy, is a major factor mitigating this risk in generation activities.

Moreover, the following lines of action to counter the uncertainties affecting the economic environment are provided for in the business plan:

- Group cost containment, with expected cumulative overall cost savings of about €4 billion in the 2013-2017 period compared with the 2012 baseline, of which about two-
thirds will come from the reduction of external costs and about one-third from lowering personnel costs;

- optimization of capital expenditure in Italy and Spain in the 2013-2017 period, which, compared with the previous business plan, provides for a reduction of 13% in conventional generation activities, also thanks to the mothballing of about 7,000 MW in installed capacity, and an increase of 5% in distribution;
- the introduction of innovative high-value-added energy efficiency services in Italy;
- growth in renewables and in Latin America.


The following table reports the Group performance targets set out in the 2013-2017 business plan as presented to the financial community. Please see point C) below for more information on financial targets.

<table>
<thead>
<tr>
<th>Billions of euro</th>
<th>2013</th>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>~16.0</td>
<td>~16.0</td>
<td>17-18</td>
</tr>
<tr>
<td>Net Ordinary Income</td>
<td>~3.0</td>
<td>~3.3</td>
<td>4-5</td>
</tr>
</tbody>
</table>

In 2013-2015, Group EBITDA is expected to remain at about €16 billion, as the negative impact of the asset disposals discussed in point C) below will substantially be offset by the forecast growth of the Renewable Energy Division and growth in Latin America. Group’s net ordinary income is expected to grow over the same period.

EBITDA is expected to increase at the end of 2017, thanks to organic growth initiatives and the expected recovery in the fundamentals of our business in Italy and Spain. Net ordinary income is forecast to increase due both to the impact of the improvement in EBITDA and the buy-back of non-controlling interests noted in point C) below.

C) “Net financial debt”:

- “Outlook” - (i) indicate the quantitative targets set out in the 2013-2017 business plan and the actions undertaken by management to reduce debt and maintain an “investment grade” credit rating; (ii) with regard to planned asset disposals of about €6 billion, discuss the Company’s assessment of the sustainability of the debt reduction target in the event of any delays or obstacles in implementing the asset disposal program.

As regards net financial debt, the 2013-2017 business plan presented to the financial community is structured in two phases:

- The first phase, related to 2013-2014, is focused on reducing debt, which is projected to decline from about €43 billion at the end of 2012, to about €42 billion at the end of 2013 and to about €37 billion at the end of 2014. In addition to the measures discussed in point A), other steps being taken to achieve this objective include a programme to divest Group assets totalling about €6 billion.
On top of the above mentioned, the plan also provides for the issue of hybrid securities for the amount of about €5 billion (to be implemented by the end of 2015) in order to strengthen the Group’s financial structure.

- The second phase, related to 2015-2017, envisages an increase in operating cash flows, primarily thanks to the organic growth initiatives undertaken and the expected recovery in the fundamentals of our business in Italy and Spain. Plans for the period also call for buy-outs of non-controlling interests with a total forecast outlay of about €8.5 billion. Net financial debt at the end of 2017 is forecast at between €36 billion and €37 billion.

In summary, between 2013 and 2017 the Group expects to generate about €59 billion in operating cash flows, which will be used to finance capital expenditure totalling about €27 billion, total financial charges of about €12.5 billion and dividends, including the portion pertaining to non-controlling interests, of €11 billion. The remaining €8.5 billion, together with €6 billion generated by the asset disposals above mentioned, will first be used to reduce debt (€6 billion) and then to buy-out non-controlling interests. This is expected to enable Enel to retain the current credit rating.

The risk of failed or delayed completion of the Group asset disposal plan will primarily be offset by a further capital expenditure optimization and/or recourse to disposals of other assets that would produce the same financial effects without materially impacting the Group’s expected performance.

- “management of liquidity risk” – discuss the Group’s policy for the centralized management of the liquidity held by the Parent Company and the main subsidiaries, specifying the associated objectives, processes and instruments.

The Parent Company, also operating through the Dutch financial company Enel Finance International N.V., performs centralized treasury functions for the Group, with the exception of companies operating in Latin America or in countries where legal restrictions do not permit the use of such centralized mechanisms. For those companies, liquidity is managed in accordance with the guidelines established by the Parent Company.

With the current level of debt, Enel has adopted a policy designed to create a solid base of liquidity that is also sufficient to cope with periods of uncertainty and financial turbulence.

This internal policy sets two main limits in respect of liquidity risk at the Group level. In particular, it requires a specific ‘Liquidity Buffer’ – the total liquidity and available committed credit lines – of €10 billion and a ‘Survival Period’ – the period over which Enel can pay debt falling due and financial charges without recourse to self-financing or new debt – of 12 months.

- discuss the reasons for which the Group holds a liquidity buffer at December 31, 2012, in excess of its requirements for current financial debt, and the reasons the Group did not allocate the increase in cash and cash equivalents in 2012 (about €2.8 billion) to reducing gross debt.

In order to manage the risk of a deterioration in funding costs as a result of the continuation of economic and political uncertainty in Europe and of the regulatory restrictions in a number of countries mentioned earlier, it was decided to raise funds in excess of needs associated with debt falling due during the year in order to minimize refinancing risk and redistribute maturities in subsequent years.
Another reason for maintaining such a high level of cash and cash equivalents was the intention to improve rating agencies’ assessment of our liquidity position. This prudent approach was positively considered by rating agencies, especially by Standard & Poor’s, which in its “summary analysis” dated April 10, 2013, raised its evaluation of the Group’s liquidity position from ‘adequate’ to ‘strong’, indicating this as one of the key factors for maintaining our current rating.

D) As regards the impairment testing of goodwill and other intangible assets with an indefinite useful life in the consolidated financial statements at December 31, 2012, please discuss the following:

- the procedure used by the Board of Directors in conducting the impairment tests, specifying the date on which the business plans used for that purpose were approved by the Company’s Board of Directors.

The procedure used in the impairment testing is compliant with the provisions of IAS 36 “Impairment of Assets”. Such procedure was approved by the Company’s Board of Directors on February 27, 2013, in accordance with the joint CONSOB/ISVAP/Bank of Italy document dated March 3, 2010 and prior to approval of the financial statements, following the favorable opinion issued by the Control and Risk Committee at its meeting of February 26, 2013, after its specific evaluation.

In this regard, in addition to the disclosures already provided in note 16 to the Company’s consolidated financial statements at December 31, 2012 concerning the methodology, sources and results of the impairment testing, we report the following:

Impairment testing within Enel Group is conducted through a structured process involving various units/departments with specific roles and responsibilities and is designed to ensure methodological and applicative uniformity in identifying impaired assets.

In summary, the main stages of the procedure are:

1. **checking the existence of impairment indication**: at this stage, external elements (such as a decline in the market value of the assets or a significant increase in interest rates) and internal factors (including negative performance forecasts or the evident obsolescence of assets) are identified, analyzed and monitored in order to determine whether they, individually or jointly, could have an adverse impact on the recoverable value of the assets;

2. **identifying the cash generating units (CGUs) to undergo impairment testing**. More specifically, the CGUs are identified in accordance with the provisions of IAS 36, taking due account of the business model developed by management, with a particular focus on the process of managing and monitoring the assets included in the CGUs. The number and scope of the CGUs is updated systematically to reflect the impact of new business combinations and reorganizations carried out by the Group;

3. **determining the recoverable amount**. At this stage, the methodology and the underlying assumptions of the estimate of recoverable amount are defined. In compliance with IAS 36, the estimate is produced using the unlevered discounted cash flow method applied to pre-tax amounts. The enterprise value of the CGUs is estimated on the basis of future net operating cash flows generated by the ongoing use of the assets and its decommissioning at the end of its useful life,
discounted using a discount rate appropriate for the sector. More specifically, the cash flows used in impairment testing are those drawn, for the explicit projection period, from the business plans prepared by the various divisions/subsidiaries and consolidated in the 10-year 2013-2022 business plan approved by the Board of Directors of the Parent Company on February 27, 2013.

Such business plan was prepared using a structured, comprehensive process, in which (i) the Parent Company first issued the strategic guidelines; (ii) subsequently, according to the above mentioned guidelines, the individual business plans of the various Group divisions/companies were prepared (as defined by their respective management or corporate bodies); (iii) the aforementioned plans were transposed and integrated into the Group’s business plan, which the Board of Directors of Enel S.p.A., after assessing the plan’s overall consistency and compatibility with the strategic guidelines and agreeing with the initiatives and actions proposed for achieving those objectives over the course of three meetings, then approved at the final meeting on February 27, 2013;

4. presenting the results of impairment testing to the Company’s Board of Directors during the meeting called for the approval of the draft financial statements on March 12, 2013.

- the reasons the Company elected to use an explicit projection period for cash flows of 10 years for the major CGUs, rather than the 5-year period used in the Group 2013-2017 business plan presented to the financial community.

The explicit projection period for cash flows used in the impairment testing varies in relation to the specific features and economic cycles of the businesses conducted by the CGUs undergoing impairment testing. The differences in the length of the projection periods are generally due to the different average time needed to complete projects relating to the specific CGUs (conventional generation, nuclear generation, renewable energy, distribution, etc.).

As regards the major CGUs of the Group, the 10-year time horizon for cash flows is used as their investments largely involve projects whose completion normally requires more than the 5-year explicit period presented to the financial community.

- the guidelines underpinning the performance and financial projections for the 5-year period following the time horizon covered by the 2013-2017 business plan, specifying whether they were approved by the Board of Directors.

The basis for impairment testing in 2012 was the Group’s 2013-2022 business plan approved by the Company’s Board of Directors on February 27, 2013. That plan was prepared on the basis of a 10-year explicit projection period, of which only the part regarding the first five years (2013-2017) was presented to the financial community. The guidelines underpinning the plan regard the entire 10 year period and are applicable to the second five years as well (2018-2022).

- the procedures used in conducting the sensitivity analysis of the recoverable value of the CGUs, specifying the variation intervals used for the key variables and the final results of the analysis.

The sensitivity analysis of the recoverable value of the CGUs was conducted using a variation interval for WACCs and long-term growth rates considered to be reasonably
representative of industry dynamics. More specifically, the maximum variation interval applied to the WACCs was an increase of 30 basis points and that for long-term growth rates was a decrease of 30 basis points. The results of the analysis confirmed the full recoverability of the carrying amount of all the CGUs, with the exception of those for which an impairment loss was recognized.

- the Company’s views concerning the difference between the recoverable value per ordinary Enel share at December 31, 2012 and (i) the stock market price and (ii) the consensus target price of analysts.

Equity indexes in Spain and Italy, markets to which the Group is highly exposed, were especially penalized by the adverse macroeconomic climate. In particular, the FTSE MIB index in Italy and the IBEX index in Spain posted losses of 59% and 48%, respectively, between January 2008 and April 2013, compared with a decline of 42% in the Eurostoxx index. In this environment, the utilities industry was affected even more severely, owing to high debt levels and the risks associated with regulatory changes driven by public debt issues rather than the actual regulation of the sector. In this context, the risk appetite of financial investors has fallen substantially, being reflected in investment decisions that are largely based on assessments of the short-term growth outlook for utilities, rather than the long-term approach typically adopted for this industry, as also confirmed in the reports produced by financial analysts. In addition, the Enel stock price is also affected by a dividend policy that is more restrictive than those of its main competitors, which implies a reduction of the share price in the short-term caused by the comparison that investors and financial analysts make with the yields offered by the other industry players.

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