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Press
Release

Media Relations

T +39 06 8305 5699
F +39 06 8305 3771
ufficiostampa@enel.com

enel.com

Investor Relations

T +39 06 8305 7975
F +39 06 8305 7940
investor.relations@enel.com

Investor Relations EGP

T +39 06 8305 9104
F +39 06 6444 2758
iregp@enel.com

enelgreenpower.com

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APPROVAL OF INTEGRATION OF ENEL GREEN POWER INTO ENEL

- *The transaction will be carried out through a partial non-proportional spin-off of Enel Green Power, following which:*
 1. *The Italian assets will remain with EGP S.p.A., which will become a wholly-owned subsidiary of Enel and, consequently, be delisted;*
 2. *The foreign subsidiaries controlled by EGP International B.V. will be assigned to Enel;*
 3. *The current shareholders of Enel Green Power will receive newly issued Enel shares, at an exchange ratio of 0.486 Enel shares for each EGP share tendered for exchange.*
- *The transaction will involve the full integration of renewable operations within the Enel Group, thereby enabling acceleration of the Group's growth through:*
 - *An increase in the investment capacity of Enel Green Power, enabling the company to capitalise upon its pipeline and its recognized ability to deliver;*
 - *A closer integration of renewables generation, networks and the retail market, which will make it possible to seize new opportunities for business development in both emerging and mature markets;*
 - *The swift implementation in the Enel Group of Enel Green Power's best practices;*
 - *Commercial and financial synergies in countries in which both Enel and Enel Green Power operate.*



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- *The extraordinary shareholders' meetings of Enel and Enel Green Power to approve the spin-off have been called for January 11th, 2016.*

Francesco Starace, CEO and General Manager of the Enel Group, said: *“Enel Green Power is one of the growth engines of the Enel Group, and as such it will sit at the centre of our integrated business model. Bringing the business under 100% ownership of the Group will allow us to accelerate both EGP’s growth, and that of the other business lines.”*

Francesco Venturini, CEO and General Manager of Enel Green Power, said: *“In light of the rapid evolution of the energy sector and the increasing competitiveness of renewable technologies, this is the right time to integrate Enel Green Power into the Enel Group. Increased investment firepower, greater flexibility in capitalising on market opportunities are just some of the many benefits to this transaction.”*

London, November 18th, 2015 - The Boards of Directors of Enel S.p.A. ("Enel") and Enel Green Power S.p.A. ("EGP"), meeting late yesterday afternoon in London, approved a project for the non-proportional spin-off (the "Spin-Off Project") of part of EGP into Enel (the "Spin-Off").

The Spin-Off envisages:

- the assignment by EGP to Enel of the spun-off assets, essentially represented by (i) the 100% stake held by EGP in Enel Green Power International B.V., a Dutch holding company that holds investments in companies operating in the renewable energy sector in North, Central and South America, Europe, South Africa and India; and (ii) the assets, liabilities, contracts and other legal relationships associated with those investments (the "Spun-Off Assets"); and
- the retention by EGP of all remaining assets and liabilities other than those that are part of the Spun-Off Assets (and thus, essentially, all Italian operations and a small number of remaining foreign investments).

Since the transaction involves a non-proportional spin-off, it is expected that (i) shareholders of EGP other than Enel may exchange all the shares they hold in EGP with Enel shares and (ii) Enel will exchange the shares corresponding to its stake in the Spun-Off Assets with Enel shares, which will be immediately cancelled in accordance with Art. 2504-ter, paragraph 2, and Article 2506-ter, paragraph 5, of the Italian Civil Code.

The Spin-Off will be carried out on the basis of an exchange ratio of 0.486 newly issued Enel shares for each EGP share tendered for exchange (the "Exchange Ratio"), with no cash adjustment.

As a result, as of the effective date of the Spin-Off, EGP will reduce its share capital by an amount equal to the value of the Spun-Off Assets while Enel will increase its share capital to cover the consideration for the Spun-Off assets. Specifically, Enel will issue up to 770,588,712 new shares - with full rights and a par value of one euro each – to be issued to minority shareholders of EGP in accordance with the Exchange Ratio.



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As of the effective date of the Spin-Off, Enel will be the sole shareholder of EGP, and EGP shares will cease to be traded on the Mercato Telematico Azionario, the stock exchange organized and operated by Borsa Italiana S.p.A. ("MTA"), and on the Spanish continuous electronic trading system (*Sistema de Interconexión Bursátil*, SIBE).

The Spin-Off Project has been prepared on the basis of the statements of the respective financial positions of Enel and EGP as of September 30th, 2015, as approved by their respective Boards of Directors on November 17th, 2015 pursuant to and for the purposes of the combined provisions of Article 2501-*quarter* and Article 2506-*ter* of the Civil Code.

For the purposes of determining the exchange ratio and the criterion for the non-proportional allocation of shares in the exchange, the Boards of Directors of Enel and EGP have taken into account the nature of the transaction and adopted valuation techniques customary for similar transactions nationally and internationally. To this end, they have engaged the following financial advisors: (i) for Enel, Credit Suisse and J.P. Morgan; (ii) for EGP, Barclays and Mediobanca.

RATIONALE FOR THE TRANSACTION

The energy sector is undergoing profound changes at the global level due to the occurrence of a number of developments, such as technological evolution and the changing role of customers, resulting in the need for integration of renewable and traditional resources and the modernisation of the electricity grid through digitalisation and smart meters as well as the creation of smart grids. These changes are essentially transforming power companies from mere producers and distributors of electricity into suppliers of value-added services. This phenomenon will bring new business opportunities that utilities will be ready to seize only if they position themselves as global players closely integrated with the power system.

In this new environment, the Enel Group is already well positioned thanks to its geographical and technological diversification and its customer base of over 61 million customers.

Since its listing, EGP has achieved major operational and financial success, achieving its targets for growth and international expansion: it has registered an 82.7% increase in installed capacity, reaching the current 10.6 GW from 5.8 GW, and a 38% EBITDA increase to 1.8 billion euros expected for full year 2015 (to date 12% of Enel Group's EBITDA) from 1.3 billion euros in 2010 (which was 8% of Enel Group's EBITDA). EGP also increased its international presence (measured as installed capacity outside Italy vs. total installed capacity of EGP), which has expanded to around 70% today from 54% in 2010.

Given the substantial market opportunities and in line with the Group's increasing focus on renewable energy, in the 2016-2019 plan, investment in renewable energy development will increase to more than 50% of the new growth capex of the Enel Group, positioning Enel Green Power as the engine of Enel's growth.



The process of full integration of the renewables business is thus consistent with the development strategy of the Enel Group and has significant strategic, industrial and financial benefits.

Growth and integration are the main value creation drivers of this transaction.

Regarding growth, the transaction will enable EGP to increase significantly its current “stand-alone” capacity for investment thanks to the greater financial capacity of the Enel Group, with the aim to seize additional growth initiatives in the renewables business.

Integration will allow the Enel Group to generate operational and management synergies through the swift implementation in all the Group’s operational units of EGP’s existing and tested best practices.

TIMING OF THE TRANSACTION

The Spin-Off will be submitted for approval by the extraordinary shareholders’ meetings of EGP and Enel called for January 11th, 2016 in a single call. The transaction is expected to close by the end of the first quarter 2016.

ENEL SHAREHOLDERS FOLLOWING SPIN-OFF

Based on the information available to date, as a result of the Spin-Off, shareholders with holdings of more than 2% of the share capital of Enel, will be:

Shareholder	% of share capital*
Ministry for the Economy and Finance	23.569%

* Percentages determined assuming that: (a) the current ownership structure of Enel and EGP does not change until the completion of the Spin-Off; and (b) none of the EGP shareholders exercise their right of withdrawal or right of sale (as defined below).

THE RELATIONSHIP BETWEEN ENEL AND EGP

For Enel, the Spin-Off is exempt from the specific procedure governing transactions with related parties, as the transaction is being carried out with a subsidiary in which no other related parties have significant interests. Consequently, no action was required of the Enel Related Parties Committee.

For EGP, the Spin-Off represents a related-party transaction and is not exempt from the related parties procedure, as it is being carried out with the controlling shareholder. Furthermore, in view of EGP’s scale, the transaction is of “greater importance”. Consequently, the Spin-Off Project was approved by the Board of Directors of EGP, subject to the favourable opinion of the EGP Related Parties Committee, which was issued unanimously on November 16th, 2015. That committee was supported by independent financial advisors, appointed by the Committee, namely Lazard and Prof. Enrico Laghi. By November 24th, 2015, therefore, EGP will publish the information document pursuant to Article 5 of Consob Regulation no. 17221/2010 on transactions with related parties, at its registered office, on the website



www.enelgreenpower.com, and with the authorised storage mechanism denominated "NIS-Storage" (www.emarketstorage.com).

RIGHT OF WITHDRAWAL AND RIGHT OF SALE

The shareholders of EGP that do not approve the Spin-Off will be entitled to exercise the right of withdrawal pursuant to Article 2437, paragraph 1, letter a) of the Civil Code (the "**Right of Withdrawal**") – since Enel, the beneficiary of the Spin-Off, has a corporate purpose significantly different to that of EGP – and the right to have their EGP shares purchased by Enel pursuant to Article 2506-*bis*, paragraph 4, of the Civil Code (the "**Right of Sale**"). The settlement of shares associated with the Right of Sale and the Right of Withdrawal will be exercised jointly in accordance with Article 2437-*quarter* of the Civil Code. In this regard, Enel has stated its intention to acquire all shares covered by the Right of Sale and Right of Withdrawal that should remain unsold following completion of the pre-emption offer to EGP shareholders carried out pursuant to the aforementioned legislation.

The Right of Withdrawal and the Right of Sale may be exercised at the unit settlement value for EGP shares, determined in accordance with Article 2437-*ter*, paragraph 3, of the Civil Code, which is equal to 1.780 euros per EGP share.

The effectiveness of the Right of Withdrawal and the Right of Sale, and therefore the associated settlement, are subject to the completion of the Spin-Off.

CONDITION PRECEDENT

The completion of the Spin-Off is subject not only to approval of the Spin-Off Project by the extraordinary shareholders' meetings of Enel and EGP, but also to the condition that the total settlement value of any EGP shares for which the Right of Withdrawal or the Right of Sale are validly exercised does not exceed 300 million euros.

The above condition precedent shall also be construed as having been met where Enel, within 60 calendar days of the last registration in the Rome Company Register of either of the shareholders' resolutions approving the Spin-Off pursuant to Article 2502 of the Civil Code, declares its intention to acquire the shares for which the above rights have been exercised.

DOCUMENTATION

The Spin-Off Project, the statements of financial position of Enel and EGP as of September 30th, 2015, the illustrative reports of the Boards of Directors of Enel and EGP, the report of the expert on the fairness of the Exchange Ratio, the valuation report for the Spun-Off Assets, as well as the financial statements for 2012, 2013 and 2014 of Enel and EGP, will be filed at least 30 days prior to the extraordinary shareholders' meetings of Enel and EGP called to approve the Spin-Off Project at their respective registered offices and published, by the same deadline, on the websites www.enel.com and www.enelgreenpower.com, as well as with the authorised storage mechanism denominated "NIS-Storage" (www.emarketstorage.com). Analogous procedures will be followed to file and publish, at least 15 days prior to such extraordinary shareholders' meetings, the information document provided for under Article 70, paragraph 6, of the Consob Issuers Regulation.



HOLDERS OF EGP SHARES TRADED ON SPANISH MARKETS

EGP shareholders who, on the effective date of the Spin-Off, own EGP shares admitted for trading on Spanish markets through Iberclear, will be entitled to sell the Enel shares received in exchange on the Mercato Telematico Azionario organised and operated by Borsa Italiana S.p.A., with no additional costs associated with a sale on a foreign market. This right may be exercised within the month following the effective date of the Spin-Off. To this end, Enel and EGP will appoint a special intermediary (an "*entidad de enlace*"). At the end of the above one month period, the aforementioned shareholders will be able to buy or sell Enel shares in Italy on the Mercato Telematico Azionario through authorised brokers, paying transaction costs.

All Enel press releases are also available in smartphone and tablet versions. You can download the Enel Corporate App at Apple Store.

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