Enel Green Power S.p.A.

Viale Regina Margherita 125 – 00198 Rome

Share Capital Euro 1,000,000,000 fully paid in

Tax code, VAT and Companies' Register of Rome no. 10236451000

Chamber of Commerce (R.E.A.) of Rome no. 1219253

EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE ONLY ITEM ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING, CALLED ON JANUARY 11th, 2016, ON SINGLE CALL

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EXPLANATORY REPORT OF THE BOARD OF DIRECTORS OF ENEL GREEN POWER S.P.A. ON THE PARTIAL NON PROPORTIONAL DEMERGER OF ENEL GREEN POWER S.P.A. IN FAVOR OF ENEL S.P.A.

Dear Shareholders,

this report illustrates, under the legal and economic point of view, the partial non proportional demerger of Enel Green Power S.p.A. ("**Enel Green Power**" or the "**Demerged Company**") in favor of Enel S.p.A. ("**Enel**" or the "**Beneficiary Company**"), describing the elements that compose the demerger plan approved by the Boards of Directors of Enel Green Power and Enel on November 17th, 2015 ("**Demerger Plan**"), in accordance with the provisions of Articles 2506-*ter* and 2501-*quinquies* of the Italian Civil Code and of Article 70, paragraph 2, of Regulation adopted by Consob resolution no. 11971 of May 14th, 1999, as subsequently amended ("**Issuer's Regulation**"), as well as the Scheme no. 1 of the Annex 3A of the Issuer's Regulation.

1. RECITALS

The transaction described in this report consists in a partial non proportional demerger of Enel Green Power in favor of the parent company Enel, pursuant to Article 2506-*bis*, paragraph 4, of the Italian Civil Code (the "**Demerger**"), that provides for:

- the assignment by Enel Green Power in favor of Enel of the Set of Assets Demerged (as defined and described in detail under Section 5.1. below), essentially represented ***(i)*** by the totalitarian shareholding held by Enel Green Power in Enel Green Power International B.V., Dutch *holding* Company that holds shareholdings in companies operating in the renewable energy sector in North, Central and South America, Europe, South Africa and India, and ***(ii)*** assets, liabilities, contracts, legal relationships, related to such shareholding;
- the keeping by Enel Green Power of all the remaining assets different from those the belong to the Set of Assets Demerged (and therefore, essentially, the Italian assets and the remaining limited foreign shareholdings).

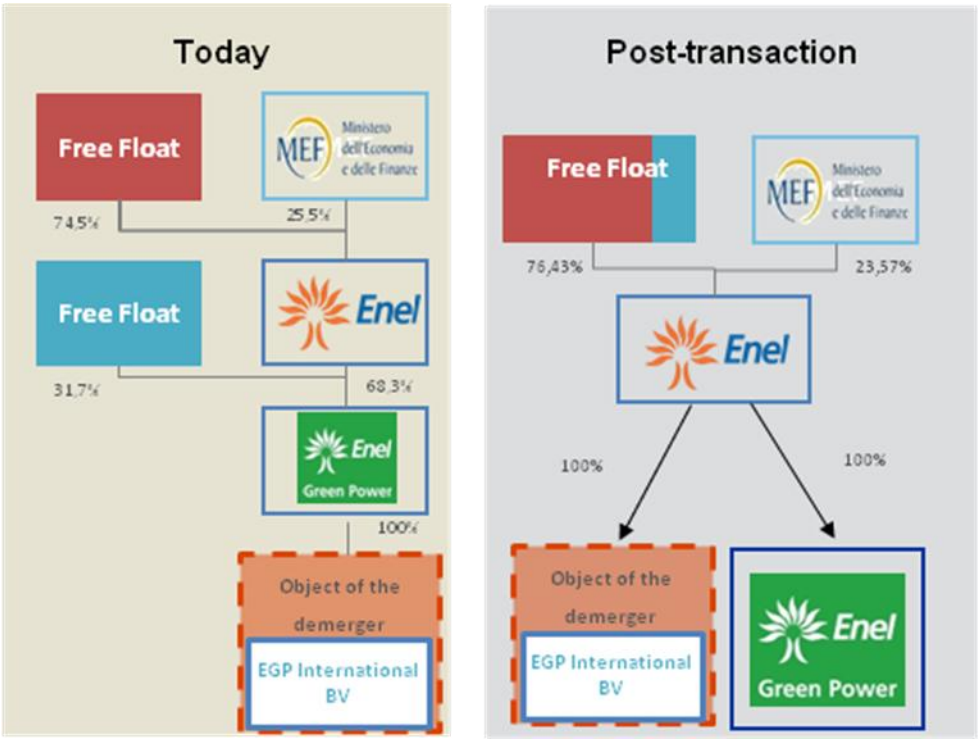
On the Date of Effect of the Demerger (as defined in Section 8 below), the quota of Enel Green Power's share capital corresponding to the Set of Assets Demerged will be exchanged on the basis of the Exchange Ratio indicated in Section 6 below: the Enel shares issued to service the exchange ratio of the Demerger will be assigned to the shareholders of Enel Green Power on the basis the non-proportional assignation criterion indicated under Section 6 below. In light of such non-proportional assignation criterion, all the Enel Green Power shares held by shareholders other than Enel will be exchanged with Enel shares, while Enel will exchange only a portion of its shares held in Enel Green Power; such latter shares will be simultaneously cancelled pursuant the provision under Article 2504-*ter*, paragraph 2, of the Italian Civil Code, as cited in regard to the demerger in Article 2506-*ter*, paragraph 5, of the Italian Civil Code, without proceeding with the assignation of the same shares. As a result, on the Date of Effect of the Merger: *(i)* the Beneficiary Company will increase its share capital in the amount indicated in Section 6 below; *(ii)* all the Enel Green Power shares exchanged with Enel shares will be cancelled, with subsequent reduction of the share capital of the Demerged Company; and *(iii)* Enel will become the sole shareholder of Enel Green Power, while all the other Enel Green Power shareholders will become shareholders of Enel. For more information on the Exchange Ratio and on the non-proportionality of the Demerger please see Sections 4 and 6 below.

The effectiveness of the Demerger is subject to the completion of the corporate activities as well as to the satisfaction of the Condition Precedent (as defined in Section 11), consisting in the circumstance that the liquidation value of Enel Green Power shares in relation to which the Right of Withdrawal and the Right of Sale (as defined in Section **Errore. L'origine riferimento non è stata trovata.** below) are validly exercised oes not exceed Euro 300,000,000 (three hundred millions/00).

The Condition Precedent shall be deemed likewise satisfied - even in case of overtaking of the above mentioned limit - if Enel, within 60 calendar days from the last enrolment with the Companies' Register of Rome of the shareholders' meeting resolutions approving the Demerger pursuant to Article 2502 of the Italian Civil Code, declares its intention to purchase all the shares in relation to which the above-mentioned rights have been exercised.

As widely illustrated below, the transaction is intended to realize a complete integration of the renewable energies sector within the Enel Group.

The two graphs below show the structure of the Enel Group before and after the implementation of the Demerger, assuming that: (a) the current ownership structure of Enel Green Power and Enel does not change until the implementation of the Demerger and (b) none of the shareholders of Enel Green Power exercises the Right of Withdrawal or the Right of Sale.



On the Date of Effect of the Demerger, the Enel Green Power shares will cease to be traded on the "*Mercato Telematico Azionario*" organized and managed by Borsa Italiana S.p.A. ("**MTA**") and on the Spanish electronic trading system (*Sistema de Interconexión Bursátil*, SIBE).

2. DESCRIPTION OF THE PARTICIPATING COMPANIES TO THE DEMERGER

2.1. Demerged Company: Enel Green Power S.p.A.

2.1.1. Company data

Enel Green Power S.p.A., a joint stock company organized and existing under Italian law with shares listed in Italy on MTA and on the Spanish electronic trading system (*Sistema de Interconexión Bursátil*, SIBE), is subject to the direction and coordination activity of Enel pursuant to Article 2497 et seq. of the Italian Civil Code.

Enel Green Power has the registered office in Rome, Viale Regina Margherita, no. 125, tax code and Companies' Register of Rome no. 10236451000, Chamber of Commerce (R.E.A.) of Rome no. 1219253, VAT no. 10236451000. On the date of this report, the share capital of Enel Green Power is equal to Euro

1,000,000,000 entirely paid-up, comprised of no. 5,000,000,000 ordinary shares having a nominal value equal to Euro 0.20 each.

2.1.2. Corporate Purpose

The corporate purpose of Enel Green Power consists of the performance and development of activities of production and sale of electric power generated from renewable sources. To this end, Enel Green Power, directly or indirectly through subsidiaries or affiliates, may operate both in Italy and abroad and carry out any other connected, instrumental, similar, complementary or however useful activity to the pursuit of the company's corporate purpose.

Enel Green Power may, furthermore, carry out research, consultancy and assistance activities in all sectors pertaining to the company's corporate purpose, and any other activity that allows a better utilization and valorization of the assets, resources and competencies employed.

Enel Green Power may also directly carry out, in the interest of the subsidiaries or affiliates, any activity connected with or instrumental to its activities or those of the subsidiaries or affiliates.

In order to pursue its corporate purpose Enel Green Power may, ultimately, carry out all those operations which are necessary or useful in an instrumental function or in any way connected.

2.1.3. The Board of Directors

The Board of Directors of Enel Green Power currently in office has been appointed by the shareholders' meeting on April 24th, 2013 and has been subsequently implemented (i) by the shareholders' meeting on May 8th, 2015, through the appointment of three directors, previously co-opted by the Board of Directors in replacement of as many directors who resigned and (ii) by the Board of Director on June 16th, 2015, by co-option of a director, replacing another director who resigned in May 2015; the appointment of the latter director will be proposed to the shareholders' meeting in ordinary session, called on January 11th, 2016. The Board of Directors will remain in office until the shareholders' meeting called to approve the financial statements for the year ending on December 31st, 2015. At the date of this report, the Board of Directors of Enel Green Power is composed by the following members:

Name	**Office**
Alberto De Paoli	Chairman
Francesco Venturini	Chief Executive Officer and General Manager
Luca Anderlini	Director (1)
Carlo Angelici	Director (1)
Ludovica Parodi Borgia	Director
Giovanni Battista Lombardo	Director (1)
Giovanni Pietro Malagnino	Director (1)
Paola Muratorio	Director (1)

Francesca Romana Napolitano	Director
Luciana Tarozzi	Director [(1)]

[(1)] Independent director pursuant to Articles 147-*ter*, paragraph 4, and 148, paragraph 3, of Legislative Decree of February 24th 1998, no. 58, and subsequent amendments ("**TUF**"), as well as to Article 3 of the "*Codice di Autodisciplina delle società quotate*" and to Article 37 of the Consob resolution no. 16191, of October 29th, 2007 ("*Regolamento Mercati*").

2.1.4. Committees of the Board of Directors

The Committees established within the Board of Directors of Enel Green Power are the Control and Risk Committee, the Nomination and Compensation Committee and the Related Parties Committee. In particular:

- the Control and Risk Committee, is composed by three non-executive and independent directors: Giovanni Battista Lombardo (Chairman), Luciana Tarozzi and Giovanni Pietro Malagnino. The committee has the task of supporting the valuations and the decisions of the Board of Directors regarding the internal control and risk management system, as well as those regarding the approval of the periodical financial reports by carrying out preparatory work for the purpose of making proposal and providing advice.
- the Nomination and Compensation Committee, is composed by three non-executive and independent directors: Carlo Angelici (Chairman), Luca Anderlini and Paola Muratorio. The committee has the task of assisting the Board of Directors in the valuations and decisions relating to the size and composition of the Board itself, as well as expressing proposals concerning the remuneration policy of the Directors and the Executives with strategic responsibilities by carrying out preparatory work for the purpose of making proposal and providing advice. The Committee, within its functions also evaluates, proposes to the Board of Directors and supervises the implementation of the incentives systems for the management, including any share-based remuneration plan.
- the Related Parties Committee is composed of three non-executive and independent directors: Carlo Angelici (Chairman), Luca Anderlini and Giovanni Pietro Malagnino. The committee is entrusted with the tasks provided by the relevant Consob Regulation and by Enel Green Power procedure for transaction with related parties, with particular regard to the issue of a reasoned opinion about each relevant related parties transaction for the purpose of such procedure.

2.1.5. Manager responsible for preparing the financial reports

The functions of Manager responsible for preparing the corporate financial reports of Enel Green Power were held by the Head of the "*Administration, Finance and Control*" of Enel Green Power, Giulio Antonio Carone.

2.1.6. The Board of Statutory Auditors

The Board of Statutory Auditors of Enel Green Power, appointed by the shareholders' meeting of May 13th, 2014, will remain in office until the date of the shareholders' meeting called to approve the financial statements for the year ending on December 31st, 2016. At the date of the current report, the Board of Statutory Auditors is composed of the following members:

Name	**Office**
Franco Fontana	Chairman

Maria Rosaria Leccese	Standing Statutory Auditor
Giuseppe Ascoli	Standing Statutory Auditor
Anna Rosa Adiutori	Substitute Statutory Auditor
Pietro La China	Substitute Statutory Auditor
Alessio Temperini	Substitute Statutory Auditor

2.2. Beneficiary Company: Enel S.p.A.

2.2.1. Company data

Enel S.p.A., a joint stock company organized and existing under Italian law, whose shares are listed on the MTA, with registered office in Rome, Viale Regina Margherita 137, tax code and Companies' Register of Rome no. 00811720580, Chamber of Commerce (R.E.A.) no. 756032, VAT no. 00934061003. On the date of this report, the share capital of Enel is equal to Euro 9,403,357,795 entirely paid-up, comprised of no. 9,403,357,795 ordinary shares having a nominal value equal to Euro 1.00 each.

2.2.2. Corporate Purpose

Enel has as its corporate purpose the acquisition and the management of shareholdings and interests in Italian or foreign companies and enterprises, as well as the performance, in favor of its subsidiary companies and enterprises, of strategic guidance and coordination functions with regard to their industrial organization and business activities in which they engage.

Enel, through subsidiaries or otherwise affiliates operates especially: a) in the electricity industry, including the activities of production, importation and exportation, distribution and sale, as well as transmission within the limits of legislation in force; b) in the energy industry in general, including fuels, and in the water sector, as well as in the field of environmental protection; c) in the communications, telematics and information-technology industries and those of multimedia and interactive services; d) in the network-based sectors (electricity, water, gas, district heating, telecommunications) or those which, in any case, provide urban services locally; e) in other sectors in any way related or to connected with the activities carried out in the sectors mentioned above, that allow the facilities, resources and expertise employed in the sectors mentioned above to be enhanced and better utilized and that allow the profitable use of the goods produced and the services provided in the sectors mentioned above; f) in the carrying out activities involving systems and installations design, construction, maintenance and management; the production and sale of equipment; research, consulting and assistance; as well as the acquisition, sale, marketing and trading of goods and services, all activities connected with the sectors mentioned above under a), b), c), d).

Enel may also directly carry out, in the interest of its affiliates or subsidiaries, any activity that are connected or instrumental related to its activity or those of its affiliates or subsidiaries. Moreover, for the performance of its corporate purpose, Enel may also carried out all the transactions that results instrumentally necessary or useful or at any rate related.

2.2.3. The Board of Directors

The Board of Directors of Enel, appointed by the shareholders' meeting on May 22th, 2014, and subsequently amended by the shareholders' meeting on May 28th, 2015, by the appointment of a new director to replace a director who previously resigned, will remain in office until the date of the shareholders' meeting called to

approve the financial statements for the year ended on December 31st, 2016. On the date of this report, the Board of Directors of Enel is composed by the following members :

Name	**Office**
Maria Patrizia Grieco	Chairman [(1)]
Francesco Starace	Chief Executive Officer and General Manager
Alfredo Antoniozzi	Director [(2)]
Alessandro Banchi	Director [(2)]
Alberto Bianchi	Director [(2)]
Paola Girdinio	Director [(2)]
Alberto Pera	Director [(2)]
Anna Chiara Svelto	Director [(2)]
Angelo Taraborrelli	Director [(2)]

[(1)] Independent director pursuant to Articles 147-*ter*, paragraph 4, and 148, paragraph 3, of the TUF.

[(2)] Independent director pursuant to Articles 147-*ter*, paragraph 4, and 148, paragraph 3, of the TUF, as well as Article 3 of the "*Codice di Autodisciplina delle società quotate*".

2.2.4. Committees of the Board of Directors

The Committees established within the Board of Directors of Enel are the Control and Risk Committee, the Nomination and Compensation Committee, the Related Parties Committee and the Corporate Governance Committee.

In particular:

- the Control and Risk Committee is composed by four independent directors: Angelo Taraborrelli (Chairman), Paola Girdinio, Alberto Pera and Anna Chiara Svelto. The Committee has the task of supporting the valuations and the decisions of the Board of Directors of Enel regarding the internal control and risk management system, as well as those regarding the approval of the periodical financial reports, by carrying out preparatory work for the purpose of making proposal and providing advice.
- the Nomination and Compensation Committee is composed by four independent directors: Alessandro Banchi (Chairman), Paola Girdinio, Alberto Pera and Anna Chiara Svelto. The committee has the task of assisting the Board of Directors of Enel in the valuations and decisions relating to the size and the composition of the Board itself, as well as to the remuneration policy of Directors and Executives with strategic responsibilities by carrying out preparatory work for the purpose of making proposal and providing advice. The Committee, within its functions, devises, proposes to the Board of Directors and

supervises the implementation of the incentive systems for the management, including any for share-based remuneration plan.

- the Related Parties Committee is composed by four independent directors: Alberto Bianchi (Chairman), Alfredo Antoniozzi, Alessandro Banchi and Angelo Taraborrelli. The Committee is entrusted with the tasks provided by the relevant Consob regulation and by Enel procedure for transactions with related parties, with particular regard to the issue of a reasoned opinion about each related parties transaction relevant for the purpose of such procedure.
- the Corporate Governance Committee is composed by three directors: Maria Patrizia Grieco (Chairman), Alfredo Antoniozzi and Alberto Bianchi. The committee has the task of assisting the Board of Directors of Enel in the valuations and decisions relating to the corporate governance of Enel and the Group and to corporate governance social responsibility, by carrying out preparatory work for the purpose of making proposal and providing advice.

2.2.5. Manager responsible for preparing the financial reports

The functions of Manager responsible for preparing the corporate financial reports of Enel were held by the Head of the "Administration, Finance and Control" of Enel, Alberto De Paoli.

2.2.6. The Board of Statutory Auditors

The Board of Statutory Auditors, appointed by the ordinary shareholders' meeting of April 30th, 2015, will remain in office until the date of the shareholders' meeting called to approve the financial statements for the year ending on December 31st, 2015. At the date of this report, the Board of Statutory Auditors of Enel is composed by the following members:

Name	**Office**
Sergio Duca	Chairman
Lidia D'Alessio	Standing Statutory Auditor
Gennaro Mariconda	Standing Statutory Auditor
Giulia De Martino	Substitute Statutory Auditor
Pierpaolo Singer	Substitute Statutory Auditor
Franco Tutino	Substitute Statutory Auditor

3. DESCRIPTION OF THE BUSINESSES OF THE PARTICIPATING COMPANIES TO THE DEMERGER

3.1. Enel Green Power Business

Enel Green Power is the company of the Enel Group entirely dedicated to the development and management of the activities relating to the energy generation from renewable sources at the international level, active in Europe, in the Americas, in Africa and in Asia.

In particular, as at September 30th, 2015, Enel Green Power operates with 761 plants located in Europe, America, Africa and in Asia having an installed capacity of 10.6 GW, divided between wind, solar, geothermal, hydroelectric and biomass.

3.2. Enel Business

Enel works through its subsidiaries or otherwise affiliates, in particular in the energy sector, carrying out, in its role of holding company, several activities directly or indirectly related to such sector.

As at September 30th, 2015, the Enel Group works in over 30 Countries, in 4 continents, has generating plants (thermoelectric, hydroelectric, nuclear, geothermal, wind, solar and other renewable sources) with a net installed capacity of about 89 GW, and distributes electricity and gas on a network of approximately 1.9 million kilometers.

With 61 million worldwide users, Enel records the widest customer base in respect of its European competitors and is located among the main electricity companies in Europe, in terms of both installed capacity and reported EBITDA.

4. EXPLANATION OF THE DEMERGER AND REASONS OF THE SAME

4.1. Strategic and industrial reasons of the Demerger

Several phenomena are deeply changing the energy paradigm at the worldwide level: increase of electric request driven by the economic growth and the urbanization process in the emerging Countries, high volatility of the commodities prices, growing competitiveness of the renewable sources, development of new technologies, energy efficiency, greater attention and sensitivity to the environmental issues.

In this "world" the renewable energy's sector has assumed a more significant role, in light of the growing competitiveness of less mature technologies - wind and solar - triggered by the rapid technological progress, as well as of the contribution offered to the energy model in terms of environmental sustainability.

In order to pursue the opportunities offered by the renewable energy business, the big utilities incorporated companies completely dedicated to the development and management of renewable energy plants. In this framework, in 2008 Enel incorporated Enel Green Power, a corporate vehicle within which all the activities for the production of renewable energy have been concentrated, and listing such company on the Stock Exchange in 2010.

During the last years, many signs of change of that energy model have shown, initially triggered by the rapid large-scale development of renewable energy sources, with the consequent issues related to the necessity to adapt the networks. Also other circumstances have occurred, such as, among others, distributed production, energy efficiency, electric cars and the energy storage, which are more and more leading to a radical transformation of consumers' behaviors, that are progressively more active both as energy "producers" and as "managers" of their electric request. In addition to the above, there is a need to develop new technologies that allow the electrical system to evolve towards a pattern which better integrates the conventional production's sources and therefore programmable, and the renewable ones, sector that continues to be characterized by a globally high rate growth.

Such growth becomes evident mainly in two manners. On the one hand, in the context of the emerging markets (characterized by economic growth and a broad process of urbanization) renewables represent the fastest answer to the increase of electric energy request. On the other hand, also in the context of the mature markets there are opportunities for the development of renewables, supported by a process of gradual dismantling of conventional production capacity (which, for example, related to the coal plants) and the replacement with new renewable capacity, mainly from wind and solar sources, characterized by a rapid activation, contained risks of execution and competitive costs.

The increasing need to integrate the renewables and the traditional sources, the distribution systems and the market ("single integrated system"), is leading to a rapid modernization of the electricity network, through the digitalization and "smart meters", transforming the energy utilities as Enel from mere producers and distributors of energy to suppliers of services and system optimizers. This circumstance is leading to new business opportunities that the utilities will be ready to pursue only if they become global and integrated operators in the electrical system.

In this context, Enel Group is well positioned along the guidelines of the new model, being one of the few global operators in the relevant sector, one of the most diversified in terms of technology and having more than 60 million customers. Moreover, the Group is able to pursue the many opportunities of global growth, leveraging its high geographical diversification. In fact, the Group is present in all the geographic areas with significant growth prospects, at last in order of time the Asian continent, where the Group recently established a base with the entrance in the Indian renewables market.

In the last years, Enel Green Power achieved important operational and economic-financial results, reaching its growth and internationalization targets. In fact, from the listing date up to now, there has been a growth of 82.7% of installed renewable capacity, from 5.8GW to the current 10.6GW, and of 38% of EBITDA, from Euro 1.3 billion in 2010 (8% of Group's EBITDA) to Euro 1.8 billion expected in 2015 (12% of Group's EBITDA), followed by an international presence (expressed in percentage compared to the installed capacity) which increased from 54% in 2010 to the current approximately 70%.

In light of the substantial market opportunities and in line with the increasing focus on renewable energies, it is expected an increase of the investments in development of renewable energies for the next time span of plan, that should be around at the 50% of growth investments of the Enel Group.

The process of full integration of the renewable business is, therefore, consistent with the development strategy of the Enel Group and presents significant reasons, not only strategic (as said above), but also industrial and financial, offering opportunities in order to create value.

The industrial reasons follow, therefore, two main guidelines: the growth and the integration strictly speaking.

The first macro-guideline would permit a greater creation of value for the Group through the possible further investment acceleration and the implementation of the strategy of the Active Portfolio Management. In a context in which the capabilities demonstrated by Enel Green Power, both in the field of the development of plans, and in terms of their realization, exceed its investment capacity in a "stand-alone" view (to preserve the financial strength of the company) and in light of the financial capacity of the Enel Group, the full integration between Enel and Enel Green Power would allow the latter to accomplish additional growth plans in the business of renewables, not sustainable in the current structure. The investments acceleration would be realized in a possible greater allocation of capital to Enel Green Power of Euro 1.3 billion between 2018 and 2019, that would be used in development projects in emerging Countries.

The second macro-guideline of creation of value is the integration strictly speaking, which involved the creation of operational and management synergies, achievable through: the ability to pool together the business skills of both companies, with consequent cost efficiency; the possibility to jointly manage different production chains, with consequent risk reduction; the opportunity to take advantage of the Group's financial strength.

Another area of possible efficiency / optimization would be the reduction of the "merchant" risk in the Countries / markets in which both Enel and Enel Green Power are present, essentially linked to a vertical integration and consequent centralized management of the coverage of the volume production and of the related risk, and the optimization of the integrated maintenance plan of the renewable and conventional

plants and a greater commercial competitiveness guaranteed by the synergic management of renewable assets with the conventional ones.

In the Enel Green Power's view, the Demerger will allow the Demerged Company to benefit of a reduction of costs and expenses (both in terms of management and in operational terms), as well as greater organizational and managerial flexibility, also as a result of the loss of the status of listed company. In particular, Enel Green Power will start a process of simplification of the governance in line with the objective of major focus on domestic business of renewable energies and subsequent minor complexity – and, so, more speed and dynamism – in the decision-making process, as well as exercise of the strategic, managerial and technical-operational control. Similarly, the rationalization of the functions and of the processes will allow, in any case, the structures and the functions of Enel Green Power to maintain its own high specialization (both in the production and market), in an harmonic manner and without operational discontinuity. On the other hand, the separation of the international business will allow Enel Green Power to concentrate the economic and financial resources of its core business in Italy.

4.2. Legal aspects of the Demerger

4.2.1. Description of the Demerger

In order to achieve the industrial purposes above-mentioned, the Boards of Directors of Enel Green Power and Enel held on November 17th, 2015, approved, pursuant to Article 2506-*bis* and Article 2506-*ter* of the Italian Civil Code, the Demerger Plan, that, as said, provides for the partial non-proportional Demerger of Enel Green Power in favor of its parent company Enel. The Demerger Plan has been drafted on the basis of the balance sheets of the participating company to the Demerger as at September 30th, 2015, drafted and approved – pursuant to and in accordance with Article 2501-*quater* of the Italian Civil Code, cited by Article 2506-*ter*, paragraph 1 with respect to the demerger, of the Italian Civil Code – by the same Board of Directors of Enel Green Power and Enel that have approved the Demerger Plan.

In connection with the foregoing, it should be noted that, for the purposes of determining the Exchange Ratio and the criterion of non-proportional assignation of shares in exchange (as further described in the following Section 6), the participating companies to the Demerger have recourse to primary independent financial advisors and of proven professional competence, and in particular:

- for Enel Green Power, Barclays and Mediobanca; and
- for Enel, Credit Suisse and JP Morgan.

The Demerger Plan, for both the participating companies to the Demerger, will be filed for the enrollment with the Companies' Register of Rome pursuant to article 2501-*ter*, paragraph 3, of the Italian Civil Code, cited by Article 2506-*bis*, paragraph 5, of the Italian Civil Code.

The Demerger Plan, the balance sheets drafted pursuant to art. 2501-*quater* of the Italian Civil Code, this report and the report of the Boards of Directors of Enel drafted pursuant to art. 2501-*quinquies* of the Italian Civil Code, the expert's report drafted pursuant to article 2501-*sexies* of the Italian Civil Code, as well as the financial statements for the three years 2014, 2013 and 2012 of both participating companies to the Demerger, will be filed, by Enel Green Power and Enel, at least thirty days prior the extraordinary Shareholders' Meetings of Enel Green Power and Enel called to approve the Demerger, at their respective registered offices, in the same terms, and published on the websites www.enelgreenpower.com and www.enel.com, in accordance with article 2501-*septies* of the Italian Civil Code cited in article 2506-*ter*, paragraph 5, of the Italian Civil Code, as well as on the authorized storage mechanism called "NIS-Storage" (www.emarketstorage.com). Moreover, in accordance with the provisions of art. 2506-*ter*, paragraph 2, of the Italian Civil Code, an appraisal/estimate report on the Set of Assets Demerged will be drafted by an independent expert, that will be filed with the companies register of Rome and/or published through filing at the registered offices of Enel Green Power and Enel, as well as on the websites www.enelgreenpower.com

and www.enel.com during the 30 days preceding the Shareholders' Meetings of Enel Green Power and Enel called to approve this Demerger Plan and, lastly, filed with the authorized storage mechanism called "NIS-Storage" (www.emarketstorage.com).

Enel Green Power and Enel will also draft an information document pursuant to Article 70, paragraph 6, of the Issuer's Regulation, that will be made available at least fifteen days before the extraordinary Shareholders' Meetings of Enel Green Power and Enel called to approve the Demerger, pursuant the same modalities indicated above.

Under Article 57, paragraph 1, lett. a) of the Issuer's Regulation, it is not provided the publication of the listing prospectus in relation to the Demerger because, as specified in the following Section 5.2, the number of Enel shares issued to service the exchange ratio of the Demerger represents less than the 10% of the value of Enel shares issued in the last 12 months.

The aforementioned extraordinary Shareholders' Meetings of Enel Green Power and Enel, called to approve the Demerger, are called on January 11th, 2016, on single call.

From the date of registration of the relevant resolutions with the Register of Companies of Rome will start (i) sixty days within which the creditors of the two companies will be able to oppose an objection to the Demerger pursuant to Article 2503 of the Italian Civil Code, as cited in Article 2506-*ter*, paragraph 5, of the Italian Civil Code and (ii) fifteen days within the shareholders of Enel Green Power, that will not concur to the approval of the Demerger, will may exercise the Right of Withdrawal and/or the Right of Sale (as described in the following Section 10).

Under Article 47 of Law no. 428/1990 and subsequent amendments and integrations, Enel Green Power and Enel will carry out the procedure of trade union information and consultation in relation to the Demerger.

Following the completion of the above activities will be drawn up the deed of Demerger.

As a result of the Demerger, the shares of Enel Green Power will cease to be traded on the MTA, as well as on the Spanish electronic trading system (Sistema de Interconexiòn Bursàtil, SIBE).

4.2.2. Profiles linked to the existence of a relationship of correlation between the Demergered Company and the Beneficiary Company

Pursuant to the regulation adopted by Consob resolution no. 17221 of March 12th, 2010 and amended with resolution no. 17389 of June 23rd, 2010 (the "**RPT Regulation**"), and to the procedure for related party transactions, approved by the Board of Directors of Enel Green Power on December 1st, 2010, and subsequently amended lastly on February 3rd, 2014 (the "**RPT Procedure**"), the Demerger constitutes for Enel Green Power a transaction of major importance with related party. In fact, Enel exercises a control on Enel Green Power pursuant to Article 2359 paragraph 1, no. 1 of the Italian Civil Code and Article 93 of the TUF. In light of the foregoing, the Board of Directors of Enel Green Power approved the Demerger Plan, after reasoned favorable opinion of the Related Party Transaction Committee of Enel Green Power on the interest of the Company (the latter) in the completion of the transaction, as well as the convenience and the substantial fairness of the relative conditions.

In particular, the Demerger was subject to the Related Party Transaction Committee of Enel Green Power (the "**Related Party Transaction Committee**") which has provided for its exam with the assistance of independent financial advisors Lazard and Prof. Enrico Laghi, as well as the independent legal advisor Prof. Agostino Gambino; these have been identified in light of their proven ability, professional competence and experience in similar transactions.

At the Committee's meetings, also the independent directors of Enel Green Power (Giovanni Battista Lombardo, Paola Muratorio e Luciana Tarozzi) have been invited to attend and, usually, were in attendance, in order to ensure a wide sharing of the evaluations and analyses of the Committee itself.

The Committee, pursuant to Article 8, paragraph 1, let. b) of the RPT Regulation, as well as pursuant to Article 6 of the RPT Procedure, has been involved in the negotiations and investigation phase, through a flow of information, in a timely, full and adequate manner, which has allowed the Committee to be constantly updated in relation to the development of the activities carried out. The information flows concerned, among others, the main terms and conditions of the transaction, the expected timing of its implementation, the evaluation procedure proposed, the reasons underlying the transaction, as well as the potential risks for Enel Green Power and its subsidiaries. In this context, the Related Party Transaction Committee exercised its right to ask questions and make comments, receiving prompt response to their requests and comments by the management involved in the transaction.

At the end of its activities, the Related Party Transactions Committee, taking into account, among others, the evaluative results carried out by the financial advisors appointed by the Committee, and in particular the fairness opinions issued by the same on the fairness of the Exchange Ratio, on November 16th, 2015 issued its reasoned favorable opinion on the interest of Enel Green Power in the completion of the transaction, as well as the convenience and the substantial fairness of the relative conditions, subsequently transmitted to the Board of Directors of Enel Green Power.

For a complete description of the followed procedure, as well as the activities carried out by the Related Party Transactions Committee and the contents of the opinion, please refers to the Information Document provided by Article 5 of the RPT Regulation, made available to the public at the registered office of Enel Green Power, in Rome, Viale Regina Margherita, no. 125, as well as on the website of the same (www.enelgreenpower.com) and on the authorized mechanism storage NIS-Storage (www.emarketstorage.com).

For completeness, please notes that, with regard to Enel, the Demerger, while being carried out with a related party, is exempt from the specific procedure for governing the transactions with related parties (adopted in accordance with RPT Regulation), because it is a transaction carried out by a subsidiary in which there are no significant interests of other related parties (pursuant to Article 14, paragraph 2, RPT Regulation and Article 13.3, lett. d), of the aforementioned procedure). In view of the foregoing, Enel's related party transactions committee was not involved in the approval of the Demerger Plan.

5. DESCRIPTION OF ASSETS AND LIABILITIES SUBJECT TO ASSIGNMENT TO THE BENEFICIARY COMPANY

5.1. Assets and liabilities subject to assignment

As said, the Demerger will be approved on the base of the balance sheets of Enel Green Power and Enel as at September 30th, 2015, attached to the Demerger Plan.

The Demerger will give rise to the assignment of almost all the Enel Green Power's foreign shareholdings and financial assets of Enel Green Power in favor of Enel, while Enel Green Power will keep its Italian assets and the remaining foreign shareholdings.

In particular, the related balance sheet elements and legal relationships which, as a result of the Demerger, will be assigned to the Beneficiary Company are the followings (the "**Set of Assets Demerged**"):

1) totalitarian shareholding in the company organized and existing under Dutch law, Enel Green Power International B.V.;

2) short-term financial receivable owed by the company Enel Green Power North America Ltd. in connection with a financial restructuring transaction implemented in 2014; the exchange rate risk related to such financial receivable is hedged through a *currency forward* contract;

3) legal relationships related to the long-term credit line with Enel Green Power International B.V.;

4) the legal relationship with the six employees that are part of the business unit comprising the Set of Assets Demerged and the consequent asset-side liability-side balance sheet items referring to the same;

5) guarantees granted by Enel Green Power in the interest of Enel Green Power International B.V. and its subsidiaries related to the hedging of certain number of commitments undertaken.

The detailed description of the assets and liabilities and related legal relationships comprising the Set of Assets Demerged that will remain assigned to the Beneficiary Company for the Demerger effect is given in the Annex G of the Demerger Plan.

In any case, if the assignment of assets and liabilities, rights and obligations cannot be deduced from the Demerger Plan, the same elements will be considered assigned to the Beneficiary Company if they are related to the Set of Assets Demerged.

It should also be noted that any the contingent assets and contingent liabilities that may be found after the Date of Effect of the Demerger will be respectively in advantage or charged to the Beneficiary Company, on condition that they are related to the Set of Assets Demerged.

The composition of shareholders' equity of Enel and Enel Green Power, as resulted following the Demerger, is shown in provided charts (respectively called "Composition of the equity of the Demerged Company before and after the Demerger" and "Composition of the equity of the Beneficiary Company before and after the Demerger") attached in the Annexes H and I to the Demerger Plan.

It should be finally noted that:

- in the context of the Set of Assets Demerged are included the legal relationships relating thereto, including the working relationship with six resources, as detailed in the Demerger Plan;

- the assets and liabilities and legal relationships included in the Set of Assets Demerged will be those actually existing on the Date of Effect of the Demerger, taking into account the changes then taking place between the date of the balance sheet as at September 30th, 2015 of the Demerged Company and the Date of Effect of the Demerger, as a result of the operative dynamics corporate. Therefore, any differences in the consistency of these elements and relationships object of the Set of Assets Demerged, between the September 30th, 2015 and the Date of Effect of the Demerger, will determine the entry of a lot of credit/debit between the Demerged Company and the Beneficiary Company.

5.2. Changes in Enel Green Power assets, the capital increase of Enel

Changes in the composition of the Net Worth of the Demerged Company Enel Green Power deriving from the Demerger are due to:

- decrease of the share capital of Euro 728,000,000 (seven hundred twenty-eight million/00), corresponding to the nominal value of the canceled shares;

- decrease of Other reserves, including the portion corresponding to the Legal Reserve attributable to the decrease of the share capital, of Euro 2,936,162,218 (two billion nine hundred sixty two thousand two hundred eighteen/00);

- decrease of Other reserves of Euro 6,784,000 (six million seven hundred eighty-four thousand/00), corresponding to the estimated burdens qualified as incidental costs directly attributable to the Demerger, net of the relevant tax effect.

The following table shows the composition of the Net Worth of Enel Green Power resulting from the Demerger.

Share Capital	Other Reserves	Profits/(Losses) Accrued	Profit for the period	**Total**

Net Worth before-Demerger	1,000,000,000	4,637,089,228	1,095,239,874	139,667,460	**6,871,996,562**
Shares cancellation	(728,000,000)	(2,936,162,218)	-	-	**(3,664,162,218)**
Detection of incidental costs relating to the Demerger	-	(6,784,000)	-	-	**(6,784,000)**
Net Worth after-Demerger	272,000,000	1,694,143,010	1,095,239,874	139,667,460	**3,201,050,344**

Changes in the composition of the Net Worth of the Beneficiary Company deriving from the Demerger, assuming that none of the shareholders of Enel Green Power will exercise the Right of Withdrawal or the Right of Sale, are due to:

- increase of the Share Capital of Euro 770,588,712 (seven hundred seventy million five hundred eighty eight thousand seven hundred twelve), corresponding to the nominal value of the newly issued shares attributed to the shareholders of Enel Green Power other than Enel;

- increase in Other Reserves of Euro 2,302,519,071 (two billion three hundred two million five hundred nineteen thousand seventy one), corresponding to the excess of the issuance price of the shares (equal to Euro 3.988 per share corresponding to the Borsa's listing price of the Enel share as of September 30th, 2015) if compared to their nominal value;

- decrease of the Other Reserves of Euro 7,250,000 (seven million two hundred fifty thousand/00), corresponding to the estimated incidental costs directly attributable to the Demerger, net of the relevant tax effect.

The following table shows the composition of the Net Worth of Enel resulting from the Demerger:

	Share Capital	Other Reserves	Profits/(Losses) Accumulated	Profit for the period	**Total**
Net Worth before-Demerger	9,403,357,795	9,197,808,130	5,303,025,796	1,066,017,771	**24,970,209,492**
Newly issued shares	770,588,712	2,302,519,071	-	-	**3,073,107,783**
Detection of incidental charges costs relating to the Demerger	-	(7,250,000)	-	-	**(7,250,000)**
Net Worth after-Demerger	10,173,946,507	11,493,077,201	5,303,025,796	1,066,017,771	**28,036,067,275**

5.3. Effective values of the net assets assigned to Enel and the net assets remaining to Enel Green Power

It is certified, pursuant to Article 2506-*ter*, paragraph 2, of the Italian Civil Code, that: (i) the actual value of the net assets assigned to Enel as a consequence of the Transaction is not lower than the relevant book value (which as of September 30th, 2015, is equal to € 3,664,162,218 (three billion six hundred sixty four million one hundred sixty two thousand two hundred eighteen/00); and (ii) the actual value of the net assets that will remain in Enel Green Power following the Demerger is not lower than the relevant book value (which as of September 30th, 2015 is equal of Euro 3,201,050,344 (three billion two hundred one fifty thousand three hundred forty four /00).

6. FIXED EXCHANGE RATIO AND CRITERIA FOR ITS DETERMINATION

6.1. The assignation criterion and the exchange ratio

Being a demerger with non-proportional assignation , since to the Date of Effect of the Demerger, the quota of Enel Green Power's share capital corresponding to the Set of Assets Demerged, comprised by no. 3,640,000,000 shares in Enel Green Power (the "**Shares in Enel Green Power exchanged**"), will be exchanged using the Exchange Ratio indicated below, under the following proportions:

(i) Enel Green Power's shareholders other than Enel will exchange all of the shares held in Enel Green Power;

(ii) Enel, on the other hand, will exchange only a portion of its shares held in Enel Green Power, corresponding to the number of Enel Green Power Shares in exchanged, after deducted the Enel Green Power shares exchanged by shareholders of Enel Green Power other than Enel.

As pointed out in the Demerger Plan, for purposes of the determination of the above-mentioned number of shares in Enel Green Power referring to the Set of Assets Demerged pertaining, respectively, to Enel and to the shareholders of Enel Green Power other than Enel and, therefore, the criterion for the non-proportional assignment of the newly issued shares in the Beneficiary Company to the shareholders of the Demerged Company, the Boards of Directors of the participating companies to the Demerger, after examining the opinions of the respective financial advisors above indicated and with the support of these latter, have attributed to such Set of Assets Demerged a value corresponding to 72.8 percent of the entire value of Enel Green Power as a whole prior to the Demerger.

The Boards of Directors of Enel Green Power and Enel on November 17th, 2015, after examining the opinions of the respective financial advisors above indicated and with the support of these latter – and, with regard to the Demerged Company, noted the reasoned favorable opinion of the Related Party Transactions Committee - approved the following exchange ratio: no. 0.486 newly issued Enel shares for each Share of Enel Green Power in exchange (the "**Exchange Ratio**").

There are no cash adjustments.

As a result, on the Date of Effect of the Demerger, the Beneficiary Company will increase its share capital by issuing a maximum of no. 1,769,040,000 shares – with regular entitlement and nominal value of Euro 1.00 each – in favor of the shareholders of the Demerged Company on the basis to the Exchange Ratio. The amount of the capital increase of Enel to service the Exchange Ratio shall not be exceed the value attributed to the Set of Assets Demerged by the appraisal/estimate report of the expert drafted in compliance with Article 2506-*ter*, paragraph 2, of the Italian Civil Code.

In particular:

a) to the shareholders of Enel Green Power other than Enel will be assigned – through application of the Exchange Ratio – a total of up to a maximum of 770,588,712 newly issued Enel shares, in exchange for the cancellation, at the time of exchange, of a total of 1,585,573,483 Enel Green Power shares held by such shareholders, while

b) in favor of Enel will be assigned – with simultaneous cancellation of the same pursuant to the prohibition provided under Article 2504-*ter*, paragraph 2, of the Italian Civil Code, as cited in Article 2506-*ter*, paragraph 5, of the Italian Civil Code – a total of 998,451,288 Enel shares, in exchange for the cancellation, at the time of exchange, of no. 2,054,426,517 Enel Green Power shares held by it.

Considered the foregoing, on the Date of Effect of the Demerger, the share capital of the Beneficiary Company will be increased up to a maximum of no. 770,588,712 newly issued Enel shares, all addressed to the shareholders of the Demerged Company other than Enel.

The number of Enel shares assigned may change depending upon the number of Enel Green Power shares acquired by Enel through the procedure involving the offer under an option and pre-emption of the Enel Green Power shares that may be subject to the Sale and Withdrawal Rights (indicated below in Section 10).

Since, as of the Date of Effect of the Demerger, all the above-mentioned 3,640,000,000 Enel Green Power shares representing the portion of Enel Green Power's share capital corresponding to the Set of Assets Demerged subject to the exchange will be cancelled in their entirety, on such date the Demerged Company's share capital will be reduced from its current total amount of Euro 1,000,000,000.00 (one billion/00) to a total of Euro 272,000,000 (two hundred seventy two million/00), divided into no. 1,360,000,000 (one billion three hundred sixty million) ordinary shares with nominal value of Euro 0.20 (zero/20) each.

As a result of the exchange by Enel Green Power shareholders other than Enel of all shares held by them in Enel Green Power, and the consequent cancellation of the same, Enel – as a result of the Demerger – will be the sole shareholder of the Demerged Company.

The Exchange Ratio will be subject to a fairness opinion by one or more independent experts pursuant to Article 2501-*sexies* of the Italian Civil Code, as referred to by Article 2506-*ter*, paragraph 3, of the Italian Civil Code.

6.2. Valuation methodologies used to determine the Exchange Ratio and the value of the Assets Demerged

For the purpose of the valuation analysis aimed at determining the Exchange Ratio, the Board of Directors, availed itself, as specified above, of the support of the independent financial advisors Mediobanca and Barclays. The Board of Directors of Enel Green Power has acknowledged and adopted, in order to determine such Exchange Ratio, the valuation methodologies used by the aforementioned advisors.

In particular, on November 17th 2015, the advisors provided to the Board of Directors of Enel Green Power their fairness opinions concerning the fairness, from the financial point of view, of the Exchange Ratio. The fairness opinions will be attached to the information document that will be published pursuant to Article 70, paragraph 6, of the Issuers' Regulation and in accordance with the Annex 3B of the Issuers' Regulation, within the applicable terms.

The main assumption of the valuations made has been the identification of the relative and comparable economic values to be used in order to determine the Exchange Ratio. Therefore, priority was given to the consistency and comparability of each of the methodologies adopted, rather than to the absolute values of the companies on a stand-alone basis. In order to ensure the valuation consistency, the uniformity of the analysis and valuation criteria of the economic value of the companies participating to the Demerger was taken into account, considering also the specific features of each of such companies, and the circumstance that both of them are companies whose shares are listed in regulated markets. It has to be noted that the approach used has not necessarily triggered the use of the same valuation methodologies for Enel Green Power and Enel, nor the attribution, for a given valuation methodology, of the same relevance for the purposes of evaluating both the companies; rather, such approach consisted of the adoption of criteria and methodologies based on the same valuation rationale and deemed the most appropriate in order to propose comparable values for the determination of the Exchange Ratio, taken into account, in any case, the differences between the two companies . The methodologies chosen, on the other hand, shall not be considered individually but shall be treated as part of a sole valuation process.

The valuations have been made with the purpose of providing a comparative estimate of the value of Enel Green Power and Enel. They shall therefore be interpreted exclusively in relative terms and as referring only to the Demerger and they do not express, in any manner whatsoever, absolute values of any of the companies participating to the Demerger, nor they may be considered as representative of current, estimated or future market prices.

The valuations of the companies participating to the Demerger have been carried out on a stand-alone perspective, i.e. on the basis of business plans separately elaborated by Enel Green Power and Enel, irrespective of the outcome of the transaction.

In light of the modalities and timeline foreseen with respect to the exercise of the Right of Withdrawal and of the Right of Sale, and taken into account that it is not possible to assess their future economic impact, such rights - that may be exercised by Enel Green Power shareholders not concurring to the approval of the Demerger - were not considered.

Reference date and documentation used

The reference date for the valuations made in order to determine the Exchange Ratio is the date of this report, based on the assumption that, for each of the companies participating to the Demerger, no events, deeds or acts able to significantly alter the accounting, economic and financial position of the companies occurred in the period included between the most recent available individual and consolidated accounts and the date hereof.

The documentation utilized for the purpose of determining the Exchange Ratio consists of the following for Enel Green Power and Enel:

(a) Enel Green Power and Enel statutory and consolidated financial statements for FY 2014;

(b) Enel Green Power and Enel consolidated interim and quarterly financial statements as at June 30th, 2015 and September 30th, 2015;

(c) presentation of Enel Green Power 2016-2020 Business Plan dated October 22nd, 2015 and presentation of Enel Green Power 2016-2020 Business Plan approved by the Board of Directors of Enel Green Power on November 12th, 2015 (jointly, the "**EGP Business Plan**");

(d) presentation of Enel 2016-2020 Business Plan dated November 3rd, 2015 and presentation of Enel 2016-2020 Business Plan approved by the Board of Directors of Enel on November 12th, 2015 (jointly, the "**Enel Business Plan**");

(e) projections prepared by the management of Enel Green Power and Enel for the 2016–2020 period for the key capital, earnings/financial and operating indicators of the respective groups (including splits for the main divisions/geographies);

(f) projections prepared by the management of Enel Green Power and Enel for the key capital, earnings/financial and operating indicators of the respective groups (including splits for the main divisions/geographies) for FY 2015 ("pre-closing");

(g) long-term earnings/financial and operating projections prepared by the management of Enel Green Power and Enel for the years subsequent to the period covered by the respective Business Plans;

(h) data on net debt and other equity items as at September 30th, 2015 used to estimate the value of the economic capital, starting from the Enterprise Value ("bridge-to-equity"), including the allocation of such items among geographies and business units;

(i) information regarding the number of Enel Green Power and Enel shares as at the date of this report;

(j) Enel Green Power and Enel stock market performance;

(k) equity research and financial analysis regarding Enel Green Power and Enel published by brokers and investment banks.

Other information available in the public domain has also been used, such as:

- research, financial statements and analysis on companies operating in the energy and renewable energies sectors; and
- the terms and stock market performances of select companies involved in precedent transactions (in particular EDF / EDF Énergie Nouvelles and Iberdrola / Iberdrola Renovables) deemed to be comparable to those under review, in the sense that they derive from the integration between companies operating in

the renewable energies sector and their respective parent companies with diversified activities in the energy sector.

Limits of the analysis and difficulties in the valuation

The conclusions of the valuation process followed should in any case be considered in the light of certain limitations and difficulties which are summarized below:

1. the pre-closing data, the estimates and the earnings / financial projections used for the valuations reflect, by their nature, a degree of uncertainty with reference to the actual predictability of the operating and earnings performance, due amongst other things to potential changes in the reference scenario;

2. the high volatility of the current situation of financial markets, which is liable to change significantly with potential impact on some of the parameters used in the valuation, such as (without limitation), those used to calculate the WACC;

3. the "sum of the parts" approach used in the Discounted Cash Flow ("**DCF**") methodology required a complex allocation of certain earnings, financial and capital ratios to the individual parts being valued;

4. the trading volumes observed for Enel and Enel Green Power reflect different degrees of liquidity, making the market prices methodology not entirely homogeneous;

5. within the brokers' target prices methodology, reports published prior to the approval of the new Enel Green Power and Enel Business Plans were taken into consideration, and the estimates and expectations included in such reports might differ, even significantly, from those contained in the Business Plans recently approved by the respective Boards of Directors;

6. the methodologies based on trading multiples or precedent transactions' multiples have not been considered relevant, due to the limited comparability of the companies involved in the transaction driven by differences in the regulatory scenario, in the duration and nature of the incentives, in the different geographical and technological mix, and in the amount of projects under development compared to the capacity already installed.

Description of the valuation methodologies adopted

The valuation methodologies adopted take into account the best Italian and international practice in transactions of this kind, in view of the specific operating and business characteristics of Enel Green Power and Enel. In this particular case, the following have been identified as the principal valuation methodologies:

- discounted cash flow methodology, applying the "Sum of the Parts" approach, and
- the market prices methodology, considering, for Enel Green Power only, also the premia paid in precedent transactions in the renewable energies sector.

The analysis of the exchange ratios implied in the target prices published by financial analysts on Enel Green Power and Enel has been used as a control methodology.

Discounted cash flow methodology

The methodology in exam, also known as DCF, determines the value of a company or of an asset as a whole based on its capacity to generate cash flows.

This valuation methodology has been adopted in order to capture the specific characteristics of Enel Green Power and Enel in terms of profitability, growth, risk profile and capital structure.

The DCF methodology has been applied based on the "sum of the parts" approach, that is the value of each of the participating companies to the Demerger has been calculated as the sum of the values of each of their individual parts, considered as economic entities able to be valued on a stand-alone basis.

In particular, such methodology is based on the assumption that the value of a company or of an asset is equal to the present value of the cash flows that are expected to be generated in the future. The value of the economic capital of a company or an asset is therefore equal to the sum of the present value of (i) the expected cash flows, and (ii) the terminal value of the company or the asset, net of (iii) the net financial debt, minority interests and any further adjustments.

$$W = \sum_{t=1}^{n} \frac{FC_t}{(1+WACC)^t} + \frac{VT}{(1+WACC)^n} - DF_{t0}$$

Where:
W = value of the economic capital
FCt = yearly cash flow at year t
VT = terminal value
DFt0 = net financial debt, minority interests and other adjustments at the year t=0
N = number of periods of projections considered
WACC = weighted average cost of capital

The terminal value represents the value of the company or of the asset under valuation at the end of the periods of projections considered.

In calculating the terminal value, in order to capture the specific characteristics of the asset being valued (for instance, in terms of geography, technology and regulatory framework), different methodologies have been adopted such as the perpetuity growth rate, the "*annuity*" (growth assumed for a limited number of years) and the reference to the *Regulated Asset Base* (in case of regulated activities).

The terminal value deriving from the above calculation is considered as an additional cash flow and, therefore, it is discounted at the weighted average cost of capital as all other cash flows.

The weighted average cost of capital represents the weighted average (on the basis of the capital structure of the company or of the asset) of the cost of the financing sources utilized (equity and debt net of tax effects):

$$WACC = Kd(1-t)\frac{D}{D+E} + Ke\frac{E}{D+E}$$

Where:
Kd = cost of debt
Ke = cost of equity
D = debt
E = equity
t = marginal tax rate
In particular, the cost of debt used represents the long term cost of debt applicable to companies or assets which present a similar risk profile, net of tax effects. The cost of equity reflects the return on equity

expected by an investor, taking into account the risk profile of the investment, calculated according to the *Capital Asset Pricing Model*, through the following formula:

$$K_e = R_f + \beta(R_m - R_f)$$

Where:
Rf = expected return on risk-free assets
β = coefficient that measures the correlation between the expected returns from the considered investment and the expected return of the reference equity index
Rm = expected return of the reference equity index
(Rm – Rf) = extra return expected from the reference equity index compared to the return of risk free assets

In the calculation of the weighted average cost of capital (WACC), the used parameters have been identified specifically for each country and *asset class* (i.e. electricity generation, distribution and retail) depending on the characteristics of the activities being valued.

Market Prices

Market prices allow identifying the value of the equity of a company based on the value attributed by the stock market in which the company's shares are traded.

Such methodology consists in valuing the shares of the company on the basis of the market price at a certain date or of the average of market prices registered in the stock market where the shares are traded, during certain periods of time.

In particular, the choice of the time period on which the average of market prices are calculated shall reflect a balance between the mitigation of potential short time volatility effects (that would suggest to consider longer time horizons) and the necessity to reflect recent conditions of the market and of the company being valued (that would suggest to consider more recent market prices). In addition, the period of time considered should include exclusively market prices which are unaffected from press rumors on the potential transaction or from other information that could have a disturbing effect (*"unaffected"*). In this regard, both for Enel and Enel Green Power, market prices after October 26th, 2015, that is the latest date prior to the joint press release in which both companies – after press rumors - informed the market about a potential integration of Enel Green Power's operations in Enel, have not been considered.

In this case, the ratio between market prices of Enel Green Power and Enel allows, therefore, to derive an implied Exchange Ratio, as a function of market prices observed during the different time horizons considered.

The application of such methodology has allowed identifying a minimum and maximum market price both for Enel Green Power and Enel in the last twelve months prior to October 26th, 2015.

With reference to Enel Green Power only, in the context of the market prices analysis, premia on market prices of selected precedent transactions have been taken into consideration (in particular, EDF / EDF Energie Nouvelles and Iberdrola / Iberdrola Renovables) deemed to be comparable to the transaction under review, as they refer to companies operating in the renewable energies sector with their respective parent companies having diversified activities in the energy sector. The premia observed in such precedent transactions have been applied to the *unaffected* market prices during certain time horizons, resulting in an implied market price range for Enel Green Power that has been compared to the closing market price of Enel as of October 26th, 2015, in order to obtain an exchange ratio range.

Analysis on the target prices of Enel Green Power and Enel shares published by financial analysts on

Such methodology relies on the analysis of Target Prices published by research analysts covering both Enel Green Power and Enel. As for the market prices, the results of such methodology arise from a process which is different from the traditional valuation methods, which are based on explicit assumptions regarding future cash flows, timing and riskiness of such cash flows, as well as on the current and projected capital structure. However, they represent an indication of the value of companies, whose shares are listed, completing the sample of reference valuation methodologies. The observation of Target Prices of Enel and Enel Green Power published by research analysts allow to obtain, for each broker considered, an implied exchange ratio.

Consistently with market prices methodology described above, both for Enel and Enel Green Power, research reports published after October 26th, 2015 have not been taken into consideration.

Summary of results

On the basis of the considerations and the limits described above, the table below reports the results of the different valuation methodologies used to calculate the Exchange Ratio:

Calculation of the Exchange Ratio

Valuation Methodology	**Exchange Ratio**	
	Minimum	**Maximum**
Discounted Cash Flows	0.37x	0.54x
Market Prices	0.38x	0.51x
Market Prices with Precedent Transactions' Premia	0.47x	0.52x
Brokers' Target Prices	0.28x	0.57x

The Board of Directors of Enel Green Power, taking into consideration the considerations above as well as the valuation process adopted, has determined the following Exchange Ratio:

0.486 Enel shares with a nominal value of Euro 1.00

for each Enel Green Power share with a nominal value of Euro 0.20.

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Valuation methodologies used to determine the value of the equity of the Set of Assets Demerged and the ratio between the value of the equity of Set of Assets Demerged and Enel Green Power (before-demerger)

In determining the value of the equity of the Set of Assets Demerged, given the non-listed nature of the entity and the need to indicate (in percentage terms) the relative value compared to the equity value of Enel Green Power before-demerger, with the purpose to ensure consistency between the criteria used, only the discount cash flow methodology has been used, applying a "sum of the parts" approach. This same methodology, when determining the relative valuation compared to Enel Green Power (before-demerger), has been used also for this latter.

For a detailed description of such methodology, also known as DCF, please refers to the previously detailed.

Reference date and documentation used

For what concerns the reference date, the same considerations expressed above on the Exchange Ratio apply.

With regards to the valuation of Set of Assets Demerged, the following documentation has been utilized:

1. Detailed information prepared by the *management* of Enel Green Power for the 2016–2020 period for the key capital, earnings/financial and operating indicators of the Set of Assets Demerged;

2. Detailed information prepared by the *management* of Enel Green Power for the key capital, earnings/financial and operating indicators of the Set of Assets Demerged for FY 2015 ("*pre-closing*");

3. long-term earnings/financial and operating projections prepared by the *management* of Enel Green Power for the years subsequent to the period covered by the Enel Green Power *Business Plan*;

4. data on net debt and other balance sheet items as of September 30th, 2015 used to estimate the value of the equity starting from the *Enterprise Value* ("*bridge-to-equity*"), including the amount of net debt to be transferred from Enel Green Power to the Set of Assets Demerged, and the allocation among the different activities being valued.

Limits of the analysis and difficulties in the valuation

In addition to the points 1-3 indicated as limits with regard to the valuation of the Exchange Ratio, we highlight also the non-listed nature of the Set of Assets Demerged, that has imposed certain limitations to the valuation exercise, excluding the possibility to rely upon certain methodologies typically used for entities listed in regulated markets (as, for example, the methodology of market prices or the analysis of target prices of research analysts).

Summary of results

On the base of the considerations and the limits previously outlined, we report below the result obtained by the application of the exclusive above identified valuation methodology for the purpose of determination the value of the equity of the Set of Assets Demerged and the percentage ratio between the value of the Set of Assets Demerged and Enel Green Power (before-demerger).

Definition of the percentage ratio between the value of the equity of the Set of Assets Demerged and of Enel Green Power (before-demerger)	**Percentage Ratio**	
	Minimum	**Maximum**

Discounted cash flows	68%	75%

The Board of Directors of Enel Green Power, in light of the considerations above as well as the valuation methodologies adopted, has determined the percentage value of the equity of the Set of Assets Demerged in relation to Enel Green Power (before-demerger) as follows:

72.8% of the value of the equity of Enel Green Power (before-demerger).

7. ASSIGNMENT MODALITIES OF ENEL SHARES TO THE SHAREHOLDERS OF ENEL GREEN POWER

The assignment to Enel Green Power's shareholders other than Enel of the newly issued shares in the Beneficiary Company will take place, under a regime of dematerialization and through authorized intermediaries, starting from the Date of Effect of the Demerger, in accordance with the timetable and the procedures to be announced to the market through the publication of a specific notice on the Demerged Company's website and in at least one national daily newspaper.

The newly issued Enel shares will be listed on the MTA like the shares in the Beneficiary Company already outstanding.

No costs will be imposed upon Enel Green Power's shareholders in connection with the exchange transactions

It will be made available to the shareholders of Enel Green Power a service to allow you to round off the unit immediately above or below the number of Enel shares assigned pursuant the Exchange Ratio, without charges, stamp duties or commissions. Alternatively, different activities may be started in order to ensure the overall positive result of the transaction.

Considering that, as already mentioned, the Enel Green Power shares are currently admitted to trading on the Spanish regulated markets and that the Enel shares assigned at the time of the exchange will not be admitted to trading on such markets, the Spanish Regulatory Authority (*Comisión Nacional of the Mercado de Valores*) has notified that, in line with the previous similar cases that have occurred on the Spanish markets, it is necessary to appoint a dedicated "connection/reference" intermediary (referred to as the "*entidad de enlace*"), in order to enable the shareholders who, as of the Date of Effect of the Demerger, will hold shares of Enel Green Power admitted to trading on the above-mentioned Spanish markets (through the Spanish centralized management/administration system, Iberclear) to sell on the MTA, during the month following the Date of Effect of the Demerger, the Enel shares received in exchange, without any additional costs related to the sale on a foreign market. After the above-mentioned one-month period, the above-mentioned shareholders may purchase or sell the shares of Enel in Italy on the MTA through authorized intermediaries, incurring the costs of the transaction.

7.1. Entitlement date of the shares that will be assigned to the shareholders of the Demerged Company

The shares issued by Enel to service the Exchange Ratio will have regular entitlement.

7.2. Description of the rights linked to the shares that will be assigned to the shareholders of the Demerged Company

The shares issued by Enel to service the Exchange Ratio will grant the same dividend rights pertaining to the other shares of the Beneficiary Company already issued as at the Date of Effect of the Demerger.

8. STARTING DATE OF THE EFFECTS OF THE DEMERGER

The effective date of civil law effects of the Demerger will correspond to the last of the registrations required by Article 2506-*quater* of the Italian Civil Code, or from the possible later date that may be indicated in in the deed of Demerger (the "**Date of Effect of the Demerger**").

Starting from the same date, the transactions pertaining to the balance sheet elements and the legal relationship included in the Set of Assets Demerged assigned to the Beneficiary Company will be entered in the financial statement of the Beneficiary Company, with all related accounting and tax effects also starting on the same date.

9. THE COMPANIES AS A RESULT OF THE DEMERGER

9.1. Ownership structure of Enel and Enel Green Power as a result of the Demerger

As of the date of this report, the shareholders holding – directly or indirectly – Enel shares with voting rights in excess of 2% based on the information received pursuant to Article 120 of the TUF and other information available to Enel, are the following:

Enel Shareholder (*before*-Demerger)	**% of the share capital with voting rights**
Ministero dell'Economia e delle Finanze	25.500%
People's Bank of China	2.042%

As of the date of this report, the shareholders holding - directly or indirectly - Enel Green Power shares with voting rights in excess of 2%, based on the information received pursuant to Article 120 of the TUF and other information available to Enel Green Power, are the following:

Enel Green Power Shareholder	**% of the share capital with voting rights**
Ministero dell'Economia e delle Finanze [(1)]	68.29%

[(1)] *Total shareholding held through the subsidiary Enel S.p.A.*

The following chart indicates, in percentage, the shareholdings expected for the significant Enel shareholders (considering, for illustrative purposes only, the shareholders holding – directly or indirectly – stakes in excess of 2% of the share capital of Enel after-Demerger) on the Date of Effect of the Demerger on the basis of the Exchange Ratio. Such percentages has been calculated assuming that: (a) the current ownership structure of Enel and Enel Green Power do not change until the Demerger; and (b) none of the shareholders of Enel Green Power exercises the Right of Withdrawal or the Right of Sale.

Enel Shareholder (*after*-Demerger)	**% of the share capital with voting rights**
Ministero dell'Economia e delle Finanze	23.569%

As a result of the Demerger, Enel will hold directly the 100% of the Enel Green Power share capital.

9.2. Demerger effects on shareholders' agreements of Enel and Enel Green Power

Based on the information received pursuant to Article 122 of "TUF" and the applicable provisions of the Issuer's Regulation, no shareholders' agreements regarding Enel and Enel Green Power are in force as of the date hereof.

9.3. Changes to Enel Green Power's by-laws

As a consequence of the completion of the Demerger, Enel Green Power's share capital will be reduced from its current total amount of Euro 1,000,000,000.00 (one billion/00) to a total amount of Euro 272,000,000 (two hundred and seventy two million/00), because no. 3,640,000,000 Enel Green Power shares, representing the quota of the share capital corresponding to the Set of Assets Demerged, will be fully canceled on the Date of Effect of the Demerger.

Enel Green Power Shareholders' Meeting convened for the approval of the Demerger will resolve , among others, upon the adoption, as of the Date of Effect of the Demerger, of a new by-laws that, in addition to the above-mentioned decrease of the share capital, contains provisions more appropriate for a non-listed company, because, as a result of the Demerger, Enel Green Power shares will cease to be traded on the MTA and on the Spanish stock markets. It has to be noted that the by-laws of Enel Green Power after-Demerger is substantially in line with the relevant by-laws adopted by other Enel Group companies whose shares are not listed on regulated markets.

The by-laws of the Demerged Company after-Demerger, annexed to the Demerger Plan as Annex B, will provide for, among others:

a) the amendment to Article 5 relating to the share capital decrease of the Demerged Company as a result of the Demerger, to the extent indicated above;

b) the introduction of a new Article 8, pursuant to which, in accordance with the applicable provisions of law, the domicile of the shareholders with regard to the relationships with the company is the one indicated in the shareholders' ledger;

c) the amendments to Article 16 (formerly Article 15 of the by-laws before-demerger) in order to provide that the Board of Directors may be called if requested by the majority of its members or by the Board of Statutory Auditors, and that the meetings of the Board of Directors may be legitimately held, regardless of the notice of call, with the attendance of all the board members and of all the members of the Board of Statutory Auditors, or with the attendance of the majority of the members of both the Board of Directors and the Board of Statutory Auditors, provided that the absent specifically authorized the discussions of the items on agenda;

d) the following changes due to the circumstances that, as of the Date of Effect of the Demerger, the laws and regulation concerning the companies whose shares are listed on regulated markets or widely distributed among the public, will not anymore apply to Enel Green Power:

    1) under Article 9 (formerly Article 8 of the by-laws before-demerger), the introduction of certain provisions relating to the terms and the modalities of convocation of the shareholders' meeting, as well as to the possibility to hold the shareholders' meetings via means of telecommunications facilities;

    2) under Article 11 (formerly Article 10 of the by-laws before-demerger), the elimination of the provisions regarding proxy vote, proxy solicitation and exercise of the voting rights via electronic means;

3) under Article 13 (formerly Article 12 of the by-laws before-demerger), the elimination of the sole call of the shareholders' meeting, unless the Board of Directors considers appropriate to call the meeting also for subsequent calls;

4) under Article 14 (formerly Article 13 of the by-laws before-demerger), the elimination of the provisions relating to the slates mechanism for the appointment of Board of Directors' members;

5) under Article 20 (formerly Article 19 of the by-laws before-demerger), the elimination of the provisions relating to related party transactions, as well as those concerning the manager responsible for preparing the corporate accounting documents;

6) under Article 25 (formerly Article 24 of the by-laws before-demerger), the elimination of the provision relating to the slates mechanism for the appointment of the members of the Board of Statutory Auditors and the reduction from three to two of the number of Alternate Auditors; and

e) some minor changes relating to, in particular, the chairmanship of the meeting (Article 12, formerly Article 11 of the by-laws before-demerger), the company's body in charge for the determination of the remuneration to be granted to the members of the Board of Directors (Article 23, formerly Article 22 of the by-laws before-demerger), the distribution to the shareholders of interim dividends (Article 26, formerly Article 25 of the by-laws before-demerger) and the provisions regarding the gender balance (Article 30, formerly Article 29 of the by-laws before-demerger).

9.4. Changes to Enel's by-laws

As a result of the Demerger, Enel will increase its share capital with issuance of a maximum overall amount of 770,588,712 new ordinary shares with regular dividend and a nominal value of Euro 1.00 each, pursuant to the Exchange Ratio and the share assignation criteria referred to under points 4 and 5 of the Demerger Plan.

The Company's by-laws after-Demerger is attached to the Demerger Plan as Annex D.

10. VALUATIONS REGARDING THE RIGHT OF WITHDRAWAL AND THE RIGHT OF SALE

10.1. Right of Withdrawal

Enel Green Power's shareholders which not supporting the approval of the Demerger will be granted to the right of withdrawal pursuant to Article 2437, paragraph 1, lett. a), of the Italian Civil Code, ("**Right of Sale**"), since Enel, the beneficiary company of the Demerger, has a clause of its corporate purpose that allows for the conduct of business that differs significantly from that described in Enel Green Power's corporate purpose clause.

10.1.1. Liquidation Value

The Right of Withdrawal may be exercised for a net liquidation value of the Enel Green Power share determined, under art. 2437-*ter*, paragraph 3, of the Italian Civil Code, only referring to the arithmetic average of the closing price of the Enel Green Power share over the six months preceding the publication of the notice of the call of Enel Green Power's Shareholders' Meeting (the "**Liquidation Value**"). The Liquidation Value has been determined in Euro 1.780 for each share.

10.1.2. Modalities for the exercise of the Right of Withdrawal

In accordance with Article 127-*bis*, paragraph 2, of the TUF, any person whose registration on the intermediary's account has been effected on a date subsequent to the date specified under Article 83-*sexies*, paragraph 2, of the TUF as record date relevant for the right to attend the Shareholders' Meeting of Enel

Green Power called to approve the Demerger Plan (i.e. after December 29th, 2015), but before the opening of such Shareholders' Meeting, will be deemed not concurring to the approval of the resolution and, therefore, will be entitled to exercise the Right of Withdrawal.

Under Article 2437-*bis* of the Italian Civil Code, the subjects authorized to the exercise the Right of Withdrawal may exercise such right, for whole or part of the shares held, through registered letter (the "**Declaration of Withdrawal**") to be sent to the registered office of Enel Green Power within fifteen calendar days from the date of registration of the shareholder's resolution.

Notwithstanding the provisions of Article 127-*bis* of the TUF, the withdrawing shareholder shall send to the Company, through the same modalities provided for the Declaration of Withdrawal and within the deadline provided by law, the relevant communication issued by an authorized intermediary certifying that (*i*) the ownership of the shares for which the Right of Withdrawal may be exercised, as of the date of the Shareholders' Meeting called to approve the Demerger, and (*ii*) the ownership of the shares for which the Right of Withdrawal may be exercised as of the date of the Declaration of Withdrawal.

The Declaration of Withdrawal shall contain the following information:

- The details of the withdrawing shareholder, included the tax code;
- The domicile of the withdrawing shareholder for the communications relating to the liquidation process of the shares for which the Right of Withdrawal is exercised, including the phone number and the e-mail address;
- The number of shares for which the Right of Withdrawal is exercised;
- The IBAN code of the bank account on which the liquidation value of the shares for which the Right of Withdrawal is exercised shall be credited.

The Declaration of Withdrawal shall also indicate the intermediary on whose accounts the shares for which the Right of Withdrawal are deposited and the certification that such shares are free of any pledge or liens or other encumbrances in favor of third parties. If the shares for which the Right of Withdrawal is exercised are pledged or subject to other liens or encumbrances in favor of third parties, the withdrawing shareholder shall also attach a declaration of the pledgee - or of the person in favor of which the burden is granted – through which such person provides its irrevocable consent and unconditional release of the shares from the pledge and/or encumbrance and to the relevant liquidation in accordance with the instructions of the withdrawing shareholder.

The information relating to the terms and modalities provided in order to exercise the Right of Withdrawal will be published by Enel Green Power in accordance with the applicable provisions of law. Pursuant to Article 2437-*bis*, paragraph 3, of the Italian Civil Code, the Right of Withdrawal cannot be exercised, and if already exercised, will be ineffective if, within 90 days, Enel Green Power should revoke the relevant resolution giving rise to the Right of Withdrawal.

In the event that, should one or more shareholders of Enel Green Power exercise the Right of Withdrawal, the liquidation process will carry out in accordance with Article 2437-*quater* of the Italian Civil Code. In particular, the terms of the offer in option and in pre-emption, that will be referred to all shareholders of Enel Green Power, will be announced in the modalities provided by the law in force, specifying in this regard that the relevant notices will be published in at least one daily national newspaper, on the website of Enel Green Power www.enelgreenpower.com, as well as on the authorized mechanism storage NIS-Storage (www.emarketstorage.com).

10.2. Right of Sale

Enel Green Power's shareholders who do not support the approval of the Demerger will be entitled to have their own EGP shares purchased by Enel pursuant to and for purposes of art. 2506-*bis*, paragraph 4, of the Italian Civil Code (the "**Right of Sale**").

The Right of Sale may concern whole or even only a portion of the Enel Green Power shares held by the shareholders of the Demerged Company who exercise the Right of Sale; the price per share of the Enel Green Power share will be equal to the Liquidation Value determined under art. 2437-*ter*, paragraph 3, of the Italian Civil Code, in accordance with Article 2506-*bis*, paragraph 2, second period, of the Italian Civil Code.

The Liquidation Value will be announced to the shareholders and the market through a specific press release viewable on Enel Green Power's website and through the publication of a notice on at least one national daily newspaper.

The Right of Sale may be exercised under the same terms and conditions for the exercise of the Right of Withdrawal. In any case, the Right of Sale and the Right of Withdrawal could not be exercised for the same share.

Please note in this regard that the process of liquidation of the shares for which the Right of Sale is exercised will take place, in a single context to the process of liquidation of the shares for which were to be exercised the Right of Withdrawal, in accordance with Article 2437-*quater* of the Italian Civil Code.

* * *

In regard to the process of liquidation of the shares of Enel Green Power subject to the Right of Sale and the Right of Withdrawal, Enel declared its intention to exercise integrally the right of option for the quota concerning the competence as well as to exercise the right of pre-emption on the Enel Green Power shares that eventually have not been sold following the offer under option and pre-emption pursuant Article 2437-*quater*, paragraph 3, of the Italian Civil Code.

The effectiveness of the Right of Sale and the Right of Withdrawal, and therefore the relevant liquidation, are subject to the taken place of the Condition Precedent and, in any way, to the completion of the Demerger.

11. THE CONDITION PRECEDENT

The effect of the Demerger is conditioned upon the circumstance that the total liquidation value of the Enel Green Power shares in connection with which is validly exercised the Right of Withdrawal and the Right of Sale does not exceed Euro 300,000,000 (three hundred million/00) (the "**Condition Precedent**").

Enel and Enel Green Power will announce the data relating to the occurrence or the non-fulfillment of the Condition Precedent, through the publication of a specific notice on the respective websites and in at least one national daily newspaper.

The Condition Precedent shall be deemed likewise satisfied – even in case of the excess of the limits above indicated - if Enel, within 60 calendar days from the registration with the Companies' Register of Rome of the shareholders' meetings resolutions approving the Demerger pursuant to Article 2502 of the Italian Civil Code, declares its intention to purchase all of the shares for which the above-mentioned rights have been exercised.

12. TAX CONSEQUENCES OF THE DEMERGER ON ENEL AND ENEL GREEN POWER

For the purposes of direct taxation and in accordance with Article 173, paragraph 1, of the Presidential Decree no. 917 December 22nd, 1986 ("**Tuir**"), the Demerger is a transaction neutral, under a tax perspective, for both the companies involved, and, therefore, does not give rise to either realization or distribution of capital gains or losses on the Set of the Demerged Assets.

The Set of the Demerged Assets assigned to the Beneficiary Company will retain the last tax values existing in the Demerged Company's accounts.

The so called personal tax positions of the Demerged Company and the relevant instrumental commitments will be assigned to the Beneficiary Company and to the Demerged Company in proportion of the respective quotas of equity transferred or retained, except in case of personal tax positions linked specifically to the Set of the Demerged Assets and that, as such, will follow these assets to the respective owners.

With reference to the effects of the Demerger for the shareholders of the Demerged Company, the Demerger is tax-neutral, because it does not constitute either a realization or distribution of gains or losses, nor involves the achievement of revenues; with respect instead to the tax value of the shares of the Demerged Company for the shareholders of the same other than Enel, it is highlighted that, in accordance with the current interpretive position expressed by the "*Agenzia delle Entrate*", said cost would not change as a result of the transaction and it would be attributed to the Enel securities acquired as a result of the transaction.

However, with reference to the shareholders of the Demerged Company not resident in Italy, it is recommended to carry out the proper analysis taken into account the tax regime in force in their countries of residence.

Although not explicitly stated, for the purpose of income tax the provisions of Article 173 of TUIR shall apply.

The demerger transactions are not specifically regulated under the regional tax on the productive activities ("IRAP"). However, as clarified by the *Agenzia delle Entrate*, also for such purposes a general principle of neutrality would apply, so that the Demerger does not involve any taxable component nor the automatic recognition of any higher values recorded in the financial statements following the transaction.

For the purposes of the indirect taxation, the Transaction is exempted from the VAT pursuant to Art. 2, paragraph 3, lett. f), of Presidential Decree no. 633, October 26th, 1972, and is subject to fix registration tax in accordance with Article 4, let. b), first part, of the Tariff attached to Presidential Decree no. 131/1986.

* * *

Declaration by the manager responsible for preparing the corporate accounting documents pursuant to Article 154-*bis*, paragraph 2, of the TUF

The manager responsible for preparing the corporate accounting documents, Giulio Antonio Carone, declares, pursuant to paragraph 2 of Article 154-*bis* of the TUF that the accounting information contained in this explanatory report corresponds to the documental results, accounting books and entries.

PROPOSAL OF RESOLUTION

Dear Shareholders,

considering the foregoing, the Board of Directors therefore submits to your approval the following:

Agenda

"The extraordinary Shareholders' Meeting of Enel Green Power S.p.A. ("Enel Green Power" or the "Company"),

- acknowledged the plan of partial non-proportional demerger of Enel Green Power in favor of Enel S.p.A. ("Enel"), approved by the Boards of Directors of Enel and of Enel Green Power– previous reasoned favorable opinion of Company's Related Parties Transactions Committee – on November 17th, 2015, registered in the Register of Companies of Rome pursuant to Article 2501-*ter*, paragraphs 3 and 4 of the Italian Civil Code, as well as filed with the registered office of the Company and published on the relevant website pursuant to Article 2501-*septies*, paragraph 1, of the Italian Civil Code, referred to, respectively, under Articles 2506-*bis*, paragraph 5, and 2506-*ter*, paragraph 5, of the Italian Civil Code (the "Demerger Plan");

- examined the information document relating to the partial non-proportional demerger of Enel Green Power in favor of Enel, drafted by the Company pursuant to Article 5 of the Consob Regulation concerning the transactions with related parties, adopted by Consob resolution no. 17221 of March 12th, 2010 as subsequently amended, made available to the public on November 24th, 2015;

- examined the report of the Board of Directors illustrating the Demerger Plan drafted pursuant to Article 2501-*quinquies* of the Italian Civil Code - referred to under Article 2506-*ter*, paragraphs 1 and 2, of the Italian Civil Code - and Article 70, paragraph 2, of the Regulation approved by Consob resolution no. 11971 of May 14th, 1999, as subsequently amended (the "Issuers' Regulation");

- examined the economic/financial situations of the companies participating to the demerger, as of September 30th, 2015 and drafted pursuant to Article 2501-*quater* of the Italian Civil Code, referred to under Article 2506-*ter*, paragraph 1, of the Italian Civil Code;

- acknowledged the report on the fairness of the exchange ratio, drafted by the common expert appointed by the Court of Rome pursuant to Article 2501-*sexies* of the Italian Civil Code, referred to under Article 2506-*ter*, paragraph 3 of the Italian Civil Code;

- acknowledged the report drafted by the independent expert pursuant to Article 2343-*ter*, paragraph 2, lett. b) of the Italian Civil Code, relating to the valuation of the value of the Set of Assets Demerged (as defined in the Demerger Plan) and acknowledged its publication on the Company's website;

- acknowledged that, in accordance with the relevant legal deadlines, the Demerger Plan has been registered in the Companies' Register of Rome pursuant to Article 2501-*ter*, paragraphs 3 and 4, of the Italian Civil Code, and also the documentation required pursuant to Article 2501-*septies*, paragraph 1, of the Italian Civil Code, referred to, respectively, under Articles 2506-*bis*, paragraph 5, and 2506-*ter*, paragraph 5, of the Italian Civil Code, has been published;

- examined the information document relating to the demerger drafted pursuant to Article 70, paragraph 6, of the Issuer's Regulation;

resolves

1. to approve without any amendment the Demerger Plan;

2. to acknowledge that:

   a. the Enel Green Power's shareholders not concurring to the approval of the demerger will be granted with (i) the right to sell their Enel Green Power shares to Enel pursuant to Article 2506-*bis*, paragraph 4, of the Italian Civil Code (the "Right of Sale") and/or (ii) the right of withdrawal pursuant to Article 2437, paragraph 1, lett. a) of the Italian Civil Code ("Withdrawal Right"), it being understood that both the Right of Sale and the Right of Withdrawal in any case will take effect subject to the completion of the demerger;

   b. the Right of Withdrawal and the Right of Sale will be exercised for a liquidation value, determined according to Article 2437-*ter*, paragraph 3, of the Italian Civil Code, equal to Euro 1.780 for each Enel Green Power share;

   c. the liquidation process of the shares for which the Right of Sale and/or the Right of Withdrawal are exercised will take place in a single context, in accordance with Article 2437-*quater* of the Italian Civil Code and as provided in the Demerger Plan;

3. to grant the Chairman of the Board of Directors and the Chief Executive Officer, also severally, with power to sub-delegate and with release from any conceivable conflict of interests, with any and broadest powers to implement the resolutions referred to above, and in particular:

   a) to execute and enter into the Demerger Deed - fixing any clause and element, including the date of effect and the amendment, as a result of the above and with effect from the date of effect of the demerger, of the Company's articles of association, in accordance with the Demerger Plan - as well as any other deed/act of acknowledgement, supplemental and/or amendment deed/act, that may be necessary or even appropriate in view of the successful completion of the transaction, with power to define any condition, clause, term and modality, all in accordance with the Demerger Plan and, therefore, first and foremost, with the conditions specified therein, including the verification of the occurrence of the circumstance mentioned under the Section 10 of the Demerger Plan;

   b) to carry out all the activities necessary or even appropriate in view of the successful completion of the liquidation process concerning the shares which may be object of the Right of Withdrawal and/or the Right of Sale (as defined above) and, more in general, for the successful completion of the demerger;

   c) to fulfill any formality required in order to procure that the resolutions adopted are granted with all necessary approvals, with the power to introduce into such resolutions, in the Demerger Plan and in the articles of association of the Company, amendments, additions, deletions that may be required by the Authorities or at the time of the registration in the Companies Register;

   to draft and execute any possible document addressed to the competent Authorities, and to carry out any and all activities necessary or appropriate, in connection with the delisting of the Company's shares from the "Mercato Telematico Azionario" and from the Spanish electronic trading system (Sistema de Interconexión Bursátil, SIBE).