REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

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

- YEAR 2012 -

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

Report on corporate governance and ownership structure

SECTION I: GOVERNANCE AND OWNERSHIP STRUCTURE

Introduction

The corporate governance structure of Enel S.p.A. (hereinafter, also "Enel" or the "Company") and of its corporate group (hereinafter, in short, the "Enel Group" or the "Group") complies with the principles set forth in the edition of the Corporate Governance Code for listed companies ([1])(hereinafter, in short, the "Corporate Governance Code") adopted by the Company.

Furthermore, the aforementioned corporate governance structure is inspired by CONSOB's recommendations on this matter and, more generally, international best practice.

In December 2012, Enel's Board of Directors resolved to implement the recommendations set forth in the edition of the Corporate Governance Code published in December 2011 (drafted by the Corporate Governance Committee promoted by ABI, Ania, Assogestioni, Assonime, Borsa Italiana and Confindustria), in compliance with the timetable provided for under the applicable transitional legal framework. Until such date, in 2012, the Company's and the Group's corporate governance system was in line with the recommendations set forth in the edition of the Corporate Governance Code published in the month of March 2006 (and drafted by the Corporate Governance Committee promoted by Borsa Italiana), as well as with the amendments on directors' compensation made to art. 7 of the same Code in the month of March 2010.

The corporate governance system adopted by Enel and its Group is essentially aimed at creating value for the shareholders over the medium-long term, taking into account the social importance of the Group's business operations and the consequent need, in conducting such operations, to adequately consider all the interests involved.

Ownership structure

Share capital structure

The Company's share capital consists exclusively of ordinary shares with full voting rights at both ordinary and extraordinary shareholders' meetings. At the end of 2012 (and as of the date of this report), Enel's share capital amounted to Euro 9,403,357,795, comprised of the same number of ordinary shares having a par value of Euro 1 each, which are listed on the Electronic Stock Exchange organized and managed by Borsa Italiana.

Major shareholdings and shareholders' agreements

Based upon the entries in Enel's shareholders' ledger, reports made to CONSOB and received by the Company, and other available information, as of the date of this report, none of the Company's shareholders holds a stake exceeding 2% of the Company's share capital, with the exception of

[1] The code is available in it various editions on Borsa Italiana's website (at http://www.borsaitaliana.it)

the Ministry of the Economy and Finance of the Italian Republic (which owns 31.24% of the share capital), and the group controlled by Blackrock Inc. (which owns 3.33%, held as of November 8, 2012 under an asset management arrangement) nor, to the Company's knowledge, do any of the shareholders' agreements referred to in the Consolidated Financial Act exist with regard to Enel's shares. It shall be noted that in the month of January 2012 Natixis S.A. temporarily resulted holding a stake slightly higher than the 2% of Enel's share capital.

The Company is therefore subject to the *de facto* control of the Ministry of the Economy and Finance, which has sufficient votes to exercise a dominant influence at Enel's ordinary shareholders' meetings. However, the above-mentioned Ministry is not in any way involved in managing and coordinating the Company, since the Company makes its management decisions on a fully independent basis in accordance with the structure of duties and responsibilities assigned to its corporate bodies. The foregoing is confirmed by Article 19, paragraph 6, of Decree Law No. 78/2009 (subsequently converted into Law No. 102/2009), which clarified that the regulations contained in the Italian civil code regarding the management and coordination of companies do not apply to the Italian government.

Limit on the ownership of shares and voting rights

In implementing the provisions of the legal framework on privatizations, the Company's bylaws provide that with the exception of the government, public bodies, and parties subject to their respective control, no shareholder may own, directly or indirectly, Enel shares representing more than 3% of its share capital.

The voting rights attaching to the shares owned in excess of the aforesaid limit of 3% may not be exercised, and the voting rights to which each of the parties affected by the limit on share ownership would have been entitled will be proportionately reduced, unless there are prior joint instructions from the shareholders involved. In the event of non-compliance, resolutions passed by shareholders' meetings may be challenged in court if it is found that the majority required would not have been attained without the votes expressed in excess of the above-mentioned limit.

Under the legal framework on privatizations, as subsequently amended, the provisions of the bylaws concerning the limit on share ownership and voting rights will lapse if the 3% limit is exceeded following a takeover bid following which the bidder holds shares representing at least 75% of the capital with the right to vote on resolutions regarding the appointment and removal of directors.

Special powers of the Italian government

In implementing the provisions of the legal framework on privatizations, the Company's bylaws assign to the Italian government (represented for this purpose by the Ministry of the Economy and Finance) certain special powers, which are exercisable regardless of the number of shares owned by the aforesaid Ministry.

Specifically, the Minister of the Economy and Finance, in agreement with the Minister of Productive Activities (currently the Minister of Economic Development), has the following special powers, to be exercised in accordance with the criteria established by the Decree of the President of the Council of Ministers issued on June 10, 2004:

a) The power to challenge the acquisition of significant shareholdings (or, in other words, shareholdings representing 3% or more of Enel's share capital) by parties to whom the aforesaid limit on share ownership applies. Grounds for the opposition must be given and the opposition may be expressed only in cases in which the Ministry considers the transaction to be effectively detrimental to vital national interests;

b) The power to challenge the shareholders' agreements referred to in the Consolidated Financial Act if they concern 5% or more of Enel's share capital. In this case as well, grounds must be given for the opposition, which may be expressed only in cases in which the shareholders' agreements are liable to cause concrete detriment to vital national interests;

c) veto on the adoption of resolutions liable to have a major impact on the Company (meaning resolutions to wind up, transfer, merge, or split up the Company or to move its headquarters abroad or to change its corporate purpose, as well as those aimed at abolishing or changing the content of the special powers). Grounds for the veto must in any case be given, and the veto may be exercised only in cases in which such resolutions are liable to cause concrete detriment to vital national interests;

d) appointment of a Director without voting rights (and of the related substitute in case he or she should cease to hold office).

It should be noted that on March 26, 2009, the European Court of Justice declared that, by adopting the provisions of Article 1, paragraph 2, of the aforesaid Decree of the President of the Council of Ministers issued on June 10, 2004 containing the criteria for exercising the special powers, Italy failed to meet its obligations under Articles 43 (*freedom of establishment*) and 56 (*free circulation of capital*) of the Treaty on the establishment of the European Community.

Thereafter, Decree of the President of the Council of Ministers issued on May 20, 2010 abrogated the provision of the aforesaid Decree of the President of the Council of Ministers of June 10, 2004 censured by the European Court of Justice, which set forth the circumstances in which the special powers provided under letters a), b) and c) could be effectively exercised. Article 1, paragraph 1, of the Decree of the President of the Council of Ministers of June 10, 2004, which provides that the special powers may be exercised "*only in the event of relevant and unavoidable reasons of general interest, with particular reference to public order, security, health and defense, in the form and through means which are suitable and proportional to safeguard such interests, including through the possible provision of appropriate time constraints, without prejudice to national and EU rules, and among those, first and foremost, the non-discrimination principle*", remains applicable.

In order to ensure that Italian laws regarding the Italian Government's special powers in privatized companies fully comply with EU principles, a new legal framework on this matter has been recently prepared and is meant to replace the provisions described above. In fact, Decree Law No. 21/2012

(converted with amendment by Law No. 56/2012) sets forth new rules on special powers on the governance structures of companies operating in defense and national security sectors, as well as companies which operate in the energy, transportation and communications sectors.

In particular, to the extent it concerns to Enel, Article 2 of such Decree provides, first and foremost, that the networks, plants, assets and interests of national strategic importance in the energy, transportation and communications sectors shall be identified by means of one or more regulations to be enactedthrough decree of the President of the Republic. Such regulations shall be updated at least every three years.

It is therefore envisaged that any resolutions, acts or transactions, adopted by a company which has one or more of the above-mentioned assets and that may result in changes in the ownership, control or availability of the same assets or that may modify their use, shall be notified by the company to the Presidency of the Council of Ministers within 10 days and, in any case, before their execution. Resolutions concerning the transfer of subsidiaries which own such assets shall be notified within the same term. Within 15 days from the notification, the President of the Council of Ministers, through a Decree passed with a conforming resolution by the Council of Ministers: (i) may exercise its veto whenever the resolutions, acts or transactions may give rise to an extraordinary situation that is not governed by national and European laws applicable to the sector, involving a threat of serious prejudice for public interests regarding the safety and the functioning of networks and plants as well as the continuity of supply; or (ii) may provide for specific conditions whenever it deems such conditions sufficient to protect such public interests.

If the President of the Council of Ministers has not passed any measures within 15 days of the notification date, the aforementioned resolutions, acts or transactions shall become effective.

Furthermore, it is provided that any acquisition by a non-EU person, of any nature and for any reason, of controlling shareholdings in companies having assets identified as strategic shall be notified to the Presidency of the Council of Ministers within 10 days. In the event that such purchase represents a real threat of serious prejudice for the above-mentioned public interests, within 15 days from the notification, the President of the Council of Ministers, through a Decree adopted in accordance with a related resolution passed by the Council of Ministers: (i) may impose a condition precedent upon the purchase, whereby the purchaser shall undertake certain commitments aimed at protecting the above-mentioned public interests; or (ii) may oppose the purchase in cases of extraordinary risk for the protection of such interests, which cannot be eliminated through the foregoing commitments. Upon the expiry of 15 days from the notification date, the purchase may be executed, if no measures have been passed by the President of the Council of Ministers by such date.

Article 2 of Decree Law No. 21/2012 also provides that the special powers set forth under the same Article may be exercised only on the basis of objective and non-discriminatory criteria, with particular regard to: (i) the existence, also taking into consideration the official position of the European Union, of objective reasons which suggest the possible existence of links between the purchaser and non-EU countries that do not recognize the principles of democracy or of the rule of

law (*Stato di diritto*), that do not respect the rules of international law or that have engaged in risky behaviors vis-à-vis the international community inferred from the nature of their alliances, or that have relationships with terrorist or criminal organizations or with persons otherwise related to them; (ii) the capacity of the structure resulting from the act or the transaction – taking into account the financing modalities of the acquisition, and the purchaser's economic, financial, technical and organizational capacity – to guarantee the safety and continuity of the supplies and/or the maintenance, safety and the functioning of networks/grids and plants.

Art. 3 of Decree Law No. 21/2012 provides, lastly, that starting from the date of entry into force of the Decrees of the President of the Republic that identify the strategic assets, Italian privatization laws (currently in force) would be automatically cancelled and the underlying provisions of Enel's bylaws shall automatically cease to be effective.

However, pursuant to the same Decree Law No. 21/2012, the provisions of the Company's bylaws concerning limits on the ownership of shares and voting rights (as well as the legal framework on privatizations), as described in the previous paragraph, shall remain effective.

Employee shareholdings: mechanism for exercising voting rights

The Consolidated Financial Act sets forth specific rules regarding voting proxies for listed companies, which partially deviate – for such companies – from the provisions set forth in the Civil Code and which were significantly amended following the implementation in Italy of Directive 2007/36/EC (on the exercise of certain rights of the shareholders of listed companies) by Legislative Decree No. 27 of January 27, 2010.

The foregoing specific rules govern the solicitation of proxies, which is defined as the request for proxies addressed to more than two hundred shareholders on specific voting proposals, or accompanied by recommendations, declarations and other indications capable of influencing the vote. However, the Consolidated Financial Act clarifies that the request for proxies accompanied by recommendations, declarations and other indications capable of influencing the vote, which is submitted by associations of shareholders to their affiliates – including those associations comprised of employee shareholders – shall not be considered a solicitation of proxies and, therefore, is not subject to the relevant specific legal framework provided that such associations comply with the specific requirements set forth in the Consolidated Financial Act.

At the same time, the Consolidated Financial Act recommends that the by-laws of listed companies contain provisions aimed at simplifying the exercise of voting rights through proxy by employee shareholders, thus fostering their participation in the decision-making process at shareholders' meetings.

In such respect, since 1999, Enel's bylaws expressly provide that for purposes of simplifying the collection of proxies by the employee-shareholders of the Company and its subsidiaries, who are affiliated with shareholders' associations which comply with the requirements imposed under applicable laws, areas for communication and for the collection of proxies shall be made available

to such associations, pursuant to the terms and modalities to be agreed upon from time to time with their legal representatives.

In March 2008, the Company was informed of the establishment of an employee-shareholders' association called *A.DI.G.E. – Associazione Azionisti Dipendenti Gruppo Enel* (Association of Employee-Shareholders of Enel Group) which meets the requirements set forth in the Consolidated Financial Act and is subject to the above-mentioned bylaws provisions.

Appointment and replacement of directors and amendments of the bylaws

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

With regard to the rules applicable to amendments to the bylaws, extraordinary shareholders' meetings resolve on the same, in accordance with the relevant majorities provided for by law.

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

- mergers by incorporation of wholly-owned or at least 90% owned companies, as well as de-mergers of such companies;
- the establishment or closing of secondary offices/branches;
- the selection of directors with powers to represent the Company;
- the reduction of the share capital in the event that one or more shareholders should withdraw;
- the harmonization of the bylaws with applicable provisions of law;
- moving the registered office to a different location within Italy.

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

Authorizations to increase the share capital and to buy back shares

As of the date of this report, there is outstanding an authorization for the Board of Directors to increase the share capital in order to service a stock option plan aimed at the Company's and Group's executives, with the consequent exclusion of the shareholders' preemptive rights.

In particular, on the basis of such authorization, in June 2008, the extraordinary session of the shareholders' meeting authorized the Board of Directors, for a period of five years, to increase the share capital one or more times, divisibly, by a maximum amount of Euro 9,623,735 for the 2008 stock option plan, which had been approved by the ordinary session of the same shareholders' meeting, and in relation to which the Board of Directors later verified the achievement of the objectives upon which the exercise of the option rights was conditioned. It should be noted that the

unit exercise price of the stock options assigned under the 2008 stock option plan is equal to Euro 7.118, the term for exercise shall expire at the end of year 2014, and the amount authorized above could entail a potential maximum total dilution amounting to 0.10% of the share capital as recorded as of the date of this report. For a detailed description of the 2008 stock option plan, see the comments set forth in the Company's financial statements and Enel Group's consolidated financial statements for year 2012.

For the sake of thoroughness, it should be pointed out that the total actual dilution of the share capital as of the end of 2012 as a consequence of the exercise of the stock options awarded through the plans preceding the above-mentioned plan amounts to 1.31%.

As of the date of this report, the Board of Directors has not been authorized either to issue financial instruments granting shareholdings or to buy back shares.

Change-of-control clauses

A) The Credit Agreement to finance the acquisition of Endesa shares

In order to finance the purchase of the shares of the Spanish company Endesa S.A., as part of the takeover bid on the entire share capital of such company by Enel, its subsidiary Enel Energy Europe S.r.l. and the Spanish companies Acciona S.A. and Finanzas Dos S.A. (the latter of which is controlled by Acciona S.A.), in April 2007, Enel and its subsidiary Enel Finance International S.A. (which subsequently merged into Enel Finance International N.V.) entered into a syndicated term and guarantee facility agreement (hereinafter, in short, the "Credit Agreement") with a pool of banks for a total amount of Euro 35 billion. In April 2009, Enel and Enel Finance International negotiated with a pool of 12 banks an increase in the Credit Agreement for an additional Euro 8 billion and an extension (with respect to the deadlines set forth in such Credit Agreement) of the term for the the repayment of this additional sum, with the intention of financing the acquisition by the subsidiary Enel Energy Europe S.r.l. of 25.01% of Endesa S.A.'s share capital held by Acciona S.A. and Finanzas Dos S.A.. Specifically, it was agreed that of the additional Euro 8 billion obtained through the increase in the Credit Agreement, Euro 5.5 billion may be paid back in 2014 and the remaining Euro 2.5 billion in 2016. Following the acquisition by the subsidiary Enel Energy Europe S.r.l. of 25.01% of Endesa S.A.'s capital held by Acciona S.A. and Finanzas Dos S.A., in June 2009, the aforesaid increase in the Credit Agreement, amounting to Euro 8 billion, was used in its entirety. As of December 2012, following the repayments made, the remaining amount outstanding of the Credit Agreement (including the above-mentioned additional Euro 8 billion) is equal to Euro 617.5 million.

The Credit Agreement makes specific provisions for circumstances (hereinafter, for the sake of brevity, the " change of control events") in which (i) control of Enel is acquired by one or more parties other than the Italian government or (ii) Enel or any of its subsidiaries contributes (including through mergers) a substantial portion of the assets of the Group to parties that are not part of the latter, such that the Group's creditworthiness is significantly compromised in the opinion of the pool of banks.

Specifically, if one of the aforesaid hypothetical change of control events should occur:

- each bank belonging to the pool may propose to renegotiate the terms and conditions of the Credit Agreement or communicate its intention to withdraw from the agreement;
- Enel and its subsidiary Enel Finance International may decide to repay the sums received early and to cancel, without incurring any penalties, the entire financial commitment assumed by each bank belonging to the pool (i) with which the renegotiation of the terms and conditions of the Credit Agreement has not been successful or (ii) that has notified its intention to withdraw from the agreement;
- each of the latter banks belonging to the pool may demand the early repayment of the sums disbursed and the cancellation of the entire financial commitment undertaken;
- in the event that none of the banks belonging to the pool either proposes to renegotiate the terms and conditions of the Credit Agreement or communicates its intention to withdraw from the contract, the Credit Agreement shall remain in full force and effect in accordance with the terms and conditions originally agreed.

B) The revolving credit facility agreement

In order to meet general treasury requirements, in April 2010, Enel and its subsidiary Enel Finance International S.A. (which subsequently merged into Enel Finance International N.V.) entered into a revolving credit facility agreement with a pool of banks for a total amount of Euro 10 billion and, at the same time, terminated a previous agreement having the same subject matter, entered into in 2005, in the amount of Euro 5 billion.

Such agreement sets forth rules regarding possible changes of control and their consequences that are essentially similar to those provided under the Credit Agreement described in paragraph A) above.

C) The Term Loan Facility

In February 2012, the subsidiary Enel Finance International N.V. entered into a term loan with a pool of banks in the amount of Euro 3.2 billion, backed by a guarantee granted by Enel, for a term of five years from the date of the initial drawdown.

The term loan contains provisions governing possible changes in control and their consequences that are essentially similar to those provided under the Credit Agreement described in paragraph A) above.

D)The revolving credit facility agreement entered into with Unicredit

In order to satisfy specific treasury requirements, in July 2012, Enel entered into a revolving credit facility agreement with Unicredit S.p.A. for a total amount of euro 500 million, with a term of approximately 18 months from the execution date.

This contract also provides that in the event that control over Enel is acquired by one or more parties other than the Italian Government, such change of control shall be timely notified to

Unicredit S.p.A.. In the event that Unicredit S.p.A. deems that the change of control may adversely affect Enel's capacity to fulfill its obligations under the revolving credit facility agreement, it may request the suspension of Enel's use of the funds provided under the facility agreement and the reimbursement of the amounts already drawn.

E) The EIB loan to Enel Produzione

In order to increase its investment in the field of renewable energy and environmental protection, in June 2007, the subsidiary Enel Produzione S.p.A. entered into a loan agreement with the European Investment Bank (hereinafter, in short, "EIB") for up to Euro 450 million (amount that the parties subsequently agreed to reduce to Euro 400 million), which expires in July 2027.

This agreement provides that both Enel Produzione S.p.A. and Enel are obliged to inform the EIB of any changes in their control. If it deems that such changes could have negative consequences on the creditworthiness of Enel Produzione S.p.A. or Enel, EIB may demand additional guarantees, changes in the agreement, or alternative measures that it considers satisfactory. If Enel Produzione S.p.A. does not accept the solutions proposed, EIB shall be entitled to unilaterally terminate the loan agreement in question.

F) The EIB loans to Enel Distribuzione

In order to develop the process of making its electricity grid more efficient, in November 2006 the controlled company Enel Distribuzione S.p.A. entered into a loan agreement with the EIB in the amount of Euro 600 million, which expires in December 2026. In December 2012, following repayments, the outstanding loan amounted to Euro 560 million.

Such agreement is backed by a guarantee agreement entered into by the EIB and Enel, which provides that the Company, in its capacity as guarantor of the loan, is obliged to inform the EIB of any changes in its control structure. After receiving such notification, the EIB will examine the new circumstances in order to decide upon a possible change in the conditions governing such loan to Enel Distribuzione S.p.A.

G) The Cassa Depositi e Prestiti loan to Enel Distribuzione

In April 2009, Enel Distribuzione S.p.A. entered into a framework loan agreement with Cassa Depositi e Prestiti S.p.A. (hereinafter, in short, "CDP") for an amount of Euro 800 million, which will expire in December 2028. It is also aimed at developing the process of making the power grid of such subsidiary more efficient. In 2011, the parties entered into two extensions to the framework loan agreement for a total amount of Euro 540 million.

This agreement is also accompanied by a guarantee agreement entered into by CDP and Enel, according to which the Company, as guarantor of the aforesaid loan, is obliged to inform CDP (i) of any change in the composition of the capital of Enel Distribuzione S.p.A. that could entail the loss of control of said company, as well as (ii) of any significant deterioration in Enel Distribuzione S.p.A.'s and/or Enel's financial condition, balance sheet, income statement, cash flow, or

operations or prospects. The occurrence of such circumstances may give rise to an obligation for Enel Distribuzione S.p.A. to repay immediately to CDP the loan received.

Compensation owed to directors in the event of early termination of the relationship, including as the result of a takeover bid

The payment package due to the chief executive officer (as well as the general manager) of Enel includes an end of mandate severance indemnity, which is also granted in the event of early termination of the directorship relationship following resignation for cause or revocation without cause.

For a detailed description of such compensations please make reference to paragraph 1.2.3 of the first section of the remuneration report approved by the Board of Directors on April 4, 2013, upon proposal of the compensation committee, which is available at the Company's registered office, on the Company's website.

No specific indemnities are due in the event that the relationship with any member of the Board of Directors should terminate following a takeover bid.

Organizational structure

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

- a Board of Directors in charge of managing the Company;
- a board of statutory auditors responsible for monitoring (i) the Company's compliance with the law and bylaws, as well as compliance with proper management principles in the carrying out of the Company's activities, (ii) the process of financial disclosure and the adequacy of the Company's organizational structure, internal auditing system, and administration and accounting system, (iii) the audit of the annual financial statements and the consolidated financial statements and the independence of the external auditing firm and, lastly (iv) how the corporate governance rules provided by the Corporate Governance Code are actually implemented;
- shareholders' meetings, called to resolve upon – in either an ordinary or extraordinary session – among other things, (i) the appointment or removal of members of the Board of Directors and the Board of Statutory Auditors, as well as their compensation and responsibilities, (ii) the approval of financial statements and the allocation of net earning, (iii) the purchase and sale of treasury shares, (iv) stock-based compensation plans, (v) amendments to the Company's bylaws, and (vi) the issue of convertible bonds.

The external audit of the accounts is entrusted to a specialized firm enrolled in the relevant registry and appointed by the shareholders' meeting, upon a reasoned proposed by the board of statutory auditors.

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SECTION II: IMPLEMENTATION OF THE RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE AND ADDITIONAL INFORMATION

Board of Directors

Role and functions

The Board of Directors has a central role in the Company's governance structure, since it has powers over the strategic, organizational and control guidelines for the Company and the Group. In consideration of its role, the Board of Directors meets regularly and endeavors to ensure the effective performance of its duties.

In particular, and in accordance with the legal framework and specific resolutions of the Board itself (and, in particular, the one recently passed in December 2012), the Board of Directors:

- establishes the corporate governance system for the Company and the Group;
- constitutes the Board's internal committees, with consultative and proposing powers, appoints their members and, by approving their internal rules, defines their duties;
- delegates and revokes the powers of the chief executive officer, defining their content, limits, and the procedures, if any, for exercising them. In accordance with the powers in force, the chief executive officer is vested with the broadest powers for the management of the Company, with the exception of those powers that are assigned otherwise by legal or regulatory provisions or by the Company's bylaws or which are reserved to the Board of Directors according to resolutions of the latter, which are described below;
- receives, as well as the board of statutory auditors does, information from the chief executive officer regarding the activities carried out in the exercise of his powers, which are summarized in a special quarterly report. In particular, with regard to all the most significant transactions carried out using the powers of his office (including atypical or unusual transactions or ones with related parties whose approval is not reserved to the Board of Directors), the chief executive officer reports to the board on (i) the features of the transactions, (ii) the parties concerned and any relation they might have with the Group companies, (iii) the procedures for determining the considerations concerned, and (iv) the related effects on the income statement and the balance sheet;

  - determines, based on the analyses and proposals of the relevant committee, the compensation of the directors and key executives; in implementing such policy, it determines, based on proposals of the committee and after consulting with the board of statutory auditors, the compensation of the chief executive officer and the other directors who hold specific offices and resolves upon the adoption of incentive plans aimed at the general management;
- on the basis of the information received, evaluates the adequacy of the Company's and the Group's organizational, administrative, and accounting structure and resolves on the changes in the general organizational structure proposed by the chief executive officer;

- examines and approves the strategic, business and financial plans of the Company and the Group, whose implementation monitors periodically. In this regard, the current division of powers within the Company specifically provides that the Board of Directors resolves upon the approval of:
  - the annual budget and the business plan of the Group (which incorporate the annual budgets and long-term plans drafted by the Group companies);
  - strategic agreements, also defining – upon proposal by the chief executive officer and after consulting the Chairman – the Company's and the Group's strategic objectives;
- examines and approves in advance the transactions of the Company and the Group that have a significant impact on their strategy, balance sheets, income statements, or cash flows, particularly in cases where they are concluded with related parties or otherwise characterized by a potential conflict of interests.

  In particular, all financial transactions of a significant size (meaning: (i) the Company's issuance of bonds or contracting of loans for an amount exceeding Euro 50 million; (ii) the issuance of bonds or the entering into loans by subsidiaries where, in both cases, the grant of a guarantee by Enel is required or the transaction's amount exceeds Euro 300 million; and (iii) the grant of guarantees by Enel, in the interest of subsidiaries or third parties, in both cases, where such guarantees cover amounts exceeding Euro 25 million) must be approved in advance (if they concern the Company) or evaluated (if they regard other Group companies) by the Board of Directors.

  In addition, acquisitions and disposals of equity investments amounting to more than Euro 25 million must be approved in advance (if they are carried out directly by the Company) or evaluated (if they concern other Group companies) by the Board of Directors. Finally, the latter approves agreements (with ministries, local governments, etc.) that entail expenditure commitments exceeding Euro 25 million;
- provides guidance and assessments on the adequacy of the internal control and risk management system, defining the nature and level of risk that is compatible with the Company's and the Group's strategic targets, in line with the prerogatives set forth in such regard in the Corporate Governance Code (as better described in the paragraph entitled "Internal control and risk management system");
- provides for the exercise of voting rights at the shareholders' meetings of the main companies of the Group and designates the directors and statutory auditors of such companies;
- appoints the general manager and grants the related powers;
- evaluates the general performance of the Company and the Group, with particular reference to conflicts of interests, using the information received from the Chief Executive Officer and verifies periodically the achievement of the objectives set;
- formulates proposals to submit to shareholders' meetings and reports at such meetings on the activities carried out and planned, ensuring that the shareholders have adequate information on

the elements necessary to enable them to participate in a well-informed manner in the decisions falling under the authority of such meetings.

Appointment, replacement, composition, and term

Pursuant to the provisions of the Company's bylaws, the Board of Directors consists of three to nine members who are appointed by an ordinary shareholders' meeting (which determines their number subject to such limits) for a term not exceeding three financial years and may be reappointed at the expiration of their term of office. A non-voting director may be appointed in addition to the foregoing members, whose appointment is reserved to the Italian government by virtue of the legal framework on privatizations and a specific provision of the bylaws (as explained in the first section of this report in the paragraph entitled "Ownership Structure – Special powers of the Italian Government"). To date, the Italian government has not yet exercised such power of appointment.

Under the current legal framework, all of the directors must meet the integrity requisites imposed upon statutory auditors of listed companies, and the company representatives of entities holding equity stakes in financial intermediaries.

In compliance with the legal framework governing privatizations and in accordance with the amendments made at the end of 2005 to the Consolidated Financial Act, the bylaws also provide that the appointment of the entire Board of Directors must take place in accordance with the slate voting system aimed at ensuring the presence on the Board of Directors of members appointed by minority shareholders totaling three-tenths of the directors to be elected. In the event this number is a fraction, it is to be rounded up to the nearest integer.

Each slate must include at least two candidates meeting the independence requisites established by law (*i.e.*, those applicable to the statutory auditors of listed companies), distinctly mentioning such candidates and listing one of them as the first name on the slate.

Furthermore, pursuant to the amendments to the Consolidated Financial Act introduced in July 2011, aimed at ensuring a balance between genders in managing and supervisory boards of listed companies, and in light of the implementing regulations issued by CONSOB and included in the Issuers Regulation, and in compliance with the bylaws amendments resolved by the extraordinary shareholders' meeting held on 30 April 2012, on the next three renewals of the Board of Directors following August 12, 2012, those slates which contain a number of candidates equal to or over three shall also include candidates belonging to different genders, as indicated in the notice of call. With regard to the modalities for the appointment of the Board of Directors, such bylaws amendments shall include, under the Company's bylaws, a specific correction mechanism ("sliding clause") to be used in the event that, following the vote, a balance between genders, as required under the applicable legal framework, is not achieved.

The slates must list the candidates in progressive order and may be presented by the outgoing Board of Directors or by shareholders who, individually or together with other shareholders, own the minimum percentage of the share capital of the Company indicated by CONSOB with

regulation (i.e., considering Enel's market capitalization, as of the date of this report, the minimum percentage required is at least 0.5% of the share capital). The slates must be filed at the Company's registered office, by those who present them, at least 25 days before the date on which the shareholders' meeting called to resolve upon the appointment of the members of the Board of Directors is scheduled. Such slates shall be published by the Company on its internet website and shall also be made available to the public at Enel's registered office at least 21 days before the date of the meeting, so as to ensure a transparent process for the appointment of the Board of Directors.

A report containing exhaustive information on the personal and professional qualifications of the candidates, accompanied by a statement as to whether or not they qualify as independent under the applicable provisions of law and the Corporate Governance Code, must be filed at the Company's registered office together with the slates, and must also be published promptly on the Company's website.

For purposes of identifying the directors to be elected, candidates listed on slates that receive a number of votes amounting to less than half the percentage required for presenting the aforesaid slates are not taken into account (i.e., as of the date of this report, 0.25% of the share capital).

For the appointment of directors who, for whatever reason, are not elected in accordance with the slate voting system, a shareholders' meeting resolves in accordance with the majorities required by the law, ensuring in any case:

- the presence of the necessary number of directors meeting the independence requisites established by law (in other words, at least one director if the Board consists of no more than seven members or two directors if the Board consists of more than seven members);
- compliance with the applicable laws on balance between genders; and
- the principle of a proportional representation of minorities on the Board of Directors.

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

- if one or more of the directors leaving their office vacant were drawn from a slate also containing candidates who were not elected, the replacement must be made by appointing, in progressive order, persons drawn from the slate to which the directors in question belonged, provided that said persons are still eligible and willing to accept the office;
- in any case, in replacing directors who leave their office vacant, the Board of Directors must ensure the presence of the necessary number of directors meeting the independence requisites established by the law, and ensuring the compliance with the applicable laws on balance between genders;
- if the majority of the directors appointed by a shareholders' meeting leaves the office vacant, the entire board is to be deemed to have resigned and the directors still in office must promptly call a shareholders' meeting to elect a new board.

It should be noted that the Company has not adopted specific plans for the succession of the executive directors since, as of the date hereof, in consideration of Enel's shareholding structure,

(i) the person to be appointed as Chief Executive Officer, considering the specific professional and managerial experiences required by such office, is *de facto* easily identifiable among the candidates of the slate presented by the main shareholder, the Ministry of Economy and Finance, whilst (ii) the Chairman of the Board of Directors is appointed directly by the shareholders' meeting, upon proposal and with the decisive vote of the main shareholder.

As resolved by the ordinary shareholders' meeting of April 29, 2011, the Board of Directors in office is comprised of nine members, whose term shall expire when the 2013 financial statements are approved. As a result of the appointments made by the aforesaid shareholders' meeting, as of the date of this report the Board of Directors is comprised of the members indicated here below, together with the specification of the slates from which they were nominated. The slates were presented by the Ministry of the Economy and Finance (which at the time owned 31.24% of the Company's share capital) and by a group of 20 institutional investors (which at the time owned a total of 0.98% of the Company's share capital).

- Paolo Andrea Colombo, 52, Chairman (designated in the slate presented by the Ministry of the Economy and Finance);
- Fulvio Conti, 65, chief executive officer and general manager (designated in the slate presented by the Ministry of the Economy and Finance);
- Alessandro Banchi, 66, director (designated in the slate presented by institutional investors);
- Lorenzo Codogno, 53, director (designated in the slate presented by the Ministry of the Economy and Finance);
- Mauro Miccio, 57, director (designated in the slate presented by the Ministry of the Economy and Finance);
- Fernando Napolitano, 48, director (designated in the slate presented by the Ministry of the Economy and Finance);
- Pedro Solbes Mira, 70, director (designated in the slate presented by institutional investors);
- Angelo Taraborelli, 64, director (designated in the slate presented by institutional investors);
- Gianfranco Tosi, 65, director (designated in the slate presented by the Ministry of the Economy and Finance).

A brief description of the professional profiles of the above-mentioned members of the Board of Directors is set forth in Schedule 1 to this report.

The directors are aware of the duties and responsibilities resting with the office they hold and they are, like the statutory auditors, informed on an on-going basis by the relevant corporate departments on the most important legislative and regulatory changes concerning the Company and the performance of their duties. In order to be in a position to perform their role even more effectively, they also participate to initiatives aimed at increasing their knowledge of the Company's structure and dynamics. In particular, in 2012, the non-executive director and the statutory auditors were offered the possibility of taking part, at the Company's expense, in a training course organized by Assogestioni and Assonime about duties and responsibilities of members of

management and control bodies of listed companies, in connection withthe new edition of the Corporate Governance Code published in December 2011.
The directors perform their duties with full knowledge of the facts and in complete autonomy, pursuing the primary objective of creating value for the shareholders over the medium-long term.

Remuneration
Shareholders' meetings determine the remuneration of the members of the Board of Directors. The Board of Directors sets the additional remuneration for the members of the committees with consultative and proposing functions instituted within the Board of Directors, upon a proposal by the Compensation Committee, after consulting the board of statutory auditors. The total remuneration of the Chairman and the Chief Executive Officer/General Manager is also established by the Board of Directors, upon a proposal by the Compensation Committee and after consulting the Board of Statutory Auditors.
For a detailed description of the structure and of the amount of the above-mentioned remuneration for financial year 2012, please see the second section of the remuneration report, approved by the Board of Directors on April 4, 2013, upon a proposal by the Compensation Committee, which is available at the Company's registered office, on the Company's website.

Limit on the number of offices held by directors
The directors accept and maintain their office provided they expect to be in a position to devote the necessary time to the diligent performance of their duties, taking into account both the number and the nature of the offices they hold on the boards of directors and the boards of statutory auditors of other companies of significant size and the commitment required by the other work or professional activities they carry out and the offices they hold in associations.
In this regard, it should be noted that in December 2006 the Board of Directors approved (and embodied in a specific document, most recently amended in December 2012) a policy regarding the maximum number of offices that its members may hold on the boards of directors and the boards of statutory auditors of other companies of significant size in order to ensure that the persons concerned have enough time to effectively perform their duties on the Board of Directors of Enel, also taking into account their participation in committees established within the Board.
In accordance with the recommendations of the Corporate Governance Code, such policy considers significant, in this regard, only those offices held on the boards of directors and the boards of statutory auditors of the following categories of companies:

a) companies with shares listed on regulated markets, including foreign ones;
b) Italian and foreign companies with shares not listed on regulated markets and operating in the fields of insurance, banking, securities intermediation, mutual funds, or finance;
c) other Italian and foreign companies with shares not listed on regulated markets that, even though they operate in fields other than those specified under letter b) above, have assets

exceeding Euro 1 billion and/or revenues exceeding Euro 1.7 billion, based upon their most recent approved financial statements.

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

In the context of the amendment of such policy in December 2012, it was provided that – in line with the recommendations introduced in the edition of the Corporate Governance Code published in December 201 – unless otherwise decided in accordance with a reasoned opinion expressed by the Board of Directors, Enel's Chief Executive Officer may not hold the role of director of another large company outside Enel Group and where an Enel'sdirector acts as Chief Executive Officer.

On the basis of the information provided by the directors of the Company upon implementation of the aforesaid policy – and taking into account the inquiry carried out by the Board of Directors most recently in December 2012 – each of Enel's directors currently holds a number of offices in the boards of directors or boards of statutory auditors of other companies of significant size that is compatible with the limit established under such policy.

Board meetings and the role of the Chairman

In 2012, the Board of Directors held 14 meetings, which lasted an average of about 3 hours and 15 minutes each. The directors' participation was regular and the meetings were also attended by the board of statutory auditors and by a magistrate representing the Court of Auditors. For the financial year 2013, 13 Board's meetings have been scheduled, 4 of which have already been held.

During 2012 the heads of the corporate functions in charge of the various matters related to the items on te agenda have been constantly invited to attend the meetings of the Board of Directors and, upon invitation by the Chief Executive Officer, they have brought to the discussion their valuable contribution.

The activities of the Board of Directors are coordinated by the Chairman, which has a proactive role in connection with the functioning of the board. In particular, the Chairman calls the meetings of the board, establishes their agenda, presides over them, and endeavors to ensure that the documentation related to the items on agenda is circulated to the directors and statutory auditors with timely advance notice prior to the date of each meeting. In this regard, it should be noted that the Board of Directors, in December 2012, deemed generally timely an advance notice of three days for mailing out the board meeting documentation (while at the same time acknowledging that such term could be increased or decreased, respectively, in cases where the documentation is particularly important and/or complex or in the event of urgent transactions or transaction in progress), and affirmed that in 2012, such term had generally been complied with. The Chairman

also ascertains whether the Boards' resolutions are implemented, chairs shareholders' meetings, and – like the Chief Executive Officer – is authorized to represent the Company legally.
In addition to the powers provided by law and under the bylaws regarding the functioning of the corporate bodies (the shareholders' meeting and the Board of Directors), the Chairman is also entrusted, pursuant to a board resolution passed in December 2012, with the duties of (i) participating in the formulation of corporate strategies in concert with the Chief Executive Officer, without prejudice to the powers granted to the latter by the Board of Directors in this regard, as well as (ii) taking part in, jointly with the Chief Executive Officer, the drafting in favor of the Board of Directors of proposals on the appointment, revocation and compensation of the head of the Company's "Audit" function.
Finally, in agreement and coordination with the chief executive officer, the Chairman maintains relations with institutional bodies and authorities.

Evaluation of the functioning of the Board of Directors and its Committees
Towards the end of 2012, the Board of Directors, with the assistance of a specialized consultancy firm which does is not party to any other professional or business relationships with Enel or the other companies belonging to the Enel Group, began (and completed in February 2013) an evaluation of the size, composition, and functioning of the Board itself and its committees (referred to as the "board review"), in compliance with the most advanced corporate governance practices disseminated abroad that have been adopted under the Corporate Governance Code. This board review follows similar initiatives that have been conducted on an annual basis by the Board of Directors starting in 2004.
The analysis, which is conducted by means of a questionnaire filled out by each director followed by individual interviews performed by the consultancy firm, in accordance with standard practice, focused on the most significant issues regarding the Board of Directors, such as: (i) the composition, role, and responsibilities of such body; (ii) the organization and conduct of board meetings, the related information flows and the decision-making processes followed; (iii) the utility and frequency of induction meetings in order to expand the visibility and understanding of the most important strategic and operating matters; (iv) relationships between the Board of Directors and the Company's and the Group's top management; (v) the composition and functioning of the committees instituted within the Board; (vi) the adequacy of the organizational structures that support the works of the Board of Directors and of its committees.
Among the strengths that emerged from the 2012 board review, the most noteworthy include the spirit of collaboration within the Board of Directors, facilitating the decision-making process; the information flows on which such decision-making process is based, which the directors consider to be complete, effective and timely; the breadth of the board's discussions, which are supported by an adequate awareness on the part of the directors of the Company's strategies and risks; the minutes of the meetings recording the discussions and the resolutions of the boards, that are considered to be precise and accurate. The size of the Board of Directors, the expertise among its

members, the number and the duration of the board meetings are considered to be appropriate. The activities carried out by the Chairman and the manner in which he coordinates the works of the Board of Directors continue to be very positively assessed by the other directors, which have also confirmed their positive assessment on the transparency of the information provided by the top management during the board's meetings and on the contributions and analyses on the most significant issues which have been provided by the top managers during the board meetings and which have provided the opportunity to enrich the board's discussions with additional information. With regard to the establishment of committees within the board, a large consensus has been reiterated on the adequacy of their composition, their role and the effectiveness of the activities carried out, facilitated by both the support given by the dedicated corporate functions and the accessibility of the information requested. The overall picture provided above confirms that – as pointed out by the consultancy firm, also based on a specially performed benchmark analysis – Enel's Board of Directors and its internal committees work in an efficient and transparent manner, in full compliance with best practices for corporate governance.

With reference to the recommendation represented during the previous board review regarding the advisability of including as a schedule to the more lengthy and complex documents to be reviewed by the board of director summary memoranda which summarize the most important contents, it has been observed that such requests have been promptly and fully satisfied, just as the adequate timeliness of the delivery of the documentation prior to upcoming board meetings has been confirmed.

Continuing an initiative introduced after the first board review (conducted in 2004), the annual meeting of the strategic committee was again organized in October 2012 and focused on an analysis and in-depth study by the members of the Board of Directors of the long-term strategies across the Group's various business sectors. Upon the conclusion of the board review, the directors confirmed the considerable usefulness of such meeting as part of their training, and recommended that its duration be extended in order to ensure even more in-depth discussions between the top management and the directors, which could increase the opportunities for the directors to provide their contributions to the process of definition of the corporate strategies.

Among the few areas showing room for improvement, a number of directors have recommended, on the one hand, to better analyze the strategies of the Group's main competitors at the international level, in light of the growing importance of Enel's expansion onto foreign markets and, on the other hand, to conduct more regular and frequent reviews of the Company's and the Group's long-term strategies, including by further enhancing and extending the scope of the annual strategic summit.

Executive and Non-executive directors

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

In accordance with the recommendations set forth in the Corporate Governance Code, the following directors are considered executive directors:

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

Directors who do not fall under any of the foregoing categories qualify as non-executive.

According to the analysis carried out in December 2012 by the Board of Directors in office as of the date of this report, with the exception of the Chairman and the Chief Executive Officer/General Manager, the other seven members of the same Board of Directors (Alessandro Banchi, Lorenzo Codogno, Mauro Miccio, Fernando Napolitano, Pedro Solbes Mira, Angelo Taraborrelli and Gianfranco Tosi) are non-executive directors.

As regards the Chairman, it should be noted that his classification as an executive director derives from the specific role that the current division of powers assigns him with regard to the formulation of the Company's strategies, although he does not not have any individual powers of management.

As regards the Chief Executive Officer, the latter is granted all powers to manage the Company, with the exception of those otherwise assigned under legal or regulatory provisions, the Company's bylaws or the structure of powers which was updated, most recently, in December 2012 (as regards the matters which under such structure are reserved to the Board of Directors, see the paragraph entitled "Board of Directors – Role and functions" below).

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

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

Independent directors

Basing its decision on the information provided by the persons concerned or information otherwise available to the Company, in December 2012, the Board of Directors attested that directors Alessandro Banchi, Mauro Miccio, Fernando Napolitano, Pedro Solbes Mira, Angelo Taraborrelli, and Gianfranco Tosi are independent pursuant to the Corporate Governance Code.

Specifically, directors were considered independent if they neither are party nor have recently been party to relationships, even indirectly, with the Company or with parties related to the Company that could currently compromise their autonomy of judgment.

As usual, the procedure followed in this regard by the Board of Directors began with an examination of a document indicating the offices held and the relations maintained by the non-executive directors that could be deemed relevant for purposes of assessing their respective independence. This phase was followed by the self-assessment carried out by each of the non-

executive directors regarding his personal position, after which the final assessment was made collectively by the Board of Directors, with the abstention, in turn, of the individual members whose position was under examination.

In evaluating the independence of the non-executive directors, the Board of Directors took into account the cases in which, according to the Corporate Governance Code, the requisites of independence should be considered lacking and, in this regard, applied the principle of the prevalence of substance over form recommended by such Code.

In this regard, it is pointed out that during such evaluation conducted in December 2012 on the independence of the non-executive directors, the Board of Directors, in compliance with the above-mentioned principle of prevalence of substance over form, has also classified as independent, pursuant to the Corporate Governance Code, the directors Fernando Napolitano and Gianfranco Tosi, having concluded that their independence may be more properly assessed taking into account the independence of judgment shown by the same towards the Company, its executive directors and its main shareholder, the Ministry of Economy and Finance, which presented their candidatures, rather than on the basis of the fact that Mr. Tosi has been one of the directors of Enel for over nine years during the last twelve years.

Furthermore, the Board of Directors has confirmed the validity of the specific quantitative parameters – adopted for the first time during the independence evaluation carried out in February 2010 – applicable to the commercial, financial, or professional relations that may take place, directly or indirectly, between directors and the Company. Unless there are specific circumstances, to be evaluated on a case-by-case basis, the exceeding of such parameters (specified in the Table 1 attached to the present report, together with the cases in which, according to the Corporate Governance Code, the requisites of independence must be considered lacking) should, in principle, preclude the relevant non-executive director's satisfaction of the independence requisites provided under such Code. In this regard, it should be noted that during the above-mentioned evaluations conducted in December 2012 on the independence of the non-executive directors, the Board of Directors acknowledged that no business, financial or professional relationships, whether direct or indirect, of such a nature a to compromise their independence of judgment, exist or have existed during years 2011 and 2012, between the above-mentioned directors, qualified as independent, and the Company or persons related to the Company.

During the review carried out in December 2012, the Board of Directors ascertained that the foregoing six non-executive directors – *i.e.* Alessandro Banchi, Mauro Miccio, Fernando Napolitano, Pedro Solbes Mira, Angelo Taraborrelli and Gianfranco Tosi – also met the requisite of independence provided by law (namely by the Consolidated Financial Act) for the statutory auditors of listed companies (such requisites are also clearly specified in Table 1 attached to this report).

In February 2013, the Board of Statutory Auditors established that, in carrying out the aforesaid evaluations on the independence of its non-executive members, the Board of Directors correctly applied the criteria recommended by the Corporate Governance Code, following for such purpose

a transparent assessment procedure that enabled the Board to learn about relations that were potentially relevant for purposes of the independence evaluation.

Even though independence of judgment characterizes the activities of all directors, both executive and non-executive, an adequate presence of directors (both with respect to their number and responsibilities) who can be qualified as independent according to the foregoing definition – having a significant role in the Board of Directors as well as in the committees – ensures a proper balance of the interests of all shareholders.

The independent directors met, without the presence of the other directors, in December 2012. On that occasion, on the one hand, they verified that the recommendations that emerged from the board review for year 2011 had been fully implemented over the course of 2012 and, on the other, agreed upon the need to hold more frequent meetings for the independent directors, in order to discuss the matters considered to be of interest in connection with the functioning of the Board of Directors and the management of the Company.

In December 2012, the Board of Directors also confirmed the absence of any conditions that, according to the Corporate Governance Code, would require the appointment of a lead independent director, in consideration of the fact that at Enel, the Chairman of the Board of Directors is not the Chief Executive Officer, and does not own a controlling interest in the Company. The independent directors also concluded that the fact that they had identified within the board, as of December 2011, a director (in the person of Mauro Miccio) in charge of coordinating the conduct of meetings reserved for them rendered unnecessary the express designation, on a voluntary basis, of a lead independent director.

Committees

In order to ensure that it performs its duties effectively, as early as January 2000 the Board of Directors set up within the Board itself a Compensation Committee and an Internal Control Committee, (name which, in line with the recommendations introduced in the edition of the Corporate Governance Code published in December 2011, in December 2012 was changed to Control and Risk Committee), having consultative and proposing functions.

Each of such Ccommittees consists of at least 3 non-executive directors, the majority of whom are independent, and are appointed by the Board of Directors, which appoints one of them as Chairman (who, starting from December 2012, in line with the recommendations introduced in the edition of the Corporate Governance Code published in the month of December 2011, must meet the independence requisites) and also establishes the duties of the Committee by a special resolution.

Special organizational regulations approved by the Board of Directors (amended and integrated most recently in December 2012) govern the composition, tasks, and working procedures of the Compensation Committee and the Control and Risk Committee.

In carrying out their duties, the Committees in question are empowered to access the information and corporate departments necessary to perform their respective tasks and may avail themselves

of external consultants at the Company's expense subject to the limits of the budget approved by the Board of Directors. In this regard, it should be noted that in the event that the Compensation Committee decides to avail itself of external consultants in order to obtain information on market practices concerning remuneration policies, it previously verifies that the consultant is not in any situation which may effectively compromise his independence of judgment.

Each committee appoints a secretary, who need not be one of its members, who is assigned the task of drafting the meeting minutes.

The Chairman of the Board of Statutory Auditors, or another designated auditor, attends the meetings of each committee (it should be noted that starting in December 2012 and in line with the recommendation introduced in the edition of the Corporate Governance Code published in December 2011, also the other regular statutory auditors are entitled to attend). Upon invitation by the Chairman of the relevant Committee, meetings may also be attended by other members of the Board of Directors or representatives of the company's functions/departments or third parties whose presence may support the performance of the committee's duties. The meetings of the Compensation Committee are also normally attended by the head of the "Human Resources and Organization" function, and the meetings of the Control and Risk Committee are also normally attended by the head of the "Audit" function.

In November 2010, the Board of Directors, during its approval of a new procedure for related party transactions, in compliance with the requirements prescribed by CONSOB through a regulation passed in March 2010, established an internal committee (the Related Parties Committee). This Committee is in charge of issuing specific opinions on transactions with related parties carried out by Enel, directly or through its subsidiaries, in the circumstances and in compliance with the procedure described above.

Subsequently, in May 2011, the Board of Directors established another internal committee with consultative and proposing functions regarding corporate governance matters (the Corporate Governance Committee), placed in charge of supervising the procedures and the regulations adopted in this respect within the company and formulating amendment proposals in order to adapt their contents to the national and international best practices, also taking into account changes in the applicable legal framework. In December 2012, on the occasion of the implementation of the recommendations introduced in the edition of the Corporate Governance Code published in December 2011, the Board of Directors also delegated nomination committee functions to this committee.

The organizational rules governing the Related Parties Committee and the Nomination and Corporate Governance Committee regulate the functioning of such committees essentially in accordance with the principles contained in the organizational rules governing the Compensation Committee and the Control and Risk Committee.

Compensation Committee

The compensation of the Company's directors and key executives is established in an amount that is sufficient to attract, retain, and motivate people endowed with the professional qualities required for successfully managing the Company.

In this regard, the compensation committee must ensure that the compensation of the executive directors and the key executives is defined so as to align their interests with the priority objective of pursuing the creation of value for the shareholders over the medium-long term. In particular, a significant portion of the compensation of executive directors and key executives is linked to the achievement of specific performance objectives, which also include non-economic objectives, which are identified in advance and determined in line with the guidelines set forth in the remuneration policy.

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

No directors may attend those meetings of the Compensation Committee that are called to resolve upon proposals regarding their own emoluments, to be submitted to the Board of Directors, except in the case of proposals concerning all the members of the Committees established within the Board of Directors.

Specifically, the Compensation Committee is entrusted with the following consultative and proposing tasks (as most recently determined by the Board of Directors in December 2012 upon implementation of the amendments of Article 7 of the Corporate Governance Code):

- presenting proposals to the Board of Directors for the compensation of the directors and key executives, evaluating periodically the adequacy, overall consistency and concrete application of the adopted policy, also on the basis of information provided by the Chief Executive Officer concerning the implementation of such policy with respect to the key executives;
- submitting to the Board of Directors proposals for or express opinions on the remuneration of the executive directors and the other directors who hold particular offices, as well as the identification of performance objectives related to the variable component of such remuneration, monitoring the implementation of the resolutions adopted by the Board and verifying, in particular, the actual achievement of performance objectives;
- examining in advance the annual report on remuneration to be made available to the public in view of the annual shareholders' meeting called for the approval of the financial statements.

As part of its duties, the Compensation Committee also plays a central role in elaborating and monitoring the performance of incentive systems (including stock-based plans, if any), addressed to the management and conceived as instruments aimed at attracting and motivating resources with appropriate abilities and experience and developing their sense of belonging and ensuring their constant, enduring effort to create value.

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

During 2012, the Compensation Committee consisted of directors Fernando Napolitano (acting as Chairman), Alessandro Banchi and Pedro Solbes Mira. The Board of Directors verified that all members of the Committee have adequate experience and expertise in financial matters.

In 2012, the Compensation Committee held 6 meetings, which were duly attended by its members (and the Chairman of the Board of Statutory Auditors) and lasted, on average, 1 hour and 45 minutes each. The Committee availed itself of external consultants, at the Company's expense.

During 2012, the Compensation Committee defined over the first few months of the year the remuneration policy for the directors and key executives. Such policy was approved by the Board of Directors on April 5, 2012 and was submitted for a consultative vote to the ordinary shareholders' meeting held on April 30, 2012, which expressed its favourable vote in such regard.

The Compensation Committee, in addition to elaborating the long-term incentive plan for year 2012 and carrying out a review of the performance of the existing incentive plans, worked on defining the remuneration of the Chairman and the Chief Executive Officer/General Manager for their 2011-2013 mandates; in this respect, the Committee also worked on implementation aspects concerning the variable component of the compensation of the Chairman and the Chief Executive Officer/General Manager, in particular setting the annual economic and managerial objectives to assign them and verifying their attainment of the objectives for the previous year. The Committee lastly analyzed developments in the management compensation plan and toward the end of the year started to prepare a compensation policy for directors and key executives for year 2013 which, following definition by the committee, was approved by the Board of Directors on April 4, 2013.

Control and Risk Committee

The Control and Risk Committee (which until December 2012 operated under the name "internal control committee" in accordance with the responsibilities assigned in line with the recommendations of the edition of the Corporate Governance Code published in March 2006) has the task of supporting, through an adequate review process, the assessments and decisions on the part of the Board of Directors regarding the internal control and risk management system and the approval of periodic financial reports. Specifically, the Control and Risk Committee is entrusted with the following consultative and proposing tasks (as most recently defined by the Board of Directors, in December 2012), which were broadened to include new responsibilities in addition to those already assigned to it as internal control committee:

- supporting the Board of Directors, by formulating specific opinions, in connection with the performance of its tasks delegated under the Corporate Governance Code on internal control

and risk management matters (it should be noted that such tasks are analysed in the paragraph entitled “Internal control and risk management system” below);

- assessing, together with the executive in charge of preparing the corporate accounting documents, after consulting with the auditing firm and the board of statutory auditors, the proper application of accounting principles and their uniformity for purposes of preparing the periodic financial reports;
- expressing opinions on specific aspects regarding the identification of the Company’s and the Group’s main risks;
- reviewing periodic reports concerning assessments on the internal control and risk management system and the particularly important reports prepared by the “Audit” function;
- monitoring the independence, adequacy, effectiveness and efficiency of the “Audit” function;
- performing the additional tasks assigned to the Committee by the Board of Directors, with particular regard to:
  - reviewing the contents of the sustainability report that are relevant for purposes of the internal control and risk management system, issuing in such regard a prior opinion to the Board of Directors called to approve such report (it should be noted that such task was assigned to the Committee starting in December 2012, while until such time the Committee had handled, more broadly, the assessment of the adequacy of the commitment dedicated to the issues related to social responsibility of companies, and the completeness and transparency of the disclosure provided in this regard through the sustainability report;
  - reviewing the main corporate rules and procedures related to the internal control and risk management system which are relevant for stakeholders, with particular reference to the Compliance Program prepared pursuant to Legislative Decree No. 231/2001, the Code of Ethics, the “Zero tolerance for corruption” Plan and the Human Rights Policies, submitting such documents to the Board of Directors for approval and assessing any subsequent amendments or supplements to the same;
- reporting to the Board of Directors at least once every six months on the work performed and on the adequacy of the internal control and risk management system.

The Committee may also ask the “Audit” function to perform checks on specific operating areas, giving simultaneous notice to the Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors and the director in charge of the internal control and risk management system, except where the subject matter of the request specifically concerns such persons’ work.

During 2012, the such committee consisted of directors Gianfranco Tosi (acting as Chairman), Lorenzo Codogno (in which respect the Board of Directors recognized that the requisite of appropriate experience in accounting and finance had been met), Board of Directors Mauro Miccio and Angelo Taraborrelli.

In 2012, such Committee held 15 meetings, which were duly attended by its members (as well as the Chairman of the Board of Statutory Auditors) which lasted, on average, 2 hours each.

During 2012, such Committee focused on, first of all, the evaluation of the work plan prepared by the head of the "Audit" function, on the results of the audits performed during the previous year. Based upon such results, the Committee formulated, within the scope of its responsibilities, a positive assessment of the adequacy, efficiency and effective functioning of the internal control system during the previous year. During 2012, the committee also analyzed the main accounting decisions, the most important accounting standards and the impact of new international accounting standards on the Enel Group's consolidated financial statement for 2011 and the half-year report for 2012, also reviewing the impairment test procedure in the consolidated financial statement for 2011. In addition, over the course of 2012, the Committee: (i) reviewed the sustainability report which was updated on the main initiatives conducted by the Group concerning corporate social responsibility; (ii) assessed the reports received during the previous financial year on the basis of the provisions of the Code of Ethics; (iii) examined the main issues raised by the Court of Auditors in its report on the management for the year 2010 and examined the considerations raised by the Company's functions with responsibilities in this regard; (iv) analyzed the proposals for updating the Compliance Program adopted pursuant to Legislative Decree No. 231/2001. Finally, the Committee acknowledged the on-going compliance within the Group with the laws and regulations on accounting transparency, adequacy of the organizational structure and the internal control systems of the subsidiaries established under and governed by the laws of non-EU countries.

Related Parties Committee

The Related Parties Committee is comprised of at least 3 independent directors, who are appointed by the Board of Directors, which appoints one of its members as Chairman and also resolves upon the duties assigned to the Committee itself, in accordance with the provisions of the specific procedure for the governance of related party transactions, adopted by the Board of Directors in November 2010.

Based upon the above-mentioned procedure and its own organizational rules, the Related Parties Committee essentially has the duty of formulating specific reasoned opinions on the interests of Enel – as well as those of Enel's directly or indirectly controlled subsidiaries that may be involved from time to time, in the completion of transactions with related parties, expressing an assessment on the advantageousness and substantial fairness of the relevant conditions, after receiving timely and adequate information in advance. In connection with transactions of major importance (as defined in the aforementioned procedure), such Committee may also request information and make comments to the Chief Executive Officer and those persons in charge of the negotiations or the inquiry on matters related to the information received. Lastly, the Committee decides upon those cases, submitted to its attention by the advisory board established pursuant to the same procedure, in which the identification of a related party is disputed. In the exercise of its duties, the Committee may avail itself, at the expense of Enel, of the assistance of one or more experts chosen by the Committee from among persons of proven expertise and competence on the subject

matters of the transactions on which the Committee is asked to give its opinion, after having verified their independence and the absence of any conflicts of interests.

During 2012, the Committee was comprised of directors Chairman Alessandro Banchi (acting as Chairman), Pedro Solbes Mira, Angelo Taraborrelli and Gianfranco Tosi. Starting in December 2012, the director Angelo Taraborrelli ceased to be a member of the Committee and at the same time became a member of the Nomination and Corporate Governance Committee in order to ensure a fair allocation of workloads among the members of the internal committees established within the Board of Directors.

Moreover, during 2012, the Committee held one meeting which was duly attended by all of its members (as well as the Chairman of the Board of Statutory Auditors) and lasted for approximately 1 hour.

At such meeting, the Related Parties Committee: (i) examined the main views expressed by CONSOB on the initial experiences involving the application of the legal framework on related party transactions; (ii) analyzed the disclosure set forth in the periodic financial documents concerning the related party transactions concluded within the Group; and (iii) agreed upon a number of proposed amendments to be made to the corporate procedure on the regulation of related party transactions and the organizational rules on the related Committee, essentially for purposes of updating their provisions on the occasion of the implementation of the recommendations set forth in the edition of the Corporate Governance Code published in December 2011.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee (which until December 2012 operated under the name “corporate governance committee” in accordance with the responsibilities assigned to such committee) is comprised of at least 3 directors, most of them non-executive, of which at least one in possession of independence requirements; the members of the committee are appointed by the Board of Directors, which also appoints, among them, a Chairman and establishes the duties of the same committee. Based upon the provisions of its organizational rules, until December 2012, such committee was comprised mainly of non-executive directors of whom at least one met the independence requisites, while starting from December 2012 (upon the assignment to such body of the nominations committee functions), the majority of the Committee’s members shall meet the independence requisite.

According to the provisions contained in its organizational rules (as most recently amended by the Board of Directors in December 2012), the Nomination and Corporate Governance Committee, which has preliminary review, consultative and proposing functions, shall assist the Board of Directors on its assessments and decisions related to the size and composition of the Board of Directors, as well as the corporate governance of the Company and the Group. Within these duties, the Nomination and Corporate Governance Committee has the following specific tasks

(which have been expanded to include additional tasks with respect to those assigned to it as corporate governance committee):

- formulating opinion to the Board of Directors on the size and composition of the Board and expressing recommendations on the professional figures whose participation on the Board would be deemed advisable. In this regard, the Committee oversees/handles the board review process, formulating to the Board of Directors proposals on granting mandates to companies with specialized experience in the sector, identifying the matters to be assessed and defining the modalities and timetable of the process;
- expressing recommendations to the Board of Directors on the contents of the policy on the maximum number of mandate within boards of directors and control over other large companies which could be considered compatible with an effective performance of the mandate as director of the Company;
- expressing recommendations to the Board of Directors on problematic issues related to the application of the restriction on competition imposed upon the directors pursuant to art. 2390 of the Italian Civil Code, if the shareholders' meeting, for organizational reasons, has authorized on a general and preliminary basis exemptions from such restriction;
- proposing to the Board of Directors candidates for the role of director, taking into account possible reports received from the shareholders:
  - in the event of co-optation, if it is necessary to replace independent directors;
  - if, in the event of the renewal of the Board of Directors, it is envisaged that it will not be possible to attain from the lists submitted by the shareholders the required number of directors, such that the outgoing board may therefore express its own candidatures to be submitted to the shareholders' meeting;
  - if, in the case of a renewal of the Board of Directors, the outgoing board decides to avail itself of the right provided under the bylaws to submit its own list;
- monitoring the evolution of the legal framework, as well as national and international best practices, in relation to corporate governance, updating the Board of Directors in case of significant changes;
- verifying that the corporate governance system adopted by the Company and the Group is compliant with applicable laws, recommendations set forth under the Corporate Governance Code and national and international best practices;
- submitting to the Board of Directors proposals for the adjustment of the aforementioned corporate governance system, if it is deemed necessary or appropriate;
- Board of Directors examining in advance the annual report on corporate governance to be included in the documentation of the annual financial statements;
- assessing the adequacy of the commitment dedicated to matters of corporate social responsibility; examining the general structure of the sustainability report and the structure of its contents, as well as the completeness and transparency of the disclosure provided on matters of corporate social responsibility through such financial statement, issuing in such regard a prior

opinion to the Board of Directors called upon to approve such document (it should be noted that such task has been assigned to the committee starting in the December 2012,while until such time, it had been assigned to the internal control committee);

- performing additional tasks assigned it by the Board of Directors.

During 2012, such committee was comprised of directors Andrea Colombo (acting as Chairman), Lorenzo Codogno, Mauro Miccio and Fernando Napolitano. Starting in December 2012, upon the assignment to the Committee of the nomination committee functions, the director Angelo Taraborrelli joined the Committee.

During 2012, such Committee held 7 meetings that were duly attended by its members (as well as of the Chairman of the Board of Statutory Auditors) and lasted, on average, 1 hour and 45 minutes each. The Committee availed itself of external consultants, at the Company's expense.

During 2012, the committee analyzed in the first place the contents of the edition of the Corporate Governance Code published in December 2011, determining the modalities for implementing within the Enel Group the recommendations set forth in such document, which were submitted to the Board of Directors for approval in December 2012, together with the related proposals for the amendment of the structure of powers and the various corporate procedures and rules on corporate governance.

The Committee also worked on preparing the board review process, promoting, through a specific selection procedure, for purposes of selecting a consultancy firm to engaged to support the Board of Directors and its Committees in the self-assessment procedure for financial year 2012. The Committee also reviewed the structure and contents of the corporate governance report and the ownership structures for year 2011, which was submitted to the Board of Directors for approval on April 5, 2012, and reviewed the amendments to the bylaws aimed at ensuring balance between genders within the Company's management and control bodies, which were agreed by the Board of Directors and later approved by the extraordinary shareholders' meeting held on April 30, 2012.

The Committee lastly addressed the developments in the national and EC legal frameworks on corporate law and corporate governance (with particular reference to the new legal framework on "special powers" of the Italian state for business operations of strategic importance within the energy sector and the results of the consultations on the "green book" published by the European Commission on the corporate governance of listed companies).

Board of Statutory Auditors

According to the provisions of the law and the Company's bylaws, the Board of Statutory Auditors consists of three acting acting auditors and two alternates (to be increased to three upon the renewal of the members of such body expected to take place over the course of 2013), who are appointed by an ordinary shareholders' meeting for a period of three accounting periods and may be re-appointed when their term expires.

As part of the tasks assigned to it by law (and indicated in the first section of this report in the paragraph entitled "Organization of the Company"), and in compliance with the recommendations

set forth in the Corporate Governance Code, the Board of Statutory Auditors has the following powers:

- the power – which may also be exercised individually by the statutory auditors – to request the Company's "Audit" function to perform checks on specific corporate operating areas or transactions;
- the power to promptly exchange information relevant for performing their respective duties with the Control and Risk Committee.

According to the legislation in force, the members of the board of statutory auditors must possess the requisites of integrity, professionalism and independence imposed upon the statutory auditors of listed companies, as supplemented (only as regards the professionalism requisites) by specific provisions of the bylaws. They must also comply with the limits concerning the number of offices on boards of directors and boards of statutory auditors of Italian companies as established by CONSOB through a specific regulation.

Similar to the bylaws provisions applicable to the Board of Directors – and in compliance with the Consolidated Financial Act – the bylaws provide that the appointment of the entire board of statutory auditors must take place in accordance with a slate voting system, which aims to ensure the presence on the Board of an acting auditor (who is entitled to the office of Chairman) and an alternate auditor (who will take the office of Chairman if the incumbent leaves before the end of his term) designated by minority shareholders.

This election system provides that the slates, in which the candidates must be listed in progressive order, may be presented by shareholders which, either alone or together with other shareholders, own the minimum equity interest in the Company, as determined by CONSOB through a regulation, for the presentation of slates of candidates for the office of director (specifically, based upon the stock exchange capitalization of Enel's shares, at the date of this report, the equity interest required is at least 0.5% of the share capital).

Moreover, in implementing the amendments to the Consolidated Financial Act introduced in July 2011 with the purpose to ensure the balance between genders in the management and control bodies of listed companies, as well as in compliance with the relevant CONSOB's regulations, and according to the amendments to the bylaws approved by the extraordinary shareholders' meeting held on April 30, 2012 at the first three renewals of the Board of Statutory Auditors after August 12, 2012, the slates that contain an overall number of candidates (both acting and alternate members) that is equal to or higher than three shall include candidates of different genders in both the first two positions of the slate's section related to the acting auditors and the first two positions of the slate's section related to alternate auditors.

The slates of candidates to the office of statutory auditor (as for the slates of candidates to the office of director) must be filed at the Company's registered office by those presenting them, at least 25 days before the date of the shareholders' meeting convened to resolve upon the election of the members of the Board of Statutory Auditors. They are then published by the Company on its website, and also filed at the Company's registered office at least 21 days before the scheduled

date of the shareholders' meeting, together with exhaustive information on the personal and professional characteristics of the candidates, in order to guarantee a clear procedure for the election of the controlling body.

When less than the entire Board of Statutory Auditors is being elected, the shareholders' meeting resolves in accordance with the majorities required by law and without the need to follow the foregoing procedure, but in any case in such a way as to ensure*:*

- the observance of the principle of the representation of minority shareholders on the Board of Statutory Auditors*;* as well as
- the observance of the applicable laws concerning the balance of genders.

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

Having been elected by the ordinary shareholders' meeting held on April 29, 2010, the term of the current Board of Statutory Auditors will expire when the 2012 financial statements are approved. As a result of the appointments made at the aforesaid shareholders' meeting, at the date of this report, the Board of Statutory Auditors consists of the acting members indicated here below, together with the slates on which they were appointed. Such slates were presented by the Ministry of the Economy and Finance (which at the time owned 13.88% of the Company's share capital) and by a group of 20 institutional investors (which at the time owned a total of 19% of the Company's share capital).

- Sergio Duca, 65, Chairman (designated in the slate presented by institutional investors);
- Carlo Conte, 65, Acting Auditor (designated in the slate presented by the Ministry of Economy and Finance);
- Gennaro Mariconda, 70, Acting Auditor (designated in the slate presented by the Ministry of Economy and Finance).

A brief professional profile of the above-mentioned Acting Auditors is provided in Schedule 2 to this report.

The shareholders' meeting determines the remuneration of the regular members of the Board of Statutory Auditors. Specifically, in April 2010 the ordinary shareholders' meeting set the gross remuneration to which the Chairman of the Board of Statutory Auditors is entitled at euro 85,000 a year and the gross remuneration to which each of the other regular statutory auditors is entitled at euro 75,000 a year, in addition to the reimbursement of the expenses necessary for the performance of their duties.

During 2012, the Board of Statutory Auditors held 16 meetings, which lasted on average about 2 hours and 15 minutes each, which were duly attended by the acting auditors and the magistrate representing the Court of Auditors.

In February 2013, the board of statutory auditors established that the Chairman, Sergio Duca, and the acting auditor Gennaro Mariconda meet the requisites of independence provided under the Corporate Governance Code with regard to directors. As regards the acting auditor Carlo Conte, the Board of Statutory Auditors established that even though he does not meet the aforesaid

requisites of independence (because he was General Manager at the Ministry of the Economy and Finance, the Company's main shareholder until June 30, 2012), he does meet the independence requisites imposed upon statutory auditors of listed companies under the Consolidated Financial Act.

Auditing firm

The auditing firm Reconta Ernst & Young S.p.A. has been engaged to perform the legal audit of Enel's financial statements and the Group's consolidated financial statements The assignment was awarded to such firm by the ordinary shareholders' meeting of April 29, 2011, upon proposal of the board of statutory auditors, with reference to the fiscal years from 2011 until 2019 and for a total consideration of euro 3.5 million.

Since 2009, for purposes of preserving the independence of auditing firms that do business with the Group, a special procedure was formalized for regulating the appointment of such auditing firms and entities belonging to their networks by companies belonging to the Group. In accordance with the amendments made to this procedure in September 2012, the Control and Risk Committee and the Board of Statutory Auditors expresses a preliminary binding opinion (or, in situations in which such appointments in no way compromise the auditing firm's independence, receives periodic updates) on the assignment by companies belonging to the Group of additional mandates other than the main auditing mandate and which would not be found incompatible by law – to the Group's main external auditor or to entities belonging to the auditor's network. The assignment of such additional mandates is allowed only in certain circumstances of proven necessity (from a legal, economic or service quality standpoint).

Oversight of the Court of Auditors

The Court of Auditors oversees the financial management of Enel, availing itself for this purpose of an appointed magistrate. During 2012, this role was performed by the delegated judge Francesco Paolo Romanelli. In January 2009, the Board of Directors resolved to pay the magistrate appointed by the Court of Auditors an attendance allowance of Euro 1,000 for each meeting of corporate bodies attended. This position was confirmed by the Board of Directors in June 2011.

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

Executive in charge of preparing the corporate accounting documents

In 2012, the role of executive in charge of preparing Enel's corporate accounting documents was held by the head of the Accounting, Finance and Control Department (Luigi Ferraris) who was appointed to such position by the Board of Directors (after consultation with the Board of Statutory

Auditors) since June 2006. Such executive meets the professionalism requisites provided under the Company's bylaws.
The duty of this executive is to establish appropriate administrative and accounting procedures for the preparation of the stand-alone financial statements and the consolidated financial statements, as well as all other financial documents.
The Board of Directors ensures that this executive has adequate powers and means, seeing that the administrative and accounting procedures that he establishes are actually observed.
The executive in question issues a declaration that accompanies the corporate documents and communications released to the market regarding financial information, including interim information, and certifies that such information corresponds to what is recorded in the Company's documents, account books, and book entries.
Together with the chief executive officer, the aforesaid executive also certifies in a specially provided report regarding the stand-alone financial statements, the consolidated financial statements, and the half-year financial report: (i) the adequacy and actual application of the aforesaid administrative and accounting procedures during the period to which such accounting documents refer; (ii) the compliance of the contents of these documents to the international accounting standards applicable within the European Union; (iii) the correspondence of the aforesaid documents to the accounting records and their suitability for providing a true and fair view of the Company's and the Group's balance sheet, income statements, and cash flows; (iv) that the report on operations accompanying the stand-alone financial statements and the consolidated financial statements contain a reliable analysis of the performance and results of the year, as well as of the situation of the Company and the Group, together with a description of the main risks and uncertainties to which they are exposed; (v) that the interim report on operations included in the half-year financial report contains a reliable analysis of the most important events that occurred during the first six months of the period, together with a description of the main risks and uncertainties in the remaining six months of the period and information on the significant transactions with related parties.
The contents of the certification that the executive in question and the chief executive officer must issue in accordance with the foregoing are set by CONSOB through a specific regulation.

Internal control and risk management system

With regard to internal control and risk management, for the past several years the Group has had in place a specific system, consisting of a set of rules, procedures and organizational structures aimed at allowing for the identification, measurement, management and monitoring of the Group's main risks. The mission of such system consists in (i) checking the appropriateness of Group procedures in terms of effectiveness, efficiency, and costs, (ii) ensuring the reliability and correctness of accounting records, as well as the safeguard of Company and Group assets, and (iii) ensuring that operations comply with internal and external regulations, as well as with the corporate directives and guidelines for sound and efficient management.

The Group's internal control and risk management system is divided into three distinct areas of activity:

- line auditing (or first level), which consists of all the auditing activities that the individual operating units or Group companies carry out on their own processes. Such auditing activities are primarily the responsibility of operating executives and are considered an integral part of every corporate process;
- the second level controls, which are assigned to (i) the management control function (which is part of ENEL's "Accounting, Finance and Control" function) with regard to the monitoring of the business-financial trend of the Company and of the Group, and (ii) Enel's Risk Management function with regard to elaboration of policies aimed at managing the main risks (concerning, for example, the interest and exchange rates and the commodities risk);
- internal auditing, meaning activities of general verification on the structure and functioning of the internal controls assigned to the Company's "Audit" function. Such activities are aimed essentially at the identification and containment of corporate risks of any kind. This objective is pursued through the monitoring of line auditing, in terms of both the appropriateness of the audits themselves and the results actually achieved by their application. This activity is therefore applied to all corporate processes of the Company and the Group companies. The personnel in charge of such activity is responsible for both indicating the corrective actions deemed necessary and carrying out follow-up actions aimed at checking the results of the measures suggested.

The responsibility for adopting an adequate internal control and risk management system consistent with the reference models and existing national and international best practice is entrusted to the Board of Directors.

Based upon what was decided in December 2012 when the Company implemented the new internal control and risk management system set forth in the edition of the Corporate Governance Code published in December 2011, in the first place the Board of Directors identifies within the board one or more directors in charge of establishing and maintaining an effective internal control and risk management system. In particular, in December 2012, the Board of Directors confirmed the chief executive officer as director in charge of the internal control and risk management system (who, starting in July 2011 already held the role of sole executive director in charge of overseeing the functioning of the internal control system).

In addition, the Board of Directors, having obtained the Control and Risk Committee's opinion:

- defines the guidelines of the internal control and risk management system in a way allowing the main risks regarding the Company and its subsidiaries be correctly identified, measured, managed, and monitored, and also determines the level of compatibility of such risks with corporate management that is in line with the strategic targets identified. It should be observed in this regard that in February 2013, the Board of Directors, after reviewing the content of an analysis document prepared by the Enel's "Accounting, Finance and Control" function with support from the "Risk Management" function, and after acknowledging the opinion expressed

in such regard by the Control and Risk Committee, has assessed the compatibility of the main risks related to the strategic targets set forth in the 2013-2022 business plan with a management of the Company that is in line with such targets;

- evaluates, at least on annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the Company's business and the types of risks taken, as well as its effectiveness. It should be noted that in February 2013, the Board of Directors expressed a positive evaluation in this respect;
- approves, at least on annual basis, the work plan prepared by the head of the "Audit" function, after consulting with the Board of Statutory Auditors and the director in charge of the internal control and risk management system. It should be noted in this regard that in February 2013, the Board of Directors approved the audit plan for the same year; as regards 2012, the audit plan was reviewed by the internal control committee, in line with the recommendations set forth in the edition of the Corporate Governance Code published in March 2006;
- assesses, after consulting with the Board of Statutory Auditor, the results published by the auditing firm in its letter of suggestions (referred to as the "management letter"), if any, and in the report on fundamental issues that have emerged over the course of the legal audit. It should be noted that over the course of 2012, the management letter from the auditing firm referring to the financial statements of the Company and the Group for year 2011 was assessed by the Control and Risk Committee in accordance with the recommendations set forth in the edition of the Corporate Governance Code published in March 2006; starting in 2013, the management letter, if any, and the report on fundamental issues that may emerge over the course of the legal audit will be assessed by the Board of Directors, after obtaining the Control and Risk Committee's opinion and after consulting with the Board of Statutory Auditors.

  Lastly, the Board of Directors, on the basis of a proposal formulated by the director in charge of the internal control and risk management system in agreement with the Chairman, and upon receiving a favourable opinion from the Control and Risk Committee and after consulting with the Board of Statutory Auditors, appoints and removes the head of the "Audit" function and determines his compensation in accordance with the Company's policies and ascertains that the person in question is endowed with resources adequate for the performance of his duties.

The director in charge of the internal control and risk management system, in turn:

- oversees the identification of the main corporate risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and then submits them periodically to the Board of Directors for examination;
- implements the guidelines established by the Board of Directors, overseeing the planning, implementation, and management of the internal control and risk management system and continuously monitoring its overall adequacy and effectiveness.
- supervises the adaptation of the internal control and risk management system to the dynamics of operating conditions and the applicable legal framework;

- asks the "Audit" function to perform checks on specific operational areas and to monitor the compliance with internal rules and procedures in the performance of corporate transactions, providing simultaneous update to the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- reports in a timely manner to the Board of Directors on any problems and issues faced over the course of his/her activities or that may come to his/her attention, enabling the Board to take any opportune initiatives.

The head of the "Audit" function (which role was held in 2012 by Francesca Di Carlo, who has been the head of such function since January 2008):

- is in charge of verifying, both on an on-going basis and with regard to specific needs, in compliance with international standards, the functioning and suitability of the internal control and risk management system, through an audit plan approved by the Board of Directors and based upon a structured process of analysis and identification of the priorities concerning the main risks;
- is not in charge of any specific operational area and, from a hierarchical standpoint, reports to the Board of Directors. Without prejudice to such hierarchical reporting line, the Board of Directors has assigned to the director in charge of the internal control and risk management system the task of managing the relationship with the head of the "Audit" function;
- has direct access to all the information that may be useful for the performance of his or her duties;
- drafts periodic reports containing adequate information on his/her activities, on the processes followed for the risks management and on compliance with the plans for risk containment purposes. The periodic reports contain an assessment on the adequacy of the internal control and risk management system;
- promptly prepares reports on any particularly material events;
- transmits his/her reports on particularly material events to the Chairmen of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, and to the director in charge of the internal control and risk management system;
- verifies, as part of the audit plan, the reliability of disclosure/reporting systems, including the accounting disclosure/reporting systems.
- It should be noted that in 2012, a specific "Risk Management" function was in place within the Company (established in June 2009), having the mission of ensuring the effective implementation at the Group level of a process for the analysis and monitoring of all financial, operating, strategic and business risks having a material impact, as well as the main risks that could, in any manner, impact on the financial condition or the results of operations of the Company or the Group.
- The procedures for implementing the organizational model entitled "One Company", which was adopted within the Group in 2012 and which is aimed at simplifying, rationalizing and harmonizing the Group's processes, envisage modalities aimed at the coordination of the

majority of the above-mentioned persons involved in the internal control and risk management system, with a view to maximizing the efficiency of the system and reducing duplications in work performed.

The system of risk management and internal control of financial information

The Group has had in place for the last several years a specific internal control and risk management system focusing on financial disclosure (referred to in this section, in short, as the "System") which governs the preparation of the Company's annual financial statement, the Group's consolidated financial statement and the Group's consolidated half-year report. The purpose of such System is to ensure the reliability of the financial disclosure and the adequacy of the process of drafting the above-mentioned financial documents in order to have a disclosure compliant with the international auditing standards accepted in the European Community.

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

The executive in charge of preparing the corporate accounting documents supervised the development and execution of a special set of procedures –which all the personnel concerned has been informed of– which records the methods adopted and the responsibilities of the aforesaid personnel as part of the activities of maintaining and monitoring the System. Specifically, the Group set a procedure that regulates the reference model and a procedure that describes the process of managing such System and also defines roles and responsibilities within the Company's organization, providing for a specific flow of internal certifications.

The controls established have been monitored to check both their design (*i.e.*, that the control is potentially adequate to mitigate the identified risk in an acceptable way) and their actual effectiveness.

The management responsible for the processes and controls and the Company's "Audit" function are entrusted with responsibilities regarding the periodic monitoring of the System.

The System is structured in accordance with the "Internal Controls – Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission (known as the "COSO Report"), which consists of five components (control, risk assessment, control activities, disclosure systems and information/communication flows and monitoring activities) which, depending upon their characteristics, operate at both the organizational entity level and the operating process level. The COSO Report has been supplemented with regard to the IT aspects by the model "Control Objectives for Information and related Technology" (the so-called "COBIT"). Furthermore, the internal controls concerning proper book-keeping provided for in section 404 of the Sarbanes-Oxley Act are applied by some Latin-American companies of the Group having

American Depositary Shares ("ADS") listed on the New York Stock Exchange. The process of defining, implementing and managing the System, which is progressively extended to cover newly acquired material companies, is divided into the following phases:

- definition of the perimeter of the companies, processes/risks and controls and communications of methodologies and instructions;
- mapping and updating of processes, risk assessment and definition of controls, quality assurance and identification and updating of Primary Key Controls (using the Top-Down Risk-Based Approach");
- assessment of the design and effectiveness of the controls (referred to as "line monitoring" through self-assessment);
- independent monitoring, entrusted to the Company's "Audit" function;
- assessment of gaps, approval and monitoring of corrective measures;
- consolidation of results and overall assessment of the System, in order to finalize the final certification letters to be issued by the chief executive officer and the executive in charge of preparing the corporate accounting documents regarding stand-alone financial statements, consolidated financial statements and the half-year financial report, supported by a reporting flow of internal certification letters;
- publication of administrative and accounting procedures.

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

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

Risks are identified at both the entity level and the process level. In the former, the risks identified are considered in any case to have a significant impact on financial information, regardless of the likelihood of their occurrence. Process-level risks, on the other hand, are assessed – regardless of relevant controls (so called "*valutazione a livello inerente*") - in terms of potential impact and the probability of occurrence, on the basis of both qualitative and quantitative elements.

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

The entity level controls are classified in compliance with the five above-mentioned components referred to in the COSO Report.

With a view to improving the efficiency of the System and it sustainability over time, the specific controls have been sub-divided into standard controls and key controls, meaning controls that are

decisive for purposes of preventing false representations in accounting documents. As part of the System, over-arching structural controls are identified, meaning structural elements of the control system aimed at defining a general context which promotes the proper execution and control of operating activities. In particular, over-arching structural controls are those related to the segregation of incompatible duties (known as “segregation of duties”), which aims to ensure that tasks and duties that could facilitate the commission and/or concealment of frauds/errors are not concentrated with the same person. Where activities are carried out with the support of IT systems, the proper segregation is verified also with regard to the assigned roles and usernames.

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

In order to assess the appropriateness of the System, every six months, specific monitoring is conducted by the process managers (that is, the individuals in charge of the activities, risks and controls) aimed at testing the design and effectiveness of each of the controls identified.

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

The Company’s “Audit” function is entrusted with the task of performing an “independent” assessment of the controls subject to independent monitoring.

The findings of the assessments performed are notified to the executive in charge of preparing the corporate accounting documents through specific periodic flows of summarized information (so called “reporting”), which classify any deficiencies in the effectiveness and/or design of the controls – with regard to their potential impact on financial information – into simple deficiencies, significant weaknesses, or material deficiencies.

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

These flows are also used for the periodic disclosure/updates on the adequacy of the System, provided by the executive in charge of preparing the corporate accounting documents to the Board of Statutory Auditors, the Control and Risk Committee, and to the auditing firm.

On the basis of the aforesaid reports, and taking into account the certification issued by the heads of each corporate unit concerned, the executive in charge of preparing corporate accounting documents, together with the Chief Executive Officer, issues a special certification regarding the adequacy and actual application of the administrative and accounting procedures established for the preparation of the stand-alone financial statements, the consolidated financial statements, or the half-year report (depending upon the relevant document in question from time to time).

Following the monitoring activities performed by the persons handling the processes, aimed at verifying the structure and functioning of the processes/sub-processes assigned to them, and the related controls identified, the documents comprising the administrative and accounting procedures (narratives, flow charts and list of controls) are extracted from the support system in order to proceed with the formalization of the same. The administrative and control procedures are then issued by the executive in charge of preparing corporate accounting documents and are published on the Company's intranet.

In order to ensure the proper application of the methodology described above, over the course of 2012, specific training sessions have been held aimed at both the structures that handle the internal controls over the Group's financial disclosure and the persons who handle the processes involved in the line monitoring (850 users out of a total of 2000), which are expected to be completed in 2013.

Non-EU foreign subsidiaries

With reference to year 2012, in March 2013, the Control and Risk Committee checked that the Group was consistently complying with the regulations, established by CONSOB as part of its Market Regulation, regarding accounting transparency, as well as the adequacy of the organizational structure, and the internal control systems of subsidiaries set up and regulated under the law of non-EU countries (hereinafter, for the sake of brevity, referred to as "non-EU foreign subsidiaries").

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

- according to the data contained in the financial statements as of December 31, 2011 and in application of the parameter concerning material significance for consolidation purposes provided under the CONSOB's Market Regulation, 15 non-EU foreign subsidiaries were identified within the Enel Group to which the regulations were applicable for 2012. Reference is made, in particular, to the following companies, 14 of which were already subject to the legal framework during the year 2011, are: 1) Ampla Energia e Servicos SA (a Brazilian company); 2) Chilectra S.A. (a Chilean company); 3) Compania Distribuidora y Comercializadora de Energia - Codensa S.A. ESP (a Colombian company); 4) Companhia Energetica do Ceará - Coelce S.A. (a Brazilian company); 5) Edegel S.A. (a Peruvian company); 6) Emgesa S.A. ESP (a Colombian company); 7) Empresa de Distribuciòn Electrica de Lima Norte - Edelnor S.A.A. (a Peruvian company); 8) Empresa de Distribuidora Sur - Edesur S.A. (an Argentinian company); 9) Empresa Nacional de Electricidad – Endesa Chile S.A. (a Chilean company); 10) Endesa Brasil S.A. (a Brazilian company); 11) Endesa Capital Finance L.L.C. (a U.S. company); 12) Enel Fortuna S.A. (a Panamanian company); 13) Enel Green Power North America Inc. (a US company); 14) Enersis S.A. (a Chilean company); and 15) Enel OGK-5 OJSC (a Russian company);
- the balance sheet and income statement for 2012 of all the above companies, as included in the reporting package used for the preparation of the Enel Group's consolidated financial

statements for 2012, will be made available to the public by Enel at its registered office and on its corporate website at least 15 days before the date set for the shareholders' meeting convened for the approval of the 2012 financial statements of Enel, together with the summary reports regarding the main data of the last financial reports of the subsidiaries and affiliated companies;

- the bylaws and the composition and powers of the corporate bodies of the above companies were obtained by Enel and are available to CONSOB, in updated form, where the latter should so request for supervisory purposes;
- Enel has ensured that all the above companies: (i) provide the external auditor of the parent company with the information necessary to perform the annual and interim audits of Enel; (ii) use an administrative and accounting system appropriate for regular reporting to the management and the external auditor of Enel of the income statement, balance sheet and financial data necessary for the preparation of the Group's consolidated financial statements.

Transactions with related parties

In 2012, a procedure has been implemented within the Group aimed at governing the approval and conclusion of related party transactions carried out by Enel, either directly or through its subsidiaries, in order to ensure the transparency and fairness of such transactions from both a substantive and procedural/formal standpoint. Such procedure was approved by the Board of Directors in November 2010 in compliance with the requirements imposed by CONSOB through a specific regulation issued in March 2010.

In accordance with such procedure, transactions with related parties concluded directly by Enel may be sub-divided into the following three categories:

- transactions of "major importance", which are those exceeding a specific quantitative threshold (equal to 5%) of three relevance indexes, that take into account the equivalent-value of the transaction, of the assets of the entity which is the target of the transaction and of the liabilities of the entity acquired. Such transactions, if not subject to the approval of the shareholders' meeting pursuant to the bylaws or applicable laws, are necessarily subject to the board of director's examination and approval;
- transactions of "minor importance", which are defined as those transactions other than the transactions of major importance and transactions for small amounts. Such transactions, if not subject to the approval of the shareholders' meeting pursuant to the bylaws or applicable laws, are approved by the competent person/body in accordance with the applicable Company's powers structure in force from time to time;
- transactions for "small amounts", that are those characterized by an equivalent-value lower than specific thresholds, distinguished depending on the category of related parties with whom the transactions are executed. The procedure does not apply to transactions for small amounts.

In order to allow the related parties committee to express a previous reasoned opinion on Enel's interest in the completion of such transactions, as well as the advantageousness and substantial fairness of the relevant conditions, the procedure determines specific information flow. In particular:

- for transactions of minor importance, the Company's chief executive officer or the proposing function, through the "Legal and Corporate Affairs" function, provides to the related parties committee, in reasonable advance and, in any case, in general, at least 10 days before the date of the issue of the opinion released by the committee itself, complete and adequate information about each transaction of minor importance, providing any appropriate updates thereof;
- for transactions of major importance, the Company's chief executive officer, through the "Legal and Corporate Affairs" function, provides to the related parties committee, promptly – and, in any case within the day following the date in which the Board of Directors of Enel has been informed for the first time – complete and adequate information regarding each transaction of major importance, providing any appropriate updates thereof. The related parties committee, or one or more of its delegated members, may require information and make comments to the chief executive officer of Enel and to those persons in charge of the negotiations or the inquiry regarding aspects which are the subject-matter of the information flows, as well as require any other information deemed to be useful for the assessment of the transaction.

With regard to the effectiveness/nature of the opinion issued by the related parties committee the procedure provides that:

- for the transactions of minor importance, such opinion is not binding. Nevertheless, Enel shall make available to the public, within fifteen days after the close of each quarter, a document containing an indication of the counterpart, of the object and the consideration of the transactions of minor importance approved in the reference quarter in the presence of a negative opinion of the related parties committee, as well as of the reasons why it was deemed suitable not to share that opinion;
- for the transactions of major importance, if the related parties committee issues a negative opinion, the Board of Directors of the Company, if set forth in the bylaws of the Company (introduced during the extraordinary shareholders' meeting held on April 29, 2011), may submit the transaction of major importance to the ordinary shareholders' meeting for its authorization. The shareholders' meeting, without prejudice to the majorities required by law, bylaws and provisions applicable in case of conflict of interest, approves its resolution with the favourable vote of at least half of the voting unrelated shareholders (referred to as a "whitewash"). In any case, the completion of transactions of major importance is prevented only if the unrelated shareholders present at the shareholders' meeting represent at least 10% of the share capital with voting rights.

In compliance with applicable laws, if the relation exists with a director of the Company or with a party related through him, the interested director shall promptly notify the other directors and statutory auditors of the nature, the terms, the origin and the range of its interest.

If, on the other hand, the relationship exists with the Company's Chief Executive Officer or with a related party linked to him, in addition to the above, he will abstain from the execution of the transaction, and entrust the Board of Directors with executing the transaction.

If the relation exists with one of the regular statutory auditors of the Company or with a related party by means of them, the interested auditor promptly notifies the other auditors and the Chairman of the Board of Directors of the nature, the terms, the origin and the range of its interest.

The procedure provides that the resolutions with which the Board of Directors of the Company approves the transactions with related parties, both of major importance and of minor importance – or, in the latter case, the decisions of the competent delegated body – shall bear adequate reasons about the advantageousness of Enel in the completion of the transactions and the advantageousness and substantial correctness of their underlying terms.

Furthermore, the procedure sets that the chief executive officer of Enel, in the periodical report concerning the activities carried out in execution of the powers granted to him, provides the Board of Directors and the board of statutory auditors, at least quarterly, with specific information regarding the execution of transactions of both major importance and minor importance.

A specific procedure is prescribed for transactions with related parties carried out by Enel not directly but through subsidiaries. In such cases it is set forth that the Board of Directors of the Company, or the competent delegated body on the basis of the structure of powers in force from time to time, make - with the prior non-binding opinion of the related parties committee – a previous assessment of the transactions with related parties carried out by companies directly and/or indirectly controlled by Enel which fall within one or more of the following categories:

- atypical or unusual transactions, by which is meant ones that because of their significance/importance, nature of the counterparties, their object, the way in which the transfer price is determined, the timing of the events (i.e. proximity of the closing of the financial year) may give rise to doubts with regard to the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguard of the Company's assets, or the protection of minority shareholders of Enel;
- transactions whose equivalent-value exceeds Euro 25 million, with the exception of those transactions excluded from the scope of application of the procedure (details follow below).

As observed above with reference to the transactions of minor importance carried out directly by Enel, also for the transactions carried out through subsidiaries it is provided that, if the Board of Directors of the Company, or the competent delegated body on the basis of the applicable structure of powers in force from time to time, has issued a favourable opinion concerning the carrying out of transactions of subsidiaries which are relevant for the purposes of the procedure, although the related parties committee issued a negative opinion, Enel shall make available to the public a specific document containing the reasons for disregarding such opinion.

Pursuant to CONSOB regulations, the following transactions with related parties are excluded from the scope of application of the procedure:

a) shareholders' meetings resolutions in relation to the establishment of the compensation due to all the members of the Board of Directors and of the board of statutory auditors;
b) the transactions for small amounts, as identified in the procedure itself;
c) the compensation plans based on financial instruments, approved by the shareholders' meeting pursuant to the provisions of the Consolidated Financial Act and its executive operations;
d) resolutions other than those indicated under letter a), in relation to the remuneration of the Company's directors holding a special office, together with the remuneration of key executives of companies of the Group, provided that:
   - Enel has adopted a remuneration policy;
   - in the definition of the remuneration policy, a committee consisting solely of non-executive directors – the majority of whom shall be independent - has been involved;
   - a report illustrating the remuneration policy has been submitted for advisory vote of the shareholders' meeting of Enel;
   - the remuneration awarded is consistent with this policy;
e) regular transactions completed at market-equivalent or standard terms;
f) transactions with or between companies controlled, even jointly, by Enel, as well as transactions with companies affiliated with Enel, provided that in the controlled or affiliated companies that are counterparties to the transaction no significant interests (as identified in the procedure) of another Enel's related party exist.

Lastly, a simplified procedure for the approval of related parties transactions, that are not attributed to the shareholders' meeting, is also provided in case of urgency, it being understood that a subsequent non-binding vote concerning such transactions by the first ordinary shareholders' meeting of the Company is required.

Processing of corporate information

In 2012, the Group applied special rules for the internal management and processing of confidential information, which also contain the procedures for the external circulation of documents and information concerning the Company and the Group, with particular reference to privileged information. Under such rules, which were approved by the Board of Directors in February 2000 (and most recently amended in December 2012), the directors and statutory auditors are required to keep confidential the documents and information acquired in carrying out their duties.

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

The rules entrust Enel's chief executive officer and the chief executive officers of the Group companies with the general responsibility of managing the confidential information concerning their respective spheres of authority, establishing that the dissemination of confidential information

regarding individual subsidiaries must in any case be agreed upon with the Enel's chief executive officer.

The rules also establish specific procedures to be followed in circulating information regarding the Company and the Group outside the Group – with particular emphasis on privileged information – and carefully regulate the ways in which Company and Group representatives enter into contact with the press and other mass media, as well as financial analysts and institutional investors.

In 2012, in compliance with the provision of the Consolidated Financial Act and the Issuers Regulation issued by CONSOB, Enel has kept regularly updated the Group register for all individuals and legal entities with access to privileged information through the exercise of his or her employment, profession or duties on behalf of the Company or the other companies belonging to the Group. The purpose of this register is to make the persons recorded therein aware of the value of the privileged information at their disposal, while at the same time facilitating CONSOB's supervision of compliance with the regulations provided to safeguard market integrity.

In 2012, in compliance with the provisions of the Consolidated Financial Act and the Issuers Regulation issued by CONSOB, the legal framework on internal dealing continued to apply to the Group. Such legal framework concerns the transparency of transactions involving the Company's shares and related financial instruments carried out by its largest shareholders, representatives/exponents, and persons closely connected with them.

In particular, in 2012, the legal framework on internal dealing applied to the purchase, sale, subscription and exchange of the shares of Enel and of the subsidiaries Endesa S.A. and Enel Green Power S.p.A., and of financial instruments connected with them, by important persons. This category includes shareholders who own at least 10% of the Company's share capital, the directors and regular statutory auditors of Enel, the directors of the subsidiary Endesa S.A., as well as 28 other managerial positions identified in Enel and Endesa S.A. in accordance with the relevant regulations, insofar as they have regular access to privileged information and are authorized to make managerial decisions that could influence Enel's and the Group's development and prospects.

The obligations of transparency apply to all the aforesaid transactions whose total value is at least euro 5,000 in a given year, even if carried out by persons closely connected with the important persons.

In enacting measures to implement the aforesaid regulations, the Board of Directors considered it advisable to provide that important persons (other than the shareholders who possess an interest amounting to or exceeding 10% of the Company's share capital) are obliged to abstain from carrying out transactions subject to the regulations regarding internal dealing during two blocking periods, lasting approximately one month each, around the time the Board of Directors approves the Company's proposed stand-alone financial statements and the half-year report.

This initiative was prompted by a desire to improve the Company's governance standards with respect to the relevant regulations, through the adoption of a measure and aimed at preventing the carrying out of transactions by important persons that the market could perceive as suspect,

because they are carried out during periods of the year that are especially sensitive to corporate information.

Relations with institutional investors and shareholders in general

Ever since the listing of its shares on the stock market, the Company has deemed it appropriate for its own specific interest, as well as its duty with respect to the market, to establish an ongoing dialogue based on mutual understanding of their respective roles, with its shareholders in general, as well as with institutional investors. Such dialogue, in any case, was to take place in accordance with the rules and procedures that regulate the divulgation of privileged information.

In this regard, in consideration of the size of the Group, it was deemed that such dialogue could be facilitated by the creation of dedicated corporate units.

The Company therefore created (i) an investor relations unit, which is currently part of its "Accounting, Finance, and Control" function, and (ii) a unit within the "Legal and Corporate Affairs" function in charge of communicating with shareholders in general.

It was also decided to further enhance communication with investors through the creation of a special section of the Company's website (www.enel.com, investor section), providing both financial information (financial statements, half-year and quarterly reports, presentations to the financial community, analysts' estimates, and information on trading of the shares issued by Enel and its main listed subsidiaries) and up-to-date data and documents of interest to shareholders in general (press releases, the members of Enel's boards, the Company's bylaws and shareholders' meetings regulations, information and documents regarding shareholders' meetings, documents regarding its corporate governance and code of ethics).

Shareholders' Meetings

The recommendation contained in the Corporate Governance Code to consider shareholders' meetings as important occasions for discussion between a company's shareholders and its Board of Directors (even considering a wide range of different communication channels in place between listed companies and shareholders, institutional investors, and the market) was carefully assessed and fully accepted by the Company, which, in addition to ensuring the regular attendance of its directors at shareholders' meetings, deemed it advisable to adopt specific measures to adequately enhance such meetings. In particular, reference is made to the provision of the Company's bylaws aimed at enhancing proxy solicitation among the employee shareholders of the Company and its subsidiaries and at facilitating their participation in the decision-making process at shareholders' meetings (this provision is specifically described in the first part of the report, under "Ownership structure" – "Employee shareholdings: mechanism for exercising voting rights").

The applicable law regarding the functioning of the shareholders' meetings of listed companies, provided in the Civil Code, in the Consolidated Financial Act and in the implementing regulations adopted by CONSOB, was significantly amended after the enactment of Legislative Decree No. 27 of January 27, 2010, which implemented in Italy Directive 2007/36/EC (concerning the

enforcement of certain shareholders' rights in listed companies), as well as subsequent corrections approved by Legislative Decree No. 91 of June 18, 2012. Such measures have modified, *inter alia*, the laws regarding the terms for the shareholders' meetings, the number of meetings, quorums, the exercise on the part of minority shareholders of the right to convene the meeting and to put items on the agenda, the information provided before the meeting, representation at the meeting, identification of shareholders and introduction of the record date with the aim of identifying entitlement to attend and vote at the meeting.

Some of the most significant new regulations introduced by Legislative Decrees No. 27/2010 and No. 91/2012 are briefly illustrated below, together with some articles of Enel's bylaws dedicated to shareholders' meetings.

It should be preliminarily noted that the shareholders' meeting is competent to resolve, in both ordinary and extraordinary sessions, upon, among other things: (i) the appointment and removal of members of the Board of Directors and of the board of statutory auditors, determining their compensation and liability; (ii) the approval of the financial statements and the allocation of the net income; (iii) the purchase and sale of own shares; (iv) the stock-based compensation plans; (v) the amendments to the bylaws; (vi) the issue of convertible bonds.

On the basis of the Enel's bylaws, ordinary and extraordinary shareholders' meetings are held in single session, are convened and resolve with the majorities prescribed by applicable laws and are normally held in the municipality where the Company's registered office is located; the Board of Directors may determine otherwise, provided the venue is in Italy. The ordinary shareholders' meeting must be convened at least once per year within one hundred and eighty days after the end of the accounting period, for the approval of the financial statements.

The Consolidated Financial Act provides that entitlement to attend and vote in the shareholders' meeting must be certified by a notice to the person entitled to vote, sent to the issuer by the intermediary and issued on the basis of the accounting records at the end of the seventh trading day prior to the scheduled date of the shareholders' meeting (so called "record date").

Those entitled to vote may ask questions on the items on the agenda before the shareholders' meeting by the deadline indicated in the notice of call. Such questions will be answered no later than during the meeting.

Shareholders may also notify electronically their proxies to the Company, by sending the proxies through the specific section of the Company's website indicated in the notice of the meeting. Shareholders may also be represented in the meeting by a representative in conflict of interest, provided that (i) the latter has communicated in writing to the shareholder the circumstances giving rise to the conflict of interest and (ii) specific voting instructions were given for each resolution in respect of which the representative has to vote on behalf of the shareholder.

Pursuant to the Consolidated Financial Act and the Enel's bylaws, shareholders are also entitled to grant to a representative appointed by the Company a proxy with voting instructions upon all or specific items on the agenda, that must be sent to the interested person no later than the end of the second trading day before the date set for the shareholders' meeting; this proxy, the costs of

which shall not be borne by the shareholders and which must be filled out through a schedule prepared by CONSOB, is valid only for those proposals in relation to which voting instructions were given.

On the basis of the Consolidated Financial Act and the related implementing provisions issued by CONSOB, Enel's bylaws empower the Board of Directors to provide for, with respect to single shareholders' meetings and taking into account the reliability of any such electronic means, the possibility of participating by electronic means, specifying the conditions for such participation in the notice of call.

Shareholders' meetings are governed, in addition to the law and bylaws, by specific rules the contents of which are in line with models prepared by a number of professional associations (Assonime and ABI) for listed companies.

Shareholders' meetings shall be chaired by the Chairman of the Board of Directors or, in the event of his absence or impediment, by the Deputy Chairman, if appointed, or if both are absent, by a person designated by the Board, failing which the meeting shall elect its own Chairman. The Chairman of a shareholders' meeting shall be assisted by a secretary, except if the drafting of the minutes is entrusted to a notary public.

The Chairman of a shareholders' meeting, among other things, verifies that the meeting is duly constituted, and verifies the identity and entitlement of those attending, regulates the proceedings and ascertains the voting results.

The resolutions of the meeting shall be recorded in minutes signed by the Chairman and the secretary or public notary. The minutes of extraordinary shareholders' meetings shall be drafted by a public notary.

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

Code of Ethics

Awareness of the social and environmental effects that accompany the activities carried out by the Group, as well as consideration of the importance of both a cooperative approach with stakeholders and the good reputation of the Group (in both internal and external relations) inspired the drawing up of the Group's code of ethics, which was approved by the Company's Board of Directors since March 2002 (and updated, most recently, in February 2010).

The code expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate behaviour in accordance with standards calling for maximum transparency and fairness for all stakeholders. Specifically, the code of ethics consists of:

- general principles regarding relations with stakeholders, which define the principal values guiding the Group in the conduct of its business operations. Among the aforesaid principles, specific mention should be made of the following: honesty, impartiality, confidentiality, the creation of value for shareholders, the value of human resources, the transparency and completeness of information, service quality, and the protection of the environment;
- criteria of behaviour towards each class of stakeholders, which specify the guidelines and rules that Enel's officers and employees must follow in order to ensure observance of the general principles and prevent the risk of unethical actions;
- implementation mechanisms, which describe the control system devised to ensure observance of the code of ethics and its continual improvement.

Compliance program pursuant to Legislative Decree No. 231 of June 8, 2001

Since July 2002, the Company's Board of Directors has adopted a compliance program in accordance with the requirements of Legislative Decree No. 231 of June 8, 2001, which introduced into the Italian legal system a regime of administrative (but in fact criminal) liability with respect to companies for several kinds of crimes committed by their directors, executives, or employees in the interest of or to the benefit of the companies themselves.

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

The compliance program in question consists of a general part (in which are described, among other things, the content of Legislative Decree No. 231/2001, the objectives of the program and how it works, the duties of the control body responsible for supervising the functioning of and compliance with the program and seeing to its updating, the information flow, the training of the employees and the penalty regime) and separate special parts concerning the different kinds of crimes provided for by Legislative Decree No. 231/2001, which the aforesaid program aims to prevent.

In particular, the special parts elaborated so far concern crimes against the public administration, corporate crimes, crimes related to terrorism or subversion of democratic order, crimes against individual personality, market abuse crimes and administrative torts, manslaughter and serious or very serious injuries committed by breaching the applicable laws on protection of health and safety at work, crimes of receiving stolen goods, money laundering and using of laundered money, illegal goods or utilities the origin of which is unknown, computer crimes and illegal data handling and organized crimes and environmental crimes.

Over the years, the compliance program has been periodically updated and amended in order to take into account, mainly (i) the new cases introduced by the legislation as precondition crimes ("*reati presupposto*") triggering liability pursuant to Legislative Decree 231/2001, (ii) case law on this matter, (iii) the expertise accrued and the evolution of the Company's organizational structure, (iv) the need to rationalize some contents of the text of compliance program and to coordinate the different special parts.

The compliance program adopted by Enel is also implemented by the subsidiaries subject to Italian law, which are responsible for adapting its contents in light of the specific activities which they carry out.

Enel also approved specific guidelines aimed at rendering the principles of the compliance program applicable to the most significant international subsidiaries of the Group (identified also in consideration of the type of business operations conducted) in order to make such companies aware of the importance of ensuring correct and transparent business conditions, and to prevent the risk of administrative liability for Enel or for any of its Italian subsidiaries, pursuant to Legislative Decree No. 231/2001, due to the illegal conduct on the part of such international subsidiaries in their business operations.

Enel has appointed a collective body to supervise the functioning and observance of the said program and to update it (hereinafter referred to as the "supervisory body"). In particular, such supervisory body can be comprised of a number of members ranging between three and five, who are appointed by the Board of Directors. Such members may be chosen either from within or outside the Company or the Group, with specific expertise and professional experience (in any case it is requested the presence of the Head of the "Audit" function of the Company). During 2012, the supervisory body was comprised of an external member with expertise on corporate organization matters (Matteo Guiliano Caroli), acting also as Chairman of the body, the heads of the "Audit", and "Legal and Corporate Affairs Italy" and the Secretary of the Board of Directors, on account of their specific professional expertise regarding the application of the compliance program and are not directly involved in operating activities. The duration of the office of the members of the supervisory body is aligned to the office of the Board of Directors of the Company and therefore their term will expire at the date of approval of the 2013 financial report.

During 2012, the supervisory body, while monitoring the functioning of and compliance with the program:

- held 8 meetings, during which it discussed: (i) the analysis, carried out also with the assistance of the Company's management, of the main business areas of the Company which are significant for the program and the exam of the control procedures of such areas; (ii) the proposals for the updating of the program; (iii) the approval of the monitoring and supervisory activity plan for year 2012;
- promoted the updating of the program, particularly with reference to the special part concerning the prevention of environmental crimes;
- verified the state of implementation of the guidelines in the main international controlled companies;
- promoted training initiatives, differentiated according to the recipients and necessary to ensure a constant updating of the personnel on the contents of the compliance program;
- constantly reported its activities to the Chairman of the Board of Directors and to the chief executive officer and, on a regular basis, to the Control and Risk Committee and to the board of statutory auditors.

Zero tolerance for corruption plan

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

The ZTC plan supplements the Code of Ethics and the compliance program adopted pursuant to Legislative Decree No. 231/2001, representing a more significant step regarding corruption and aimed at adopting a series of recommendations for the implementation of the principles formulated by Transparency International.

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Attached below are the professional profiles of the members of the Board of Directors and of the acting auditors in office at the date of the present report, together with two tables that summarize some of the most significant information contained in the second section of the report on the structure and functioning of the Board of Directors and its committees, as well as the Board of Statutory Auditors over the course of 2012.

SCHEDULE1: Biography of the members of the Board of Directors

- Paolo Andrea Colombo, 52, Chairman (designated in the slate presented by the Ministry for the Economy and Finance).

A 1984 graduate with honors of the "Bocconi" University in Milan with a degree in business economics, where he was tenured professor from 1989 until 2010 of accounting and financial statements and where he is currently tenured senior contract professor. He is a founding partner of Borghesi Colombo & Associati, an Italian independent consulting company which offers a broad range of services in corporate finance and business consultancy to Italian and international clients.
He held has been member of the boards of directors of several significant industrial and financial companies, which include Eni, Saipem, Telecom Italia Mobile, Pirelli Pneumatici, Publitalia '80 (Mediaset Group), RCS Quotidiani, RCS Libri, RCS Broadcast e Fila Holding (RCS Mediagroup), Sias, Interbanca e Aurora (Unipol Group). Furthermore, he held the office of chairman of the board of statutory auditors of Saipem, Stream and Ansaldo STS, and of member of the board of statutory auditors of Winterthur and Credit Suisse Italy, Banca Intesa, Lottomatica, Montedison, Techint Finanziaria, HDPNet and Internazionale F.C.
Currently, he is director of Mediaset and Versace, and chairman of the board of statutory auditors of GE Capital Interbanca and member of the board of statutory auditors of A. Moratti S.a.p.a. and of Humanitas Mirasole. He is also on the board of directors of the Italy-China Foundation, a member of the management board and council of Confindustria, a member of the management board of Assonime, member of the Board of Directors of ISPI, as well member of the board of relations between Italy and the United States.
He has been Chairman of Enel's Board of Directors since May 2011.

- Fulvio Conti, 65, Chief Executive Officer and General Manager (designated in the slate presented by the Ministry of Economy and Finance)

A graduate of the University of Rome "La Sapienza" with a degree in Economics, he joined the Mobil Group in 1969, where he held a number of executive positions in Italy and abroad and in 1989 and 1990 he was in charge of finance for Europe. Head of the accounting, finance and control department for Europe of the American company Campbell in 1991.
After having been Head of the accounting, finance, and control department of Montecatini (from 1991 to 1993), he subsequently held the office of Head of finance of Montedison-Compart (between 1993 and 1996), in charge of the financial restructuring of the Group. General manager and chief financial officer of the Italian National Railways between 1996 and 1998, he also held important positions in other companies of the Group (including Metropolis and Grandi Stazioni). Deputy- Chairman of Eurofima in 1997, he held the office of general manager and chief financial officer of Telecom Italia from 1998 until 1999, holding also in this case important positions in other

companies of the Group (including Finsiel, TIM, Sirti, Italtel, Meie and STET International). From 1999 to June 2005 he was Enel's chief financial officer. He has been chief executive officer and general manager of Enel since May 2005. He is currently also a director of Barclays Plc and of AON Corporation, Barclays Plc and RCS Mediagroup. He is also Chairman of Eurelectric and deputy Chairman of Endesa, deputy Chairman of Confindustria per il Centro Studi as well as director of the Accademia Nazionale di Santa Cecilia and of the Italian Technology Institute. In 2007 he was awarded with the Doctor Honoris Causa degree in Electrical Engineering, from Genoa University; in May 2009 he was appointed *"Cavaliere del Lavoro"* of the Italian Republic and in December of the same year he became "*Officier de la Légion d'Honneur*" of the French Republic.

- Alessandro Banchi, 66, Director (designated in the slate presented by institutional investors).

Graduate in Chemical Engineering at the University of Bologna in 1969, he started his professional career in the pharmacology industry in 1971. In 1973, he joined the Italian branch office of the chemical-pharmaceutical multinational Boehringer Ingelheim, holding different management positions both in Italy and abroad, and became Italy's country manager from 1992 until 1999. In the Boehringer Ingelheim group, he held the office of managing director of Pharma Marketing and Sales (which operates worldwide) from 2000 until 2008, where he also held the office of Chairman (and CEO) of its executive committee starting from 2004. In 2009 he left the Boehringer Ingelheim group to carry out professional advice on pharmaceutical matters.
Officer of the Republic of Italy, he held offices in Italian and foreign sector associations of chemical and pharmaceutical industry; in this regard, he was chairman of AESGP and ANIFA (respectively, European and Italian Association of pharmaceutical industries of counter products), member of the board of directors of Federchimica and of the Board of Farmindustria, as well as in the G10 at the European Commission in Brussels. He is member of Enel's Board of Directors since May 2011, and currently also the chairman of the supervisory board of Biotest A.G.

- Lorenzo Codogno, 53, Director (designated in the slate presented by the Ministry of the Economy and Finance).

After studying at the University of Padua, he completed his studies in the United States, where he earned a master's degree in Finance (1986-87) at Syracuse University (New York). He was deputy manager of Credito Italiano (now Unicredit), where he worked in the research department. Subsequently, from 1995 to 2006, he worked for Bank of America, first in Milan and from 1998 in London, where he held the position of managing director, senior economist and the co-head of economic analysis in Europe. In 2006, he joined the Ministry of the Economy and Finance, where he is currently general director in the Treasury Department and head of the Economic and Financial Analysis and Planning Directorate. This directorate is in charge of macroeconomic forecasting, cyclical and structural analysis of the Italian and international economy, and analysis

of monetary and financial issues. From January 2010 until December 2011, he was chairman of the European Union's Economic Policy Committee (a body of which he was deputy chairman from January 2008 to December 2009 and head of the Italian delegation since 2006), and he was chairman of the Lisbon Methodology Working Group from November 2006 until January 2010. Since January 2013, he has been chairman of Working Party I of the OECD (of which he had been deputy chairman since October 2007 and head of the Italian delegation since 2006). He is also the Italian delegate to the OECD's Economic Policy Committee . In addition, he is the author of numerous scientific publications and of articles in the specialised press. Before joining the Ministry, he was economic commentator on the main international economic and financial networks. He was a director of MTS (a company that manages markets for bond trading, now part of the London Stock Exchange group) from 1999 to 2003 and is currently a member of the scientific committee of the "Fondazione Masi" (since April 2009) and a member of the Board of Directors of the "Fondazione universitaria economia Tor Vergata CEIS" (since November 2009). He has been a Director of Enel since June 2008.

- Mauro Miccio, 57, Director (designated in the slate presented by the Ministry of Economy and Finance).

Graduate with honors in Law at "La Sapienza" University of Rome in 1978, he started his professional career in the publishing Group Abete as managing director for the publishing sector (1981) and chief executive officer of the press agency ASCA. He has been director of Ente Cinema (currently Cinecittà Luce) from 1993 until 1996, and chairman of Cinecittà Multiplex, director of Rai from 1994 until 1996 and Acea from 2000 until 2002. Furthermore he held the office of managing director of A.S. Roma from 1997 until 2000 and chief executive officer of Rugby Roma from 1999 until 2000, of Agenzia per la Moda from 1998 until 2001 and Eur S.p.A. from 2003 until 2009.

Former chairman of FERPI (Federazione Relazioni Pubbliche), ICI (Interassociazione della Comunicazione di Impresa), of the National Rugby League and of the organization committee of the "*Baseball World Cup* 2009", he has been deputy chairman of the *European Rugby League*. He was several times member of the Superior Communication Council at the Ministry of Communication and consultant of AGCOM, with whom he collaborated for the definition of the frequency sharing plan for the digital terrestrial television. He held and holds significant offices inside the Confindustria system, he is managing director of Assoimmobiliare, is member of the executive Committee of the "S.O.S. – il Telefono Azzurro onlus" association and of the "Fondazione San Matteo" for the promotion of the social doctrine of the Catholic Church and the realization of humanitarian projects in the developing countries.

Professor of matters related to the communication sector at the University of Catania (from 1999 until 2002) and "Roma Tre", where he currently teaches communication sociology, he collaborates furthermore with other Communication Science university faculties and with various journalistic headlines as expert of communication and marketing and he is author of several publications

related to this matter. Currently he is director of Sipra. He was a member of Enel's Board of Directors from 2002 until 2005, and now has held the office once again since May 2011.

- Fernando Napolitano, 48, Director (designated in the slate presented by the Ministry of the Economy and Finance).

A graduate in economics and commerce (1987) of the University of Naples, he completed his studies in the United States, first earning a master's degree in management at Brooklyn Polytechnic University and later attending the advanced management program at Harvard Business School. He began his career by working in the marketing division of Laben (Finmeccanica Group) and then that of Procter & Gamble Italia; in 1990 he joined the Italian office of Booz Allen Hamilton (now named Booz & Company Italia), a management and technology consulting firm, where he was appointed partner and vice-president in 1998. Within this office he was in charge of developing activities in the fields of telecommunications, media, and aerospace, while also gaining experience in Europe, the United States, Asia and the Middle East; in Booz & Company he was chief executive officer until June 2011, with assignments also of an international scope.

Since May 2011, he has been founding member of Italian Busines & Investment Initiative, Why Italy Matters to the World, with registered office in New York, with the purpose of facilitating the meeting of Italian SME with U.S. investors.

From November 2001 to April 2006 he served in the committee for surface digital television instituted by the Communications Ministry and from July 2002 to September 2006 he was director of the Italian Centre for Aerospace Research. He has been a director of Enel since May 2002 and held the same office at Data Service (currently B.E.E. Team) from May 2007 to October 2008.

- Pedro Solbes Mira, 70, Director (designated in the slate presented by institutional investors).

A graduate in Law at the Complutense University of Madrid and Ph.D in Politics Sciences at the same university, he carried out advanced studies in European economy at the l'*Université Libre de Bruxelles*.

He began his political career in 1968 as officer at the Ministry of Economics of Spain, holding prestigious offices at Spanish and European institutions. In particular, he held the office of Deputy Minister of International Affairs in Spain from 1986 until 1991 as responsible for the relations with the European Community, from 1991 until 1993 ha was Minister of Agriculture, Nutrition and Fishing, while from 1993 until 1996 and from 2004 until 2009 he was Minister of Economic and Financial Affairs. Within the European area he was Officer of Business and Monetary Affairs from 1999 until 2004. He was member of the Spanish Parliament in 1996 and 2007, and left the parliamentary office in 2009.

Until November 2012 he was Head of the Supervisory Board of EFRAG (*European Financial Reporting Advisory Group*), and currently is member of the *Conseil de Garants di Notre Europe*

Foundation, Head of the executive committee of FRIDE (Spanish private foundation for international relations and foreign communication) and Head of the Spanish section of the Hispanic-Chinese Forum.
Before holding ministerial offices, he was member of the Board of Directors of a number of Spanish companies as representative of the public shareholder. Currently, he is director of Barclays Bank Espana. He holds the office of Enel's Director since May 2011.

- Angelo Taraborrelli, 64, Director (designated in the slate presented by institutional investors).

A graduate with honors in Law at the University of Siena in 1971, he obtained a master degree in hydrocarbon business at the High School of Hydrocarbon "Enrico Mattei".
He began his professional activity at Eni in 1973, where he held various management offices, up to the role of Director of Planning and Control of Saipem. Then he held the office of the holding's deputy Head of Strategic control and Up-stream development and Gas (in 1996) and, subsequently (in 1998), the office of deputy head of Planning and Industrial Control. Subsequently he held the office of deputy Chairman of Snamprogetti (from 2001 until 2002) and has been chief executive officer for AgipPetroli's business (2002). From the beginning of 2003, after the incorporation of the aforementioned company in the holding, he was deputy general manager of the marketing area at the Refining & Marketing Division. From 2004 until 2007 he was general manager of Eni with responsible for the Refining & Marketing Division. Until September 2007, he was director of Galp (a Portuguese oil company), deputy Chairman of Unione Petrolifera (association of the oil companies operating in Italy), director of Eni Foundation and Chairman of Eni Trading & Shipping. From 2007 until 2009 he held the office of chief executive officer and general manager of Syndial, Eni's company operating in chemicals and environmental intervention fields.
In 2009 he left Eni in order to carry out consultancy in oil industry matters; then he was appointed as distinguished associate of Energy Market Consultants (consultancy firm in oil industry matters with registered office in London) in 2010. He has been a member of Enel Board of Directors since May 2011.

- Gianfranco Tosi, 65, Director (designated in the slate presented by the Ministry of the Economy and Finance).

A graduate in mechanical engineering (1971) of the Polytechnic Institute of Milan, since 1972 he has held a number of positions at the same institute, becoming professor of iron metallurgy in 1982 and from 1992 also giving the course on the technology of metal materials (together with the same position at the University of Lecco). Author of more than 60 publications, he has been extensively involved in scientific activities. Member of the boards of directors of several companies and consortia, he has also held positions in associations, including the vice-presidency of the Gruppo

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

SCHEDULE2: Biography of the members of the Board of Statutory Auditors

- Sergio Duca, 65, Chairman (designated in the slate presented by institutional investors).

Sergio Duca graduated with honors in Economics and Business from the "Bocconi" University in Milan. A certified chartered accountant and auditor, as well as auditor authorized by the U.K. Department of Trade and Industry, he acquired broad experience through the PricewaterhouseCoopers network as the external auditor of important Italian listed companies, including Fiat, Telecom Italia, and Sanpaolo IMI. He was the chairman of PricewaterhouseCoopers S.p.A. from 1997 until July 2007, when he resigned from his office and ceased to be a shareholder of that firm because he had reached the age limit provided for by the bylaws. After serving as, among other things, member of the Edison Foundation's advisory board and the Bocconi University's development committee, as well as chairman of the Bocconi Alumni Association's board of auditors and a member of the board of auditors of the ANDAF (Italian Association of Chief Financial Officers), he was chairman of the board of statutory auditors of Tosetti Value SIM and an independent director of Sella Gestione SGR until April 2010. Member of the Ned Community, an association of non-executive directors, he currently holds high offices on the boards of directors and the boards of statutory auditors of important Italian companies, associations, and foundations, serving as chairman of the board of statutory auditors of Exor the Lottomatica Group, chairman of the board of directors of Orizzonte SGR, an independent director of Autostrada Torino-Milano, and chairman of the board of auditors of the Silvio Tronchetti Provera Foundation and the Compagnia di San Paolo, as well as a member of the boards of auditors of the Intesa San Paolo Foundation Onlus, and the ISPI (Institute for the Study of International Politics), and the supervisory body of Exor established pursuant to Legislative Decree No. 231/2001. He has been Chairman of Enel's Board of Statutory Auditors since April 2010.

- Carlo Conte, 65, Acting Auditor (designated in the slate presented by the Ministry of the Economy and Finance).

After graduating with a degree in Economics and Commerce from "La Sapienza" University in Rome, he remained active in the academic world, teaching at the University of Chieti (1988-1989) and the LUISS Guido Carli in Rome (1989-1995). He currently teaches planning, budgets and controls Civil Service School, and the Economy and Finance School. A certified public accountant, he is also the author of a number of publications. In 1967 he started his career in the Civil Service at the Government Accounting Office, becoming a General Manager in 2002, which position he left in June 2012 due to age-related limitations. He has represented the Civil Service on a number of commissions and committees and in various research and working groups, has represented Italy on several committees of the OECD and was Chairman of the board of statutory auditors of INPS (from 2002 until 2011) and of INAIL (from 2011 until 2012). A statutory auditor of Enel since 2004, he has also performed and continues to l perform the same duties in a number of other bodies, institutions, and companies.

- Gennaro Mariconda, 70, Acting Auditor (designated in the slate presented by the Ministry of the Economy and Finance).

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

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

Board of Directors											Control and Risk Committee		Compensation Committee		Related Parties Committee		*Corporate Governance* Committee		Executive Committee *(if any)*
Office	Members	In office since	In office until	Slate (M/m) (*)	Executive	Non Executive	Indep. pursuant S.C. (*****)	Indep. pursuant U.F.A. (******)	(****) (%)	Other offices (**)	(***)	(****)	(***)	(****)	(***)	(****)	(***)	(****)	
Chairman	Colombo Paolo Andrea	1/2012	12/2012	M	X				100%	3							X	100%	Non-- existent
C.E.O. / General Manager	Conti Fulvio	1/2012	12/2012	M	X				100%	2									
Director	Banchi Alessandro	1/2012	12/2012	m		X	X	X	86%	-			X	100%	X	100%			
Director	Codogno Lorenzo	1/2012	12/2012	M		X			93%	-	X	80%					X	71%	
Director	Miccio Mauro	1/ 2012	12/2012	M		X	X	X	100%	-	X	100%					X	100%	
Director	Napolitano Fernando	1/2012	12/2012	M		X			100%	-			X	100%			X	86%	
Director	Solbes Mira Pedro	1/2012	12/2012	m		X	X	X	100%	1			X	100%	X	100%			
Director	Taraborrelli Mario	1/2012	12/2012	m		X	X	X	100%	-	X	100%			X	100%			
Director	Tosi Gianfranco	1/2012	12/2012	M		X	X	X	100%	-	X	100%			X	100%			
Quorum required for the presentation of slates for the appointment of the Board of Directors: 0.5% of the share capital. (*****)																			
Number of Meetings held during the fiscal year 2012						BoD: 14		Control and Risk Committee: 15			Compensation Committee: 6			Related Parties Committee: 1			Corporate Governance Committee: 7		

NOTES

(*) This column shows M/m depending on whether the Director has been drawn from the slate voted by the majority (M) or by the minority (m) of the shareholders who attended the Meeting.

(**) This column shows the number of offices held by the interested person in the management and control bodies (offices) of other relevant companies, identified through the policy adopted in this respect by the Board of Directors. In this regard, it should be noted that, at the date of the present report, the current directors of Enel hold the following offices which importance shall be considered to this purpose:

1) Alessandro Banchi: Chairman of the supervisory board of Biotest A.G.;
2) Paolo Andrea Colombo: director of Mediaset S.p.A.; Chairman of the board of statutory auditors of GE Capital Interbanca S.p.A.;
3) Fulvio Conti: director of AON Corporation, Barclays Plc. and RCS Mediagroup S.p.A.;
4) Pedro Solbes Mira: director of Barclays Espana S.A..

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

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

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

a) if, directly or indirectly – including through subsidiaries, fiduciaries, or third parties, he or she controls the issuer or is able to exercise considerable influence on it or has entered into a shareholders' agreement through which one or more persons can exercise control or considerable influence on the issuer;
b) if he or she is, or during the three preceding accounting periods has been, an important representative [(2)] of the issuer, a strategically important subsidiary, or a company under common control along with the issuer or of a company or an organization that, even together with others through a shareholders' agreement, controls the issuer or is able to exercise considerable influence on it;
c) if, directly or indirectly (for example, through subsidiaries or companies of which he or she is an important representative or as a partner in a professional firm or consultancy) he or she has, or had in the preceding accounting period, a significant commercial, financial, or professional relationship:

    - with the issuer, a subsidiary of it, or any of the related important representatives;
    - with a party who, even together with others through a shareholders' agreement, controls the issuer or – if it is a company or an organization – with the related important representatives;

or is, or during the three preceding accounting periods was, an employee of one of the aforesaid entities.
In this regard, in February 2010 the Company's Board of Directors established the following quantitative criteria applicable to the aforesaid commercial, financial, or professional relations:

[(2)] It should be noted that, according to applicative criterion 3.C.2 of the Corporate Governance Code, the following are to be considered "important representatives" of a company or an organization (including for the purposes of the provisions of the other letters of applicative criterion 3.C.1): the president of the organization, the Chairman of the Board of Directors, the executive directors, and the key executives of the company or organization under consideration.

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

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

d) if he or she receives, or has received in the three preceding accounting periods, from the issuer or from a subsidiary or controlling company significant additional compensation with respect to his or her "fixed" pay as a non-executive director of the issuer and compensation for participation on the committees with consultative and proposing functions established within the Board of Directors, also in the form of participation in incentive plans connected with the company's performance, including those involving stock based plans;
e) if he or she has been a director of the issuer for more than nine years in the last twelve years;
f) if he holds the office of chief executive officer in another company in which an executive director of the issuer holds a directorship;
g) if he or she is a shareholder or a director of a company or an organization belonging to the network of the firm entrusted with the external audit of the issuer;
h) if he or she is a close family member [(3)] of a person who is in one of the conditions referred to in the preceding items.

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

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

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

TABLE 2: Structure of Enel's Board of Statutory Auditors

Office	Members	In office from	In office until	Slate (M/m) (*)	(**)	Number of offices (***)
Chairman	Duca Sergio	1/2012	12/2012	m	100%	5
Acting auditor	Conte Carlo	1/2012	12/2012	M	94%	-
Acting auditor	Mariconda Gennaro	1/2012	12/2012	M	88%	-
Alternate Auditor	Salsone Antonia Francesca	1/2012	12/2012	M	-	-
Alternate Auditor	Tutino Franco	1/2012	12/2012	m	-	-
Quorum required for the presentation of slates for the appointment of the board of statutory auditors: 0.5% of the share capital. (****)						
Number of meetings held in the fiscal year 2012: 16						

NOTE

(*) This column shows M/m depending on whether the auditor has been drawn from the slate voted by the majority (M) or by the minority (m) of the shareholders who attended the Meeting.

(**) This column shows the percentage of participation of each acting auditor at the board of statutory auditors' meetings. All absences were appropriately explained.

(***) This column shows the number of offices that the person concerned has declared to hold on the boards of directors or the boards of statutory auditors of Italian corporations. The entire list of the offices is published by CONSOB and is available on its internet website, pursuant to Article 144-*quinquiesdecies* of CONSOB's Regulation on Issuers.

(****) This *quorum* applies with effect from the meetings whose notice of call is published after October 31, 2010. For the meetings called until that date, the *quorum* was equal to 1% of the share capital.