



## REMUNERATION REPORT

2017

(approved by the Board of Directors of Enel S.p.A. on March 16, 2017)

*(Drawn up pursuant to Articles 123-ter of the Consolidated Financial Act and  
84-quater of CONSOB Issuers' Regulation)*

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# Remuneration Report

## Letter from the Chairman of the Nomination and Compensation Committee

In my capacity as Chairman of the Nomination and Compensation Committee, I am pleased to present Enel's annual Remuneration Report.

Since 2014, the Nomination and Compensation Committee, comprised of Directors Paola Girdinio, Alberto Pera and Anna Chiara Svelto, in addition to the Chairman, has performed in-depth analyses on the compensation structure of the top management of the Company and on the national and international best practices, in order to propose to the Board of Directors the adoption of a remuneration policy aimed at the same time to strengthen the shareholders' interests and to pursue the objective of attracting and stimulating the top management, according to the applicable regulations and to the resolutions adopted by the Shareholders' Meeting in 2014, which have established certain remuneration caps for the current office of the top management.

In defining the 2017 remuneration policy set out in the first section of this Report, the Committee has also taken into account the indications resulting from the favorable outcome of the votes expressed by the last Shareholders' Meeting.

In fact, based on the positive outcomes achieved by the 2016 remuneration policy, it has been deemed appropriate to maintain the same remuneration system, introducing some limited changes in order to assure a potential enhancement in terms of functioning and appreciation by the market.

The amendments above concern both the long-term variable remuneration component and the short-term variable remuneration component.

Please consider that in 2015, the Total Shareholders' Return ("TSR") was introduced as the main target of the long-term plan (with an weight of 60%), by comparing the average Enel's TSR with the average TSR of a basket comprised of the main peers of the Company (EdF, EDP, EOn Engie, Iberdrola and RWE). Last year we deemed appropriate to replace the above basket with an index that includes companies with a higher degree of comparability with Enel, *i.e.*, Eurostoxx Utilities – Euro Area (Economic and Monetary Union – EMU).

Considering that the above mentioned index includes also Enel and Endesa and that, consequently, there is a correlation between the same index and the performance of Enel's stock, we have deemed

appropriate to change the plan's performance scale by increasing the access threshold and lowering the over-performance threshold of such plan. In this regard, moreover, in order to strengthen the correlation between the shareholders' interest and the top management remuneration, the access threshold was increased much more than the over-performance threshold was lowered (10% vs 5%).

In particular, this year the mechanism for the correction of the amount (if any) disburseable under the plan, should the absolute value of Enel's TSR be negative, has been modified. We have introduced, with reference to such hypothesis, a regressive scale that, on the basis of a constant multiplier equal to 1.5, is intended to reduce the amount of the incentive more than proportionally compared to the negative performance of the absolute TSR. In this way, the top management suffers a significant reduction of its incentive, even in case of Enel's TSR maximum over-performance upon the index but negative in absolute value.

Moreover, we have evaluated the possibility to modify the modalities for the disbursement of the long-term incentive provided under the LTI Plan 2017, changing from an incentive entirely paid in cash to a mixed cash/equity incentive. However, having reached the last year of the office, we have preferred to renounce to propose such an amendment, taking also into account the several and significant amendments already introduced during the last three-years term. In any case, we consider appropriate to recommend to the Committee that will be set up after the renewal of the Board of Directors, to propose the introduction of such additional amendment at the beginning of the next three-years term.

With regard to the short-term variable remuneration, we have introduced, upon proposal of the Committee, an important amendment in relation to the identification of the targets, represented by the replacement of the Ordinary consolidated EBITDA with the Ordinary consolidated net income, being the latter a criterion able to catch the effective variation of the economic profitability for shareholders, unlike the Ordinary consolidated EBITDA. Moreover, we have recognized a greater weight to this new criterion, compared with that previously attributed to the Ordinary consolidated EBITDA; this amendment is particularly due to the fact that, at this phase of implementation of the Strategic Plan, the performance of the Ordinary consolidated net income results to be more significant.

As a consequence, we have also reduced the weight assigned to the "Funds from operations/consolidated net financial debt" target, given that

such criterion, even if certainly relevant, results to be well covered, also considering the outcomes of the last years. The other targets relating to consolidated cash cost and safety are still confirmed, also with reference to their weight.

We believe that, based on the compensation system adopted herein, the Company's top management remuneration is transparent and linked to the creation of value over the medium/long-term, ensuring in the meanwhile one of the key purposes of the Policy, that is to attract, motivate and retain the resources who are most qualified to manage the Company successfully.

Rome, March 16, 2017

Alessandro Banchi

Chairman of the Nomination and Compensation  
Committee

## Introduction

This Report, approved by the Board of Directors on March 16, 2017, upon proposal submitted by the Nomination and Compensation Committee, is divided into two sections:

- (i) the first section describes the policy adopted by Enel S.p.A. (“Enel” or “the Company”) on the remuneration of the members of the Board of Directors, of the General Manager and of the Executives with strategic responsibilities, with reference to the financial year 2017; in accordance with the provisions set forth by Article 123-*ter* of Legislative Decree of February 24, 1998 No. 58 (the “Consolidated Financial Act”), such section is submitted to the consultative vote of the ordinary Shareholders’ Meeting called to approve the financial statements as of December 31, 2016;
- (ii) the second section provides for a detailed disclosure on the remuneration paid to the above mentioned individuals and to the regular Statutory Auditors in the financial year 2016 on the basis of the remuneration policy adopted for such financial year and in execution of previous individual agreements.

The report also provides for information on the shareholdings held in Enel and in its subsidiaries by members of the Board of Directors and of the Board of Statutory Auditors, by the General Manager and by the Executives with strategic responsibilities, as well as their spouses who are not legally separated and their underage children, whether such shareholdings are held directly or indirectly through subsidiaries, trusts or agents.

This Remuneration Report is made available to the public at Enel’s registered office (located at Viale Regina Margherita, No. 137, Rome), on the Company’s website ([www.enel.com](http://www.enel.com)) and on the authorized storage mechanism called “eMarket STORAGE” ([www.emarketstorage.com](http://www.emarketstorage.com)).

## Summary of the main features of Enel's remuneration policy

Enel's remuneration policy, described in detail in the first section of this Report, has been approved on March 16, 2017 by the Board of Directors, upon proposal of the Nomination and Compensation Committee. This Policy is aimed at (i) attracting, motivating and retaining those resources that possess the most suitable professional skills to successfully manage the company, (ii) stimulating the achievement of the strategic targets and the company's sustainable growth; (iii) aligning the interests of the management with the main goal of creation of sustainable value for shareholders in the long term and (iv) promoting the corporate values and mission.

In drafting the remuneration policy for 2017, the Nomination and Compensation Committee has taken into account the recommendations set forth under the Corporate Governance Code, national and

international best practices, as well as the indications resulting out of the favorable outcome of the vote of the Shareholders' Meeting on May 26, 2016 on the remuneration report.

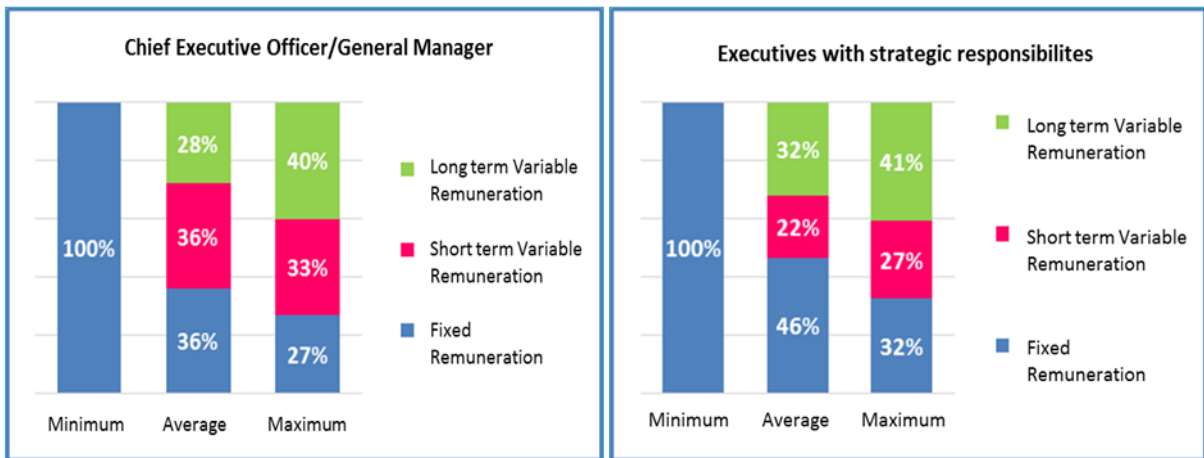
On this regard, we remind that the office of the current Board of Directors will expire with the Shareholder's Meeting convened for the next May 4, 2017. Therefore, the power of the new Board of Directors – as provided for by the corporate bylaws – to establish, after having heard the opinion of the Board of Statutory Auditors, the compensation of directors with particular tasks pursuant to Article 2389, paragraph 3, of the Italian Civil Code shall not be anyhow prejudiced.

Notwithstanding the above, the main characteristics of the remuneration policy for 2017 are described below.

Component	Applicable conditions and payment timeline	Proportional weight (1)
<b>Fixed remuneration</b>	<ul style="list-style-type: none"> <li>Not subject to any conditions</li> <li>Paid on a quarterly basis to the CEO and to the Chairman and on a monthly basis to the GM and to the ESR</li> </ul>	Chairman: 100% CEO/GM: 27% ESR: 32%
<b>Short-term variable remuneration (MBO)</b>	<ul style="list-style-type: none"> <li><b>Targets for the CEO/GM:</b> <ul style="list-style-type: none"> <li>Ordinary consolidated net income (40%)</li> <li>Funds from operations/Consolidated net financial debt (30%)</li> <li>Consolidated cash cost (20%)</li> <li>Safety in the workplace (10%)</li> </ul> </li> <li><b>Targets for the ESR:</b> <ul style="list-style-type: none"> <li>Individual targets connected to the business and differentiated for each ESR, based on the roles and the responsibilities assigned</li> <li>Paid in the financial year in which the level of achievement of annual targets is verified</li> </ul> </li> <li>Claw-back right of the Company concerning the amounts paid on the basis of data which are subsequently proved to be manifestly misstated ("clawback")</li> </ul>	CEO/GM: 33% ESR: 27%
<b>Long-term variable remuneration (LTI)</b>	<ul style="list-style-type: none"> <li>Performance targets:               <ul style="list-style-type: none"> <li>average TSR (Total shareholders return) of Enel vs. average TSR of EUROSTOXX Utilities Index – EMU (60%)</li> <li>ROACE (Return on average capital employed) (40%)</li> </ul> </li> <li>Correction mechanism of the incentive (if any), for the TSR target, through the application of a regressive scale in case of absolute negative TSR of Enel's stock</li> <li>30% is paid in the financial year following the relevant three-years period of the incentive plan, if at the end of</li> </ul>	CEO/GM: 40% ESR: 41%

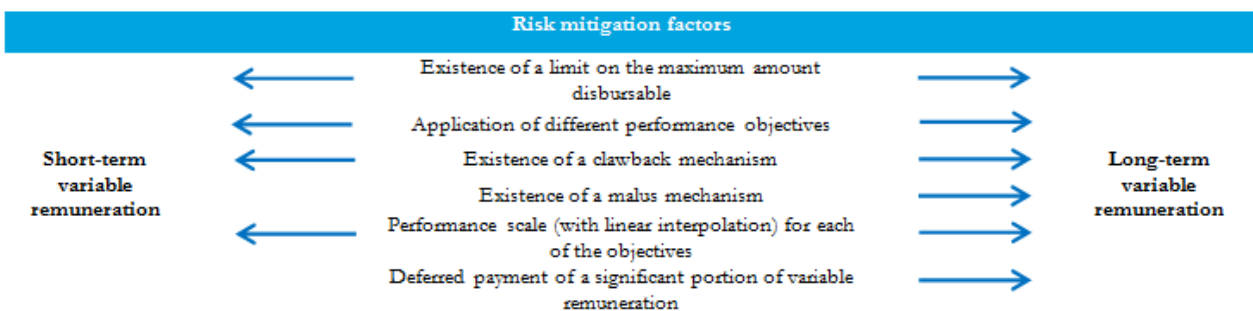
	<p>the latter the achievement of the performance targets has been verified; in this latter case, the remaining 70% is paid in the second financial year after the relevant three-years period (“deferred payment”)</p> <ul style="list-style-type: none"> <li>• Claw-back right of the Company concerning the amounts paid (or right to withhold deferred sums) on the basis of data which are subsequently proved to be manifestly misstated (“clawback” and “malus”)</li> </ul>	
<b>Other compensation</b>	<ul style="list-style-type: none"> <li>• <b>CEO/GM:</b> <ul style="list-style-type: none"> <li>- Severance indemnities equal to 2 years fixed compensation; such indemnity includes the indemnity in lieu of advance notice</li> <li>- The Board of Directors is not entitled to grant discretionary bonuses</li> </ul> </li> <li>• <b>ESR:</b> <ul style="list-style-type: none"> <li>- Usually the conditions provided under the relevant collective contracts, when applicable, without prejudice to previous individual agreements, if any, still in force as of the date of this report</li> </ul> </li> </ul>	-
<sup>1</sup> Percentages calculated based on the highest MBO and LTI values.		CEO/GM: Chief Executive Officer/ General Manager ESR: Executives with strategic responsibilities

Change in the remuneration of the Chief Executive Officer/General Manager and of the Executives with strategic responsibilities on the basis of the achievement of the performance objectives



Risk mitigation factors

Set forth below are the safeguards implemented by the Company in order to mitigate risks assumed by the management and to encourage the creation of sustainable value for shareholders over the medium/long-term.



**SECTION I: REMUNERATION POLICY FOR THE MEMBERS OF THE BOARD OF DIRECTORS, THE GENERAL MANAGER, AND THE EXECUTIVES WITH STRATEGIC RESPONSIBILITIES. PROCEDURES FOR THE ADOPTION AND IMPLEMENTATION OF THE POLICY.**

**1.1 Procedures for the adoption and implementation of the policy**

*1.1.1 Bodies or persons involved in the preparation, approval and implementation of the policy.*

Enel's remuneration policy has been approved by the Board of Directors, upon proposal submitted by the Nomination and Compensation Committee.

In accordance with the recommendations set forth under article 6.C.5 of the Corporate Governance Code, the adequacy, overall consistency and effective application of the remuneration policy are periodically reviewed by the Nomination and Compensation Committee.

The Chief Executive Officer is in charge of managing the remuneration policy for Executives with strategic responsibilities and, with the support of the Company's Human Resources and Organization Function, of monitoring on a continuous basis the adequacy, overall consistency and effective application of the policy, periodically reporting to the Nomination and Compensation Committee.

*1.1.2 Role, composition and functioning of the Nomination and Compensation Committee*

As of the date hereof, the Nomination and Compensation Committee is entirely composed of the following independent Directors: Alessandro Banchi (chairman), Paola Girdinio, Alberto Pera and Anna Chiara Svelto.

The composition, the tasks and the functioning rules of such Committee are governed by a specific organizational regulation approved by the Board of Directors and made available to the public on the Company's website ([www.enel.com](http://www.enel.com)).

In particular, such Committee is in charge of the following consultative and proposing tasks concerning compensation:

- a) formulating to the Board of Directors proposals on the remuneration policy of Directors and Executives with strategic responsibilities;

- b) periodically assessing the adequacy, overall consistency and effective application of the policy adopted for the remuneration of Directors and Executives with strategic responsibilities;
- c) submitting proposals to or expressing opinions in favor of the Board of Directors on the remuneration of executive Directors and other Directors holding particular offices, as well as for the identification of performance targets related to the variable component of such remuneration; monitoring the application of decisions adopted by the Board itself and verifying, in particular, the actual achievement of performance targets;
- d) reviewing in advance the annual remuneration report, to be made available to the public prior to the annual Shareholders' Meeting called to approve the financial statements.

The Committee also drafts and submits to the Board of Directors, for its approval, incentive schemes for the management, including stock-based remuneration plans, monitoring the application of the same.

The Committee may also provide support to the Chief Executive Officer and to the competent corporate functions in connection with the optimization of managerial resources, talent scouting and promotion of initiatives with universities in such regard.

The Nomination and Compensation Committee meets as often as appropriate to ensure the proper performance of its functions. The Chairman of the Board of Statutory Auditors attends the Committee meetings, and may also designate another regular Statutory Auditor to attend the meeting in his place; the other regular Statutory Auditors may also participate. The Head of the Human Resources and Organization Function generally attends the meeting as well. The Chairman may, from time to time, invite to the Committee meetings other members of the Board of Directors or other representatives of corporate functions or third parties whose attendance could be deemed helpful for purposes of optimizing the functioning of the Committee. No Director takes part in the Committee meetings in which proposals are presented to the Board of Directors with regard to his own remuneration, unless such proposals concern all the members of Committees established within the Board of Directors. In order for Committee's meetings to be valid, the attendance of a majority of the members in office is required. The Committee's resolutions are adopted with the absolute majority vote of those in

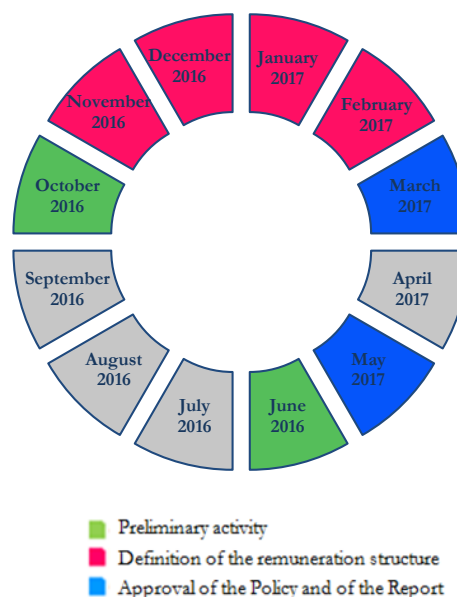


attendance; in the event of parity, the vote of the Chairman prevails.

The Chairman of the Committee reports to the first available meeting of the Board of Directors with regard to the meeting held by the Nomination and Compensation Committee.

In this respect, it is here below illustrated the activity carried out by the Committee in view of the drafting of this report.

- June 2016**
- Analysis of the 2016 shareholders' meeting vote on the 2016 Remuneration report and the 2016 LTI Plan
- October 2016**
- Benchmark analysis on the main matters underlined by institutional investors and proxy advisors on the 2016 Remuneration report
  - Examination of the main kinds of "equity-based" incentive plans adopted by national and international listed companies
  - Preliminary discussions on the 2017 MBO Plan for CEO/GM
- November 2016 – March 2017**
- Evaluation of the adequacy, consistency and implementation of the 2016 Remuneration Policy
  - Finalization of the 2017 MBO Plan for CEO/GM
  - Finalization of the 2017 LTI Plan
  - Assessment of the 2016 MBO Plan for CEO/GM
  - Assessment of the 2014 LTI Plan
  - Definition and drafting of the Remuneration Policy and Remuneration Report and of the Information Document on the 2017 LTI Plan
- March 2017**
- Approval by the BoD of the Remuneration Policy and Remuneration Report and of the Information Document on the 2017 LTI Plan
- May 2017**
- Presentation of the Remuneration Report and of the Information Document on the 2017 LTI Plan to the Shareholders' Meeting



### 1.1.3 Independent experts who took part in the preparation of the policy

In drafting the remuneration policy for the financial year 2017, the Company did not avail itself of any independent expert consultancy. The Company has conducted a benchmarking analysis on the remuneration of executive directors and of executive with strategic responsibilities based on the study "2016 Mercer Executive Remuneration Guides – Western Europe", which analyzed 609 European companies (and 18,105 individual roles). The results of the benchmarking analysis are specifically mentioned in Paragraph 2.1.

## 1.2 Remuneration policy concerning the members of the Board of Directors, the General Manager and Executives with strategic responsibilities

### 1.2.1 Purposes of the remuneration policy, its underlying principles and changes compared with the financial year 2016

According with the recommendations set forth in Articles 6.C.1 and 6.C.3 of the Corporate Governance Code, the remuneration (i) of Enel's executive Director, *i.e.* the Chief Executive Officer (who also holds the role of General Manager; with a provision that such role will automatically cease in the event of termination of the office of Chief Executive Officer), and (ii) of Executives with strategic responsibilities of the Enel Group (the "Group"), *i.e.* those persons reporting directly to Enel's Chief Executive Officer who (based upon the composition, the frequency of the meetings and the matters addressed by the executive committees involving the "top management") share with the Chief Executive Officer the main decisions concerning the Group, is defined so as to align their

interests with the priority purpose of creating value for Enel's shareholders over the medium-long term, ensuring that the remuneration is based upon results effectively achieved by the persons in question and by the Group as a whole.

In particular, in order to strengthen the link between the remuneration and the Company's long-term interests, the policy on the remuneration of the above-mentioned individuals provides as follows:

- (i) there must be an adequate balance between the fixed component and the variable component and, within this latter component, between the short-term and the long-term components;
- (ii) the fixed component is sufficient to remunerate the work done by the person involved in the event that the variable component is not disbursed due to the failure to achieve the performance objectives;
- (iii) a significant portion of the remuneration of such persons shall come from three-year incentive plans;
- (iv) such plans must be paid subject to the achievement of three-year performance targets;
- (v) such targets are pre-determined, measurable and indicative of the operating efficiency of the Company, as well as of its capacity to remunerate invested capital and generate cash for the shareholders over the long term;
- (vi) the payment of a significant portion (equal to 70%) of the long-term variable remuneration is deferred to the second financial year following the relevant three years period of the LTI Plan 2017 (deferred payment);
- (vii) the Company is entitled to request the restitution, in whole or in part, of variable components of the remuneration paid (or to withhold deferred sums), determined on the basis of data that later turned out to be manifestly erroneous (clawback and malus).

The remuneration policy applicable to such individuals is therefore aimed at enhancing sustainable performance and achieving strategic priorities.

Such policy is also aimed at attracting, motivating and retaining resources who are most qualified to successfully manage the company, and promoting the company's mission and core values (including safety in the workplaces).

The remuneration of non-executive Directors, in accordance with the recommendations set forth in

Article 6.P.2 of the Corporate Governance Code, is related to the efforts requested for each of them, also taking into account their respective participation in one or more committees established within the Board of Directors.

[Amendments to the remuneration policy for the financial year 2017 compared with financial year 2016](#)

During 2016 and the first months of 2017, the Nomination and Compensation Committee has considered possible changes to the remuneration policy, taking into account, *inter alia*, the indications resulting from the favorable vote expressed at the Shareholders' Meeting on May 26, 2016 on the remuneration report and the national and international best practices.

In particular, based on such evaluations, the Nomination and Compensation Committee proposed to the Board of Directors (which approved them) the following changes to the remuneration policy presented to the Shareholders' Meeting held on May 26, 2016:

	2016 Remuneration Policy	2017 Remuneration Policy
<b>Short-term variable remuneration for CEO/GM</b>	<ul style="list-style-type: none"> <li>• Funds from operations/ Consolidated net financial debt (weight 40%)</li> <li>• Ordinary consolidated EBITDA (weight 30%)</li> <li>• Consolidated cash cost (weight 20%)</li> <li>• Workplace safety (weight 10%)</li> </ul>	<ul style="list-style-type: none"> <li>• Target unchanged, with <b>weight reduced to 30%</b></li> <li>• <b>Target replaced by the Ordinary consolidated net income (weight increased to 40%)</b></li> <li>• Target and weight unchanged</li> <li>• Target and weight unchanged</li> </ul>
	The <i>performance</i> scale of the workplace safety target provides that	The <i>performance</i> scale of the workplace safety target provides that each

	each threshold shall be based on the work-injury accident rate and on the number of fatal accidents and that, for both the aforesaid criteria, such threshold shall be calculated taking into account the outcome of the previous year	threshold shall be based on the work-injury accident rate and on the number of fatal accidents and that, for both the aforesaid criteria, such threshold shall be calculated taking into account the lower value between (i) the average of the results of the previous three-years period and (ii) the target of the previous year for each of the aforesaid criteria
<b>Long-term variable remuneration for CEO/GM and ESR</b>	<ul style="list-style-type: none"> <li>• Average Enel TSR compared with average EUROSTO XX Utilities Index -EMU TSR (weight 60%)</li> <li>• Return on Average Capital Employed - ROACE (weight 40%)</li> <li>• The so called “negative TSR threshold” clause is provided, on the basis of which, should Enel’s TSR register a performance higher than that of the relevant index but negative in absolute</li> </ul>	<ul style="list-style-type: none"> <li>• Target and weight unchanged</li> <li>• Target and weight unchanged</li> <li>• <b>The so called “negative TSR threshold” clause is replaced by a regressive scale applicable in case of absolute negative TSR of Enel’s stock; on the basis of the said scale, the incentive (if</b></li> </ul>

	terms, the over performance incentive shall not be paid to beneficiaries	<b>any) shall be reduced of the same negative percentage registered by Enel stock’s absolute TSR, multiplied for a constant value equal to 1.5</b>
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### 1.2.2 *Chairman of the Board of Directors*

#### Remuneration structure and pay mix

The emoluments granted to the Chairman include the base remuneration granted to him, on the basis of the resolution approved by the ordinary Shareholders’ Meeting (pursuant to Article 2389, paragraph 1, of the Italian Civil Code and Article 23.1 of the corporate bylaws), as member of the Board of Directors, and the compensation due as member of the board of directors of Enel’s subsidiaries or affiliates, which therefore are repaid to or forfeited in favor of Enel.

The Chairman remuneration consists only of a fixed component.

#### Fixed Remuneration

The fixed remuneration granted to the Chairman in charge as of the date hereof is equal to Euro 238,000 gross per year, including the compensation for his participation in the committees established within the Board of Directors, in which he results to be a member.

#### Other compensation

The policy on non-monetary benefits provides for the undertaking of Enel to: (i) enter into a specific insurance policy to cover risks such as death or permanent disability; and (ii) adopt protective measures in the event of judicial or administrative proceedings related to the office of Chairman, as well as to other offices (if any) held in subsidiaries or affiliated companies or in third companies or legal entities (when the office has been held on behalf of or for the interest of the Group), except in cases of willful misconduct or gross negligence established by final judgment or acts clearly committed to the detriment of the Company.

It should be noted that no disbursement of discretionary bonuses is envisaged in favor of the Chairman.

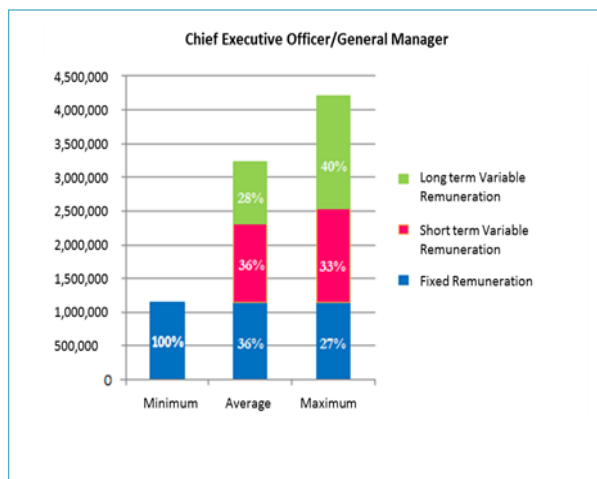
### 1.2.3 Chief Executive Officer / General Manager

#### Remuneration structure and pay mix

Based on the current organizational structure of the Company, the office of Chief Executive Officer and of General Manager is held by the same person and the economic and regulatory treatment applied to him concerns, therefore, both the directorship and executive relationship. To the aforementioned executive relationship – which shall remain in force for the entire duration of the directorship relationship and will expire upon its termination – both the national collective employment contract of executives companies which produce goods and services, and the supplementary contracts applicable to Enel's executives, apply.

The emoluments granted to the Chief Executive Officer include the base remuneration granted to him on the basis of the resolution approved by the ordinary Shareholders' Meeting (pursuant to Article 2389, paragraph 1, of the Italian Civil Code and Article 23.1 of the corporate bylaws), as member of the Board of Directors, and the compensation due as member of the board of directors of Enel's subsidiaries or affiliates, which therefore are repaid to or forfeited in favor of Enel.

The remuneration of the Chief Executive Officer/General Manager consists of (i) a fixed component, (ii) a short-term variable component and (iii) a long-term variable component, as subdivided below:



<sup>1</sup> The *Funds from operations* will be calculated as the sum of the cash flows prior to the dividends and extraordinary transactions + *gross capex*, while the consolidated net financial debts will be determined by the “Long-term loans” and by the “Short-term loans and current quotas of long-term loans”, net of “Cash and cash equivalents” and by current and non-current financial assets (financial receivables and titles not deriving from shareholdings) included in the “Other current assets” and “Other non-current assets”.

<sup>2</sup> The consolidated cash cost will include the *gross capex* for maintenance and all fixed costs, net of capitalization.

#### Fixed Remuneration

The fixed remuneration of the Chief Executive Officer/General Manager currently in charge is divided into: (i) Euro 545,000 gross per year as compensation for the office of Chief Executive Officer; and (ii) Euro 610,000 gross per year as compensation for the office of General Manager; for a total of Euro 1,155,000 gross per year.

#### Short-term variable remuneration

The short-term variable remuneration may range from 0 up to a maximum of 120% of the fixed annual remuneration related both to the directorship and to the executive relationship, depending upon whether or not the annual performance targets have been met.

The performance targets to which achievement is subject the payment of the short-term variable remuneration for the financial year 2017, and the related weight, are indicated below:

Performance objective	Weight
Ordinary consolidated net income	40%
Funds from operations/Consolidated net financial debt <sup>1</sup>	30%
Consolidated cash cost <sup>2</sup>	20%
Reduction of the work-related accident frequency index and simultaneous reduction of fatal accidents in 2017 <i>vs</i> the lower value between (i) the average of the results of the last three-years period and (ii) the target of the last year for each of the aforesaid criteria <sup>3</sup>	10%

Each objective will be measured individually on the basis of the performance scale set forth below (with linear interpolation).

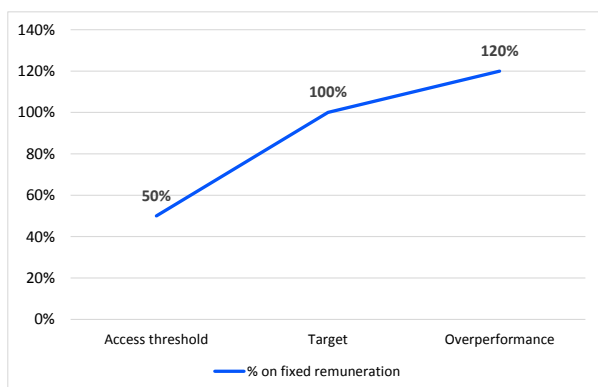
Objective <sup>4</sup>	Access threshold	Target	Over
Ordinary consolidated net income	Euro 3.5 billion	Euro 3.6 billion	Euro 3.7 billion
Funds from operations/ Consolidated net financial debt	25%	26%	27%

<sup>3</sup> The work-related accident frequency index will be calculated as the number of accidents and the total of hours worked (Enel + *contractors*), expressed in millions; for this purpose, only injuries that entail at least 1 day of sick leave will be considered as accidents.

<sup>4</sup> During the final assessments, impacts arising from the differences due to the evolution of the exchange rate compared to the budget, the amendments of the scope of consolidation compared to budget hypothesis, impacts of funds (if any) and of extraordinary releases of funds as well as the impact of extraordinary transactions, always compared to budget hypothesis, will be neutralized.

Consolidated cash cost <sup>5</sup>	Euro 11.8 billion	Euro 11.6 billion	Euro 11.4 billion
Safety in the workplace	Work-related Accident Frequency Index (FI) <sup>6</sup> 2017 = 1.40 and number of fatal accidents during the relevant period <=11	FI 2017= 1.37 and number of fatal accidents during the relevant period <=11	FI 2017= 1.33 and number of fatal accidents during the relevant period <=11

Upon the achievement of the access threshold, the disbursement of a sum equal to 50% of the base bonus is envisaged, while upon the achievement of the target and over performance, disbursement of a sum equal to, respectively, 100% and 120% of the base bonus is envisaged with regard to each objective (with linear interpolation), as set forth below. For performances under the access threshold, no bonus will be granted.



<sup>5</sup> It includes the impacts of acquisitions and disposals occurred after the approval of the Strategic Plan 2017-2019 announced to the financial market on November 2016, and that were not included in the same Plan.

<sup>6</sup> The work-related accident frequency index will be calculated as ratio between the number of accidents occurred and the total amount of worked hours (Enel + contractors) expressed in millions; to this end, only injuries that entail at least 1 day of sick leave will be considered as accidents.

<sup>7</sup> The average of the *Total Shareholders Return* (TSR) of Enel and of the EUROSTOXX Utilities Index – EMU is calculated in the month preceding the beginning and the end of the *performance period* (January 1, 2017 – December 31, 2019), in order to sterilize any volatility on the market.

<sup>8</sup> Index managed by STOXX Ltd., which includes the most relevant utilities companies listed in Euro Area countries (EMU). As of the date of this Report, this index comprises, A2A, E.On, EDF, EDP, Enagas, Endesa, Enel, Engie, Fortum, Gas Natural, Iberdrola, Innogy, Italgas, Red Electrica, Rubis, Rwe, Snam Rete Gas, Suez Environnement, Terna, Uniper and Veolia Environnement.

Therefore, if, for example:

- all the objectives were to reach the target level, the remuneration disburseable would amount to 100% of the fixed remuneration;
- the only objective achieved were the consolidated cash cost at a level equal to the access threshold, the remuneration disburseable would amount to 10% of the fixed remuneration.

In the last year of the mandate, in the event of non-renewal, the variable short-term remuneration is set in an amount equal to the average remuneration received by the person involved for such component in the last two years, *pro rata temporis* (in other words, from January 1 until the date on which he terminates his office).

#### Long-term variable remuneration

Long-term variable remuneration consists of the participation in the Long Term Incentive Plan 2017 (“LTI Plan 2017”) and may range from 0 up to a maximum of 144% of fixed remuneration for both the directorship relationship and the executive relationship, based upon the achievement of three-year performance targets. Set forth below are the performance objectives upon which the disbursement of the long-term variable remuneration for financial year 2017 is conditioned, as well as the relevant weight:

Performance objective	Weight
Average TSR <sup>7</sup> Enel <i>vs</i> average TSR of EUROSTOXX Utilities Index – EMU <sup>8</sup> in the 3-years period 2017-2019	60%
ROACE ( <i>Return on average capital employed</i> ) cumulative for the 3-years period 2017-2019 <sup>9</sup>	40%

<sup>9</sup> *Ratio* between Ordinary EBIT (Ordinary Operating Results) and average NIC (Net Invested Capital), the latter being determined as the average between the figures at the beginning and at the end of the relevant year. The Ordinary EBIT does not include the items which cannot be referred to the ordinary business, including the asset write-downs due to impairment considered as extraordinary for the purpose of determining the Group ordinary net income. For the final assessment, the (positive and negative) impacts arising from the exchange rate differential compared to the assumptions of the Strategic Plan will be sterilized. Moreover, the final assessment shall be made net of accounting treatment variations of merger & acquisition transactions compared to the aforesaid Strategic Plan.

The NIC does not include the Discontinued Operations and the effect of the asset write-downs due to impairment, that has been sterilized for determining the Ordinary EBIT’s value as specified above. Moreover, the final assessment shall be made net of accounting treatment variations of merger & acquisition transactions compared to the aforesaid Strategic Plan.

For the final assessment, the Nomination and Compensation Committee shall be provided with information on the extraordinary transactions that, based on the management’s

The target linked to the TSR will be measured on the basis of the performance scale set forth below (with linear interpolation). For performances under the pre-established minimum level, no bonus will be granted.

Enel's TSR exceeding 115% of TSR Index	Enel's TSR from 110% to 115% of TSR Index	Enel's TSR from 100% to 110% of TSR Index	Enel's TSR from 90% to 100% of TSR Index	Enel's TSR under 90% of TSR Index
180%	150%	100%	50%	0

In order to ensure a greater alignment of the variable remuneration with the main target of creating value for shareholders over the medium/long-term, a correction mechanism of the incentive (if any) connected with the TSR has been introduced. In particular, in case the absolute TSR of Enel's stock in the relevant three-years period is negative, the incentive due to the management (if any) is reduced – on the basis of a regressive scale – of the same negative percentage of the absolute TSR of Enel's stock, multiplied for a constant value equal to 1.5.

Please find here below a chart which provides for certain simulations concerning the application of the regressive scale.

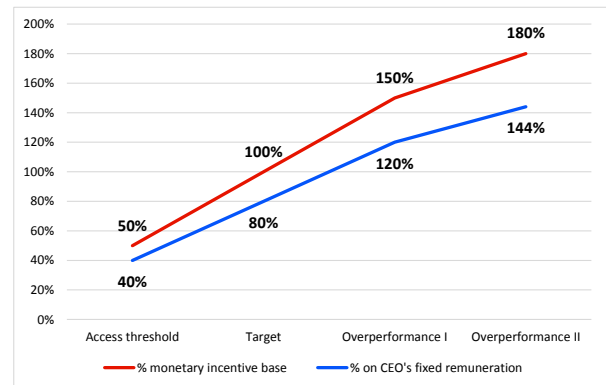
Performance objectives related to TSR	Premium in case of Enel's absolute TSR >0%	Regressive scale multiplier	Premium in case of Enel's absolute TSR <0%			
			-5%	-10%	-15%	-20%
TSR Enel > 115% TSR index	180%	1.5	167%	153%	140%	126%
TSR Enel between 110% and 115%	150%	1.5	139%	128%	116%	105%
TSR Enel between 100% and 110%	100%	1.5	93%	85%	78%	70%
TSR Enel between 90% and 100%	50%	1.5	46%	43%	39%	35%
TSR Enel < 90% index	0%	1.5	0%	0%	0%	0%

The objective linked to ROACE will be measured on the basis of the performance scale set forth below.

Objective	Access threshold	Target	Over I	Over II
Cumulative ROACE for the three-years period 2017-2019	33.3%	34.3%	35.5%	36.2%

judgement, could have affected the value of the relevant KPI, in order to assess their possible sterilization.

Upon the achievement of the access threshold or the target, it is envisaged, respectively, that a sum equal to 50% or 100% of the base amount would be disbursed, whereas upon the achievement of an over-performance, a sum equal to 150% or 180% of the base amount would be disbursed with regard to each objective (with a linear interpolation), as indicated here below



Therefore, if, for example:

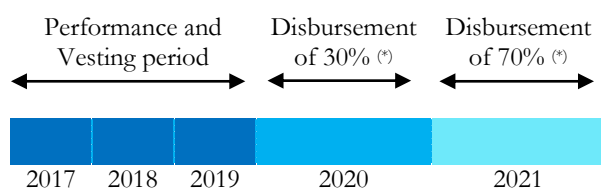
- both objectives (TSR and ROACE) were to reach the target level, the disburseable remuneration would amount to 80% of the fixed remuneration;
- the only objective achieved were the TSR, at a level equal to the access threshold, the remuneration disburseable would be equal to 24% of the fixed remuneration.

In the event of termination of the office, the disbursement of the plan would take place at the natural expiry of the related vesting period, based upon the level of achievement of the performance objectives provided under such plan; if the termination takes place in the year in which the plan is awarded, the disbursement will be made *pro rata temporis* until the date of termination of the office (in such regard, the number of calendar days between January 1 and the date of expiry of the office will be divided by 365 days).

#### Payment deferral

The disbursement of a significant portion of the long-term variable remuneration (equal to 70% of the total) is deferred to the second financial year after the relevant three-years period of the LTI Plan 2017 (“deferred payment”).

### Chronology of the LTI Plan 2017



(\*) In the event of achievement of the performance objectives.

#### Clawback and malus

The Company is entitled to claim back the variable remuneration (both short-term and long-term) paid (or may withhold variable remuneration that is deferred), if such remuneration has been paid on the basis of data which subsequently proved to be manifestly misstated.

#### Other compensation

With the termination of the directorship and, consequently, of the executive relationship (since the termination as Chief Executive Officer triggers the termination of the office of General Manager), the Chief Executive Officer/General Manager is entitled to the payment of an indemnity equal to two years of the fixed component for each of the two relationships, for an overall amount of Euro 2,310,000, in line with the provisions of European Commission's Recommendation No. 385 dated April 30, 2009; such indemnity includes the indemnity in lieu of advance notice provided for under Article 23 of the national collective employment contract for executives of companies which produce goods and services and implies the recipient's waiver of any requests/claims under such national collective employment contract. It is provided that such indemnity shall be paid only in the event of (i) revocation or non-renewal of the directorship relationship without *just cause* pursuant to Article 2119 of the Italian Civil Code ("Just Cause") and consequent withdrawal by the Company from the executive office, or (ii) resignation of the person in question from the directorship relationship due to Just Cause and consequent termination of the executive office.

The Chief Executive Officer/General Manager has also irrevocably granted to the Company, pursuant to Article 1331 of the Italian Civil Code and for a consideration equal to a gross amount of Euro 381,150 (to be paid in three annual installments of equal amount), the right to activate a non-competition agreement. Should the Company

exercise such option right, the person involved undertakes to refrain from engaging in, for a period of 1 year following the termination of the management and executive relationships, regardless of the reason, either personally or indirectly through a third party, individual or entity, any activity, even on an occasional or gratuitous basis, in competition with or in favor of entities that operate in competition with the Enel Group throughout the entire territory of Italy, France, Spain, Germany, Chile and Brazil. If the Company exercises such option right, it will pay to the person in question, within 15 days of the end of the term of such obligations (in other words, upon the expiry of 1 year from the termination of the management and executive relationships), a consideration equal to a gross amount of Euro 2,159,850. According to this policy, the breach of the non-competition agreement results in the non-payment of the above mentioned amount or its reimbursement, whether Enel has learnt of such breach after the payment. Such breach, furthermore, triggers the duty to indemnify the damage, which amount has been agreed between the parties as equal to the double of the value of the non-competition agreement (without prejudice to the Company's right to take action to obtain the exact performance of the agreement).

It should be noted that the overall amount granted to the Chief Executive Officer/General Manager, in case of occurrence of the circumstances illustrated in this paragraph, for i) severance indemnity, ii) option right and iii) non-competition agreement is lower than the two years amount of fixed and variable short-term remuneration<sup>10</sup>.

The policy on non-monetary benefits provides that Enel undertakes to: (i) enter into a specific insurance policy to cover risks such as death or permanent disability; and (ii) adopt protective measures in the event of judicial or administrative proceedings related to the office of Chief Executive Officer/General Manager, as well as to the other offices (if any) held in subsidiaries or affiliated companies or in third companies or legal entities (when the office has been held on behalf of or for the interest of the Group), except in cases of willful misconduct or gross negligence established by final judgment or acts clearly committed to the detriment of the Company. The Company has also entered into an insurance policy aimed at ensuring to the person in question social security and pension benefits that are similar to what he would have received, with reference to both the fixed portion and the variable portion of the directorship relationship, had such

<sup>10</sup> Considering the amount paid in case of over-performance for the quota relating to the short-term variable remuneration.

relationship been considered equivalent to an executive position.

It should be noted that no disbursement of discretionary bonuses is envisaged in favor of the Chief Executive Officer/General Manager

#### 1.2.4 Non-executive directors

With regard to non-executive Directors, the policy – as indicated in paragraph 1.2.1 above – provides that their remuneration consists solely of a fixed remuneration (approved by the ordinary Shareholders’ Meeting pursuant to Article 2389, paragraph 1, of the Italian Civil Code and Article 23.1 of the corporate bylaws), and, for Directors who are also members of one or more committees established within the Board of Directors, of an additional amount determined by the latter, upon proposal of the Nomination and Compensation Committee and having heard the Board of Statutory Auditors.

Such directors’ remuneration is, therefore, composed only of the fixed component approved by the ordinary Shareholders’ Meeting upon the director’s appointment, and as of the date hereof is equal to Euro 80,000 gross per year, not being provided any variable component.

Furthermore, for all Directors who are as of the date hereof also members of one or more committees established within the Board of Directors, the grant of an additional compensation has been determined by the Board itself, at the meeting held on June 9, 2014, upon proposal of the Nomination and Compensation Committee, having heard the Board of Statutory Auditors, in line with the recommendations set forth in Article 6.P.2 of the Corporate Governance Code. The above-mentioned remuneration, for participation in each of the committees established within the Board of Directors (*i.e.*, the Control and Risk Committee, the Nomination and Compensation Committee, the Related Parties Committee and the Corporate Governance and Sustainability Committee), have been established as follows:

- gross annual compensation for the Chairman of the Committee: Euro 30,000
- gross annual compensation for the other members of the Committee: Euro 20,000
- amount due for each attendance (for all members): Euro 1,000 per session

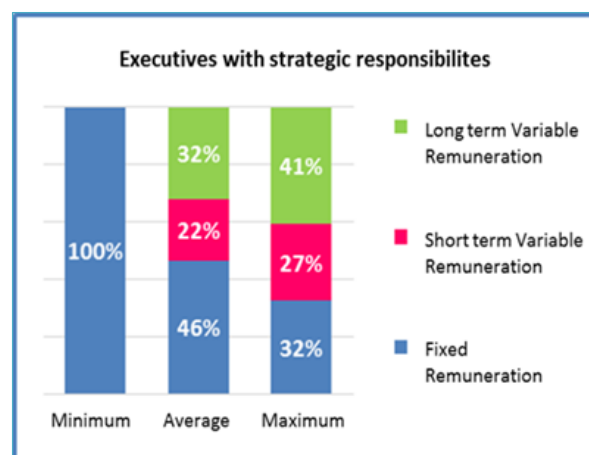
In setting the above-mentioned remuneration, the Board of Directors also set a maximum limit to the total amount that may be paid to each Director for his/her participation in the above-mentioned Committees, providing that such amount may not,

under any circumstances, exceed the limit of Euro 70,000 gross per year.

#### 1.2.5 Executives with strategic responsibilities

##### Remuneration structure and pay mix

With regard to the Executives with strategic responsibilities, the remuneration policy provides that the compensation structure for such individuals consists of (i) a fixed component, (ii) a short-term variable component and (iii) a long-term variable component, as subdivided below:



##### Fixed remuneration

The fixed remuneration (RAL) of the Executives with strategic responsibilities is aimed at adequately remunerating the skills and expertise that are distinctive and necessary for purposes of performing the office assigned, the scope of responsibilities, and the overall contribution provided in order to achieve business results.

##### Short-term variable remuneration

The short-term variable remuneration of the Executives with strategic responsibilities is aimed at remunerating the performance from a merit and sustainability standpoint. This remuneration is paid to the Executives with strategic responsibilities, based on role and responsibilities for each of them and it represents, in the average, the 46% of the fixed remuneration based on the target value. In particular, the short-term variable component is granted subject to the achievement of objective and specific annual targets, based upon the strategic plan and jointly identified by the “Administration, Finance and Control” Function and the “Human Resources and Organization” Function. Such targets include (i) economic-financial targets, in line with the strategic budget targets of the Group as a whole and among the individual Functions/Business



Lines/Regions/Countries (*e.g.*: ordinary consolidated net income and the reduction of operating expenses, as well as the assignment of specific targets for the individual Function /Business Lines/ Regions/ Countries); and (ii) technical and/or project-based targets.

It should also be noted that the measurement of the short-term variable remuneration (MBO) may concretely vary, according to the level of achievement of performance targets, from a minimum level (below which the bonus is set to zero) up to a maximum level (predetermined in the event of over-performance connected to the targets), which is different depending on the specific national contests and on the business where the Group is operating.

#### Long-term variable remuneration

The long-term variable remuneration consists of the participation in the LTI Plan 2017, which is described in detail in paragraph 1.2.3 of this report, to which reference is made, which may range from 0 up to a maximum of 126% of the fixed remuneration of Executives with strategic responsibilities, based upon the level of achievement of three-year performance targets.

Therefore, if, for example:

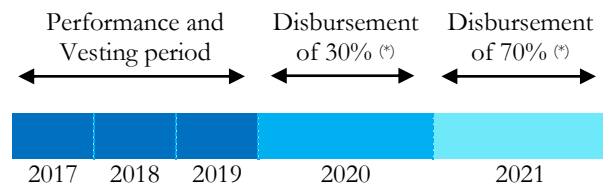
- both objectives (TSR and ROACE) were to reach the target level, the disburseable remuneration would amount to 70% of fixed remuneration;
- the only objective achieved were the TSR, at a level equal to the access threshold, the disburseable remuneration would amount to 21% of the fixed remuneration.

Please note that the performance objectives of some managers (and, therefore, also of the Executive with strategic responsibilities) are different from Enel's performance targets, in order to ensure the compliance with the applicable laws and to take in account the relevant activities carried out.

#### Payment deferral

The payment of a significant portion of the long-term variable remuneration (equal to 70% of the total) is deferred to the second financial year after the relevant three-years period of the 2017 LTI Plan ("*deferred payment*").

#### **Chronology of the LTI Plan 2017**



(\*) In the event of achievement of the performance objectives.

#### Clawback and malus clause

The Company is entitled to claim back the variable remuneration (both short-term and long-term) paid (or to withhold any deferred variable remuneration), if it has been paid on the basis of data which are subsequently proved to be clearly erroneous.

#### Other compensation

Usually, in the event of termination of the employment relationship, no additional indemnities or payments are due other than those resulting from the application of the provisions of the national collective contract, when applicable, without prejudice to previous individual agreements, if any, still in force as of the date of this report.

During the employment relationship it is envisaged (i) the assignment of an automobile for business and personal use; (ii) the entering into insurance policies to cover the risk of accidents that may occur outside the professional environment; (iii) the payment by Enel of contributions for the supplementary pension fund, based on the relevant employment agreement, for the Group's executives; (iv) the payment by Enel of contributions for the supplementary healthcare coverage in accordance with the contractual provisions. Such benefits are also granted to the Chief Executive Officer/General Manager, in consideration of its executive relationship.

## SECTION II: REPRESENTATION OF ITEMS WHICH COMPRISE THE REMUNERATION AND FEES PAID DURING THE RELEVANT FINANCIAL YEAR

### 2.1 Compensation paid in 2016

Please find here below detailed information on the compensation paid to the members of the Board of Directors and of the Board of Statutory Auditors, to the General Manager and to the Executives with strategic responsibilities, on an accrual basis.

These compensations have been paid in compliance with the principles set forth in the remuneration policy submitted to the consultative vote of the ordinary Shareholders' Meeting held on May 26, 2016.

- **Fixed Remuneration**

The fixed remuneration of the Chairman and of the Chief Executive Officer/General Manager has been approved (pursuant to Article 2389, paragraph 3, of the Italian Civil Code and to Article 23.2 of the corporate bylaws), by the Board of Directors, upon proposal submitted by the Nomination and Compensation Committee, after having received the opinion of the Related Parties Committee and having heard the opinion of the Board of Statutory Auditors. Such remuneration absorbs the base pay assigned to the persons involved, on the basis of the ordinary Shareholders' Meeting resolution (pursuant to Article 2389, paragraph 1, of the Italian Civil Code and Article 23.1 of the corporate bylaws), in their quality of members of the Board of Directors as well as the compensation due for taking part to the board of directors of Enel's subsidiaries or affiliated companies, that thus shall be waived or reverted to Enel.

The compensation of non-executive directors has been approved by the ordinary Shareholders' Meeting (pursuant to Article 2389, paragraph 1, of the Italian Civil Code and to Article 23.1 of the corporate bylaws) as well as, for the Directors who are also members of one or more Committees established within the Board of Directors, by the latter corporate body upon proposal of the Nomination and Compensation Committee and heard the Board of Statutory Auditors.

- **Short-term variable compensation**

The Board of Directors, upon proposal of the Nomination and Compensation Committee, has verified the achievement by the Chief Executive

Officer/General Manager of a score equal to 100 points on the *performance* scale used, that is equivalent to the maximum amount of the short-term variable remuneration (equal to 120% of the fixed remuneration). The chart below specifies the level of achievement of each target.

Performance targets assigned to the Chief Executive Officer/General Manager	Maximum score	Points assigned
Funds from operations/ consolidated net financial debt	40	40
Consolidated ordinary EBITDA	30	30
Consolidated cash cost	20	20
Reduction of the 2016 work-related accident frequency index (FI) <i>vs</i> 2015 and concomitant reduction of the number of fatal accidents in the relevant period	10	10
<b>Total assessment</b>	Maximum of the short-term variable remuneration (equal to 120% of the fixed remuneration)	

With regard to the Chairman, no short-term variable remuneration is envisaged.

The short-term variable component of the remuneration payable to the Executives with strategic responsibilities has been set on the basis of the performance of each of them in relation to the different targets assigned.

- **Long-term variable compensation**

The Board of Directors, upon proposal of the Nomination and Compensation Committee, has verified the achievement, as indicated below, both by the Chief Executive Officer/General Manager – *pro rata temporis* based on the effective term of the management and executive relationship during 2014 – and by the Executives with strategic responsibilities of the performance targets provided for by the relevant 2014 LTI Plan and, therefore, the payment to them of the 158% of the long-term variable remuneration.

Performance targets assigned to the Chief Executive Officer/General Manager and to the Executives with strategic responsibilities	Performance scale				
	0	50%	100%	150%	180%
Consolidated EBITDA (gateway target)	Achieved				
Earning per share (EPS)				✓	
Return on average capital employed (ROACE)					✓
<b>Overall assessment</b>	158% of the long-term variable remuneration				

As regards the Chief Executive Officer/General Manager, it should also be noted that the latter has accrued the bonus resulting from the 2013 and 2014 LTI Plans, approved and calculated by the subsidiary Enel Green Power S.p.A. (of which he was chief executive officer/general manager until May 22, 2014); in particular, with reference to the 2014 LTI Plan, the latter has been granted to him *pro rata temporis* based on the effective term of the office of Enel Green Power S.p.A.'s general manager during 2014. Detailed information concerning such Plans and their final assessment are available in the Remuneration Reports presented at the 2013 and 2014 Shareholder's Meeting of Enel Green Power S.p.A. as well as in the Information Document on the 2015 remuneration published on the Enel Green Power's website ([www.enelgreenpower.com](http://www.enelgreenpower.com)).

- **Competitive positioning on the relevant market**

Set forth below is the positioning of the compensation package for the Chairman, the Chief Executive Officer/General Manager and for the Executives with strategic responsibilities currently in charge with respect to the relevant market.

#### Chairman

With reference to the Chairman, his remuneration is lower than the average remuneration of non-executive chairmen of the companies of the FTSE/MIB index (data source: Assonime, "La Corporate Governance in Italia: autodisciplina, remunerazioni e comply-or-explain", Note Studi 18/2016 - Corporate Governance in Italy: corporate governance codes, remuneration and comply-or-explain approach, Studies 18/2016).

#### Chief Executive Officer/General Manager

With reference to the Chief Executive Officer/General Manager, the total remuneration results to be, compared to the relevant benchmark, below the market median ("2016 Mercer Executive Remuneration Guides – Western Europe", which analyzed the remuneration of executives in 609 European companies).

With reference to the Chairman, no long-term variable remuneration is envisaged.

#### Executives with strategic responsibilities

With reference to the Executives with strategic responsibilities, the total remuneration results to be, compared to the relevant benchmark, between the first quartile and the market median ("2016 Mercer Executive Remuneration Guides – Western Europe", which analyzed the remuneration of executives in 609 European companies).

#### 2.2 Overall shareholders' return (for every 100 Euro invested on January 1, 2016)

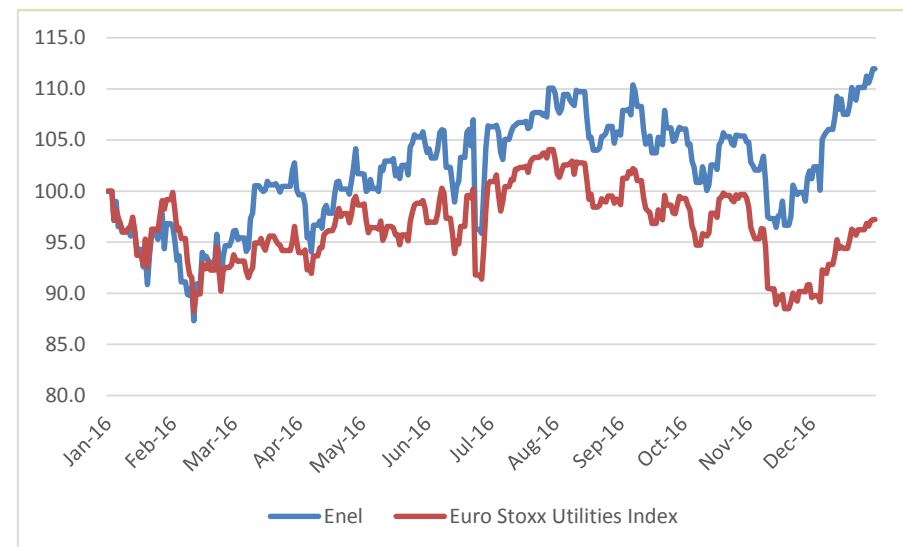


Table 1: Compensation paid to the members of the Board of Directors, the Board of Statutory Auditors, to the General Manager and to Executives with strategic responsibilities

The following chart sets forth compensation paid in 2016, on an accrual basis, to the Directors, to the Regular Statutory Auditors, to the General Manager and to the Executives with strategic responsibilities, in compliance with Annex 3A,

Table 7-bis, of Consob Issuers' Regulation. This chart includes all the persons holding the aforementioned offices even only for a fraction of the year.

(A) First name and last name	(B) Office	(C) Period during which office was held	(D) Expiration date of the office	(1) Fixed compensation	(2) Compensation for participation in committees	(3) Non-equity variable compensation		(4) Non-monetary benefits	(5) Other compensation	(6) Total	(7) Fair value of equity compensation	(8) Indemnity for severance / termination of employment relationship
						Bonuses and other incentives	Profit sharing					
Maria Patrizia Grieco <sup>(1)</sup>	Chairman	01/2016-12/2016	Approval of 2016 financial statements	238,000 <sup>(a)</sup>	-	-	-	10,186 <sup>(b)</sup>	-	248,186	-	-
Francesco Starace <sup>(2)</sup>	CEO/GM	01/2016-12/2016	Approval of 2016 financial statements	1,155,000 <sup>(a)</sup>	-	1,653,585 <sup>(b)</sup>	-	59,227 <sup>(c)</sup>	127,050 <sup>(d)</sup>	2,994,862	-	-
Alfredo Antoniozzi <sup>(3)</sup>	Director	01/2016-12/2016	Approval of 2016 financial statements	80,000 <sup>(a)</sup>	54,000 <sup>(b)</sup>	-	-	-	-	134,000	-	-
Alessandro Banchi <sup>(4)</sup>	Director	01/2016-12/2016	Approval of 2016 financial statements	80,000 <sup>(a)</sup>	65,000 <sup>(b)</sup>	-	-	-	-	145,000	-	-
Alberto Bianchi <sup>(5)</sup>	Director	01/2016-12/2016	Approval of 2016 financial statements	80,000 <sup>(a)</sup>	63,000 <sup>(b)</sup>	-	-	-	-	143,000	-	-
Paola Girdinio <sup>(6)</sup>	Director	01/2016-12/2016	Approval of 2016 financial statements	80,000 <sup>(a)</sup>	64,000 <sup>(b)</sup>	-	-	-	-	144,000	-	-
Alberto Pera <sup>(7)</sup>	Director	01/2016-12/2016	Approval of 2016 financial statements	80,000 <sup>(a)</sup>	64,000 <sup>(b)</sup>	-	-	-	-	144,000	-	-
Anna Chiara Svelto <sup>(8)</sup>	Director	01/2016-12/2016	Approval of 2016 financial statements	80,000 <sup>(a)</sup>	64,000 <sup>(b)</sup>	-	-	-	-	144,000	-	-
Angelo Taraborrelli <sup>(9)</sup>	Director	01/2016-12/2016	Approval of 2016 financial statements	80,000 <sup>(a)</sup>	69,000 <sup>(b)</sup>	-	-	-	-	149,000	-	-
Sergio Duca <sup>(10)</sup>	Chairman Board of Statutory Auditors	01/2016-12/2016	Approval of 2018 financial statements	85,000 <sup>(a)</sup>	-	-	-	-	-	85,000	-	-
Romina Guglielmetti <sup>(11)</sup>	Regular Auditor	05/2016-12/2016	Approval of 2018 financial statements	45,000 <sup>(a)</sup>	-	-	-	-	-	45,000	-	-
Roberto Mazzei <sup>(12)</sup>	Regular Auditor	05/2016-12/2016	Approval of 2018 financial statements	45,000 <sup>(a)</sup>	-	-	-	-	-	45,000	-	-
Lidia D'Alessio <sup>(13)</sup>	Regular Auditor	01/2016-05/2016	Approval of 2015 financial statements	30,205 <sup>(a)</sup>	-	-	-	-	-	30,205	-	-
Gennaro Mariconda <sup>(14)</sup>	Regular Auditor	01/2016-05/2016	Approval of 2015 financial statements	30,205 <sup>(a)</sup>	-	-	-	-	-	30,205	-	-
<b>Total</b>				<b>2,188,410</b>	<b>443,000</b>	<b>1,653,585</b>	<b>-</b>	<b>69,413</b>	<b>127,050</b>	<b>4,481,458</b>	<b>-</b>	<b>-</b>

**Notes:**

- (1) **Maria Patrizia Grieco – Chairman of the Board of directors**
- (a) Fixed remuneration approved, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, by the Board of Directors at the meeting held on September 11, 2014, upon proposal submitted by the Compensation Committee, after having received the Related Parties Committee's opinion and having heard the Board of Statutory Auditors. Such remuneration includes the compensation approved for the members of the Board of Directors by the ordinary Shareholders' Meeting held on May 22, 2014, as well as the compensation and attendance fees due for participation in the Committees established within the Board of Directors of Enel S.p.A. or for offices held in Enel's affiliates and/or subsidiaries, which are waived or repaid to Enel.
  - (b) Benefits related to: (i) insurance policies covering the risk of non-work-related accidents and life insurance policies; (ii) social contribution payments to be made by Enel with respect to Asem - *Associazione Assistenza Sanitaria Integrativa Dirigenza Energia e Multiservizi* (Supplementary Healthcare Association for Executives in the Energy and Multi-services Sector).
- (2) **Francesco Starace – Chief Executive Officer/General Manager**
- (a) Fixed emolument approved, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, by the Board of Directors at the meeting held on September 11, 2014, upon proposal submitted by the Compensation Committee, after having received the Related Parties Committee's opinion and having heard the Board of Statutory Auditors, of which Euro 545,000 pertains to the office of Chief Executive Officer and Euro 610,000 pertains to the office of General Manager. Such remuneration includes the compensation approved for the members of the Board of Directors by the ordinary Shareholders' Meeting held on May 22, 2014, as well as the compensation due for the offices held at Enel's affiliates and/or subsidiaries, which are waived or repaid to Enel.
  - (b) Variable remuneration: (i) short-term component for the office of Chief Executive Officer (equal to Euro 654,000) and for the office of General Manager (equal to Euro 732,000), established by the Board of Directors, upon proposal submitted by the Compensation Committee, following the verification performed, at the meeting held on March 16, 2017, on the level of achievement of annual, objective and specific targets, that had been assigned to the person involved by the Board itself; (ii) long-term component relating to the 2014 LTI Plan of Enel S.p.A., to be paid *pro rata temporis* based on the effective term of the management and executive relationship with Enel S.p.A. during the 2014, equal to Euro 891,951, of which 30% (equal to Euro 267,585) payable in 2017 and the remaining 70% (equal to Euro 624,366) deferred to 2018. It should be noted that for the office of Chief Executive Officer/General Manager held until May 22, 2014 in the controlled company Enel Green Power S.p.A., he accrued (i) with reference to the 2013 LTI Plan approved by the abovementioned company, a long-term variable component of Euro 508,980, of which 30% has been paid in 2016 and the remaining 70% is payable in 2017; (ii) with reference to the 2014 LTI Plan approved by the abovementioned company, a long-term variable component, to be paid *pro rata temporis* based on the effective term of the management and executive relationship with Enel Green Power S.p.A. during the 2014, equal to Euro 299,016, of which 30% payable in 2017 and the remaining 70% deferred to 2018.
  - (c) Benefits related to: (i) the company car awarded for mixed use (personal and business) for the executive relationship (on the basis of the value subject to pension contributions and taxes, as provided under the ACI tables); (ii) the insurance policies covering the risk of accidents that are not work-related; (iii) the contributions borne by Enel for the supplementary Pension Fund for the Group's executives; (iv) the contributions borne by Enel S.p.A. for Asem - *Associazione Assistenza Sanitaria Integrativa Dirigenza Energia e Multiservizi* (Supplementary Healthcare Association for Executives in the Energy and Multi-services Sector).
  - (d) Amount paid, for year 2016, in exchange for the right (option) granted to Enel for the activation of a non-competition agreement.
- (3) **Alfredo Antoniozzi – Independent non executive director**
- (a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 28, 2015.
  - (b) Compensations, including the related attendance fees, for participation in the Corporate Governance and Sustainability Committee (for an amount of Euro 29,000) and for participation in the Related Parties Committee (for an amount of Euro 25,000).
- (4) **Alessandro Banchi – Independent non executive director**
- (a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 22, 2014.
  - (b) Compensations, including the related attendance fees, for participation in the Nomination and Compensation Committee as chairman (for an amount of Euro 40,000) and for participation in the Related Parties Committee (for an amount of Euro 25,000).
- (5) **Alberto Bianchi – Independent non executive director**
- (a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 22, 2014.
  - (b) Compensations, including the related attendance fees, for participation in the Related Parties Committee as chairman (for an amount of Euro 35,000), and in the Corporate Governance and Sustainability Committee (for an amount of Euro 28,000).
- (6) **Paola Girdinio – Independent non executive director**
- (a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 22, 2014.
  - (b) Compensations, including the related attendance fees, for participation in the Nomination and Compensation Committee (for an amount of Euro 30,000) and in the Control and Risk Committee (for an amount of Euro 34,000).
- (7) **Alberto Pera – Independent non executive director**
- (a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 22, 2014.
  - (b) Compensations, including the related attendance fees, for participation on the Nomination and Compensation Committee (for an amount of Euro 30,000) and in the Control and Risk Committee (for an amount of Euro 34,000).
- (8) **Anna Chiara Svelto – Independent non executive director**
- (a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 22, 2014.
  - (b) Compensations, including the related attendance fees, for participation on the Nomination and Compensation Committee (for an amount of Euro 30,000) and in the Control and Risk Committee (for an amount of Euro 34,000).
- (9) **Angelo Taraborrelli – Independent non executive director**
- (a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 22, 2014.
  - (b) Compensations, including the related attendance fees, for participation in the Control and Risk Committee as chairman (for an amount of Euro 44,000) and in the Related Parties Committee (for an amount of Euro 25,000).
- (10) **Sergio Duca – Chairman of the Board of Statutory Auditors**
- (a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on April 30, 2013 (for the office 2013/2015) and by the ordinary Shareholders' Meeting held on May 26, 2016 (for the office 2016/2018).
- (11) **Romina Guglielmetti – Regular auditor from May 26, 2016**
- (a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 26, 2016, paid *pro rata temporis* until December 31, 2016.
- (12) **Roberto Mazzei – Regular auditor from May 26, 2016**
- (a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 26, 2016, paid *pro rata temporis* until December 31, 2016.
- (13) **Lidia D'Alessio – Regular auditor until May 26, 2016**
- (a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on April 30, 2013, paid *pro rata temporis* until the date of expiration of the office.
- (14) **Gennaro Mariconda – Regular auditor until May 26, 2016**
- (a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on April 30, 2013, paid *pro rata temporis* until the date of expiration of the office.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
First name and last name	Office	Period during which office was held	Expiration date of the office	Fixed compensation	Compensation for participation in committees	Non-equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Indemnity for severance/ termination of employment relationship
						Bonus and other incentives	Profit sharing					
<b>(I) Compensation from the company that drafts the financial statements</b>												
-	Executives with strategic responsibilities <sup>(1)</sup>	-	-	3,701,125	-	6,088,294	-	296,696 <sup>(2)</sup>	144,355	<b>10,230,470</b>	-	-
<b>(II) Compensation from subsidiaries and affiliates</b>												
-	Executives with strategic responsibilities <sup>(1)</sup>	-	-	1,809,944	-	3,046,323	-	491,674 <sup>(2)</sup>	-	<b>5,347,941</b>	-	-
<b>(III) Total</b>				<b>5,511,069</b>	-	<b>9,134,617</b>	-	<b>788,370 <sup>(2)</sup></b>	<b>144,355</b>	<b>15,578,411</b>	-	-

**Notes:**

<sup>(1)</sup> The data set forth in the chart include all persons who, during the financial year 2016, held the role of Executive with Strategic Responsibilities (for an overall number of 11 positions).

<sup>(2)</sup> Benefits related to (i) the company car awarded for mixed use (personal and business, on the basis of the value subject to pension contributions and taxes, as provided under the ACI tables); (ii) the insurance policies executed in favor of Executive with strategic responsibilities covering the risk of accidents that are not work-related; (iii) the contributions borne by Enel for the supplementary Pension Fund for the group's executives; and (iv) the contributions borne by Enel for Supplementary Healthcare Assistance (Assistenza Sanitaria Integrativa).

Table 2: Monetary incentive plan for the members of the Board of Directors, for the General Manager and for the Executives with strategic responsibilities

The following chart sets forth compensations arising from the monetary incentive plans, on an accrual basis, for the members of the Board of Directors,

for the General Manager and for the Executives with strategic responsibilities, in compliance with Annex 3A, Table 7-*bis*, of Consob Issuers' Regulation.

A First name and last name	B Office	(1) Plan	(2) Bonus for the year			(3) Bonus for past years			(4) Other bonuses
			(A) Disbursable/Disbursed	(B) Deferred	(C) Deferral period	(A) No longer disbursable	(B) Disbursable/disbursed	(C) Still deferred	
			Francesco Starace	Chief Executive Officer / General Manager	MBO 2016	1,386,000	-	-	
		LTI 2014 <sup>(1)</sup>	-	-	-	-	267,585	624,366 <sup>(2)</sup>	-
A	B	(1)	(2)			(3)			(4)
First name and last name	Office	Plan	Bonus for the year			Bonus for past years			Other bonuses
			(A) Disbursable/Disbursed	(B) Deferred	(C) Deferral period	(A) No longer disbursable	(B) Disbursable/disbursed	(C) Still deferred	
-	Executives with strategic responsibilities								
(I) Compensation from the company that drafts the financial statements		MBO 2016	3,204,175	-	-	-	-	-	-
		LTI 2013	-	-	-	-	1,812,654	-	-
		LTI 2014	-	-	-	-	1,071,465	2,500,085 <sup>(2)</sup>	-
(I) Sub-total			<b>3,204,175</b>	-	-	-	<b>2,884,119</b>	<b>2,500,085</b>	-
(II) Compensation from subsidiaries and affiliates		MBO 2016	1,487,250	-	-	-	-	-	-
		LTI 2013	-	-	-	-	1,031,592	-	-
		LTI 2014	-	-	-	-	527,481	1,230,789 <sup>(2)</sup>	-
(II) Sub-total			<b>1,487,250</b>	-	-	-	<b>1,559,073</b>	<b>1,230,789</b>	-
<b>(III) Total</b>			<b>4,691,425</b>	-	-	-	<b>4,443,192</b>	<b>3,730,874</b>	-

**Notes:**

<sup>(1)</sup> The 2014 LTI Plan was awarded to Francesco Starace *pro rata temporis* based on to the effective term of the management and executive relationship with Enel S.p.A. during the financial year 2014.

<sup>(2)</sup> Quota of the 2014 LTI Plan that will be paid in 2018 (for an amount equal to 70% of the final bonus, as provided by the 2014 LTI Plan Regulation).

### 2.3. Shareholdings held by members of the Board of Directors, of the Board of Statutory Auditors, of the General Manager and of Executives with strategic responsibilities

The following chart sets forth the shares in Enel and its subsidiaries held by the members of the Board of Directors and of the Board of Statutory Auditors, by the General Manager and by Executives with strategic responsibilities, as well as by their spouses who are not legally separated and minor children, either directly or through subsidiaries, trusts or agents, as set

forth in the shareholders' ledger, based on the communications received and on the information gathered from the persons involved. The data related to the Executives with strategic responsibilities are provided on an aggregate basis, in compliance with Annex 3A, Table 7-ter, of Consob Issuers' Regulation.

The chart is filled out only with reference to the persons who held, during the 2016, shares in Enel or companies controlled by it, including those who were in office for a fraction of the year.

Last Name and First Name	Office	Company in which shares are held	Number of shares held at the end of 2015	Number of shares purchased in 2016	Number of shares sold in 2016	Number of shares held at the end of 2016	Title of possession
<b>Members of the Board of Directors</b>							
Starace Francesco	Chief Executive Officer/ General Manager	Enel S.p.A.	195,787 <sup>(1)</sup>	375,651 <sup>(2) (6)</sup>	451,818 <sup>(3)</sup>	119,620 <sup>(4)</sup>	Ownership
		Enel Green Power S.p.A.	202,000 <sup>(5)</sup>	-	202,000 <sup>(6)</sup>	-	Ownership
		Endesa S.A.	10	-	-	10	Ownership
Girdinio Paola	Director	Enel S.p.A.	784 <sup>(7)</sup>	-	-	784 <sup>(7)</sup>	Ownership
<b>Members of the Board of Statutory Auditors</b>							
Guglielmetti Romina	Regular Auditor	Enel S.p.A.	-	364 <sup>(8)</sup>	364	-	Ownership
		Enel Green Power S.p.A.	750	-	750 <sup>(8)</sup>	-	Ownership
Tono Alfonso	Alternate Auditor	Enel S.p.A.	507	-	-	507	Ownership
Tutino Franco	Alternate Auditor	Enel S.p.A.	262 <sup>(9)</sup>	-	-	262 <sup>(9)</sup>	Ownership
D'Alessio Lidia	Expired Regular Auditor	Enel S.p.A.	67,000 <sup>(10)</sup>	25,000 <sup>(10)</sup>	67,000 <sup>(10)</sup>	25,000 <sup>(10)</sup>	Ownership
Mariconda Gennaro	Expired Regular Auditor	Enel S.p.A.	251,476	-	-	251,476	Ownership
<b>Executives with strategic responsibilities</b>							
No.11 positions	Executives with strategic responsibilities	Enel S.p.A.	210,690 <sup>(11) (7)</sup>	83,771 <sup>(13)</sup>	-	294,461 <sup>(12)</sup>	Ownership
		Enel Green Power S.p.A.	149,437 <sup>(7)</sup>	-	149,437 <sup>(13)</sup>	-	Ownership
		Endesa S.A.	7,384 <sup>(7)</sup>	-	-	7,384	Ownership

#### Notes:

<sup>(1)</sup> Of which 34,307 personally and 161,480 by his spouse.

<sup>(2)</sup> Of which 297,891 personally and 77,760 by his spouse.

<sup>(3)</sup> Of which 332,198 personally and 119,620 by his spouse.

<sup>(4)</sup> Shares entirely held by his spouse.

<sup>(5)</sup> Of which 42,000 personally and 160,000 by his spouse.

<sup>(6)</sup> As a consequence of the partial non-proportional demerger of Enel Green Power S.p.A. in favour of Enel S.p.A., effective from the end of March 31, 2016, no. 202,000 Enel Green Power S.p.A. shares (of which 42,000 held personally and 160,000 held by his spouse) have been exchanged with no. 98,172 Enel S.p.A. shares (of which 20,412 personally and 77,760 by his spouse). Such shares received in the context of the demerger are included in the amount of Enel S.p.A. shares purchased in 2016.

<sup>(7)</sup> Of which 392 personally and 392 by her spouse.

<sup>(8)</sup> As a consequence of the partial non-proportional demerger of Enel Green Power S.p.A. in favour of Enel S.p.A., effective from the end of March 31, 2016, no. 750 Enel Green Power S.p.A. shares have been exchanged with no. 364 Enel S.p.A. shares. Such shares received in the context of the demerger are included in the amount of Enel S.p.A. shares purchased in 2016.

<sup>(9)</sup> Shares entirely held by his spouse.

<sup>(10)</sup> Shares entirely held and traded by her spouse.

<sup>(11)</sup> Of which 206,358 personally and 4,332 by the spouse.

<sup>(12)</sup> Of which 290,129 personally and 4,332 by the spouse.

<sup>(13)</sup> As a consequence of the partial non-proportional demerger of Enel Green Power S.p.A. in favour of Enel S.p.A., effective from the end of March 31, 2016, no. 149,437 Enel Green Power S.p.A. shares, as well as the additional Enel Green Power S.p.A. shares purchased through the exercise of option and pre-emption rights, have been exchanged with no. 72,771 Enel S.p.A. shares. Such shares received in the context of the demerger are included in the amount of Enel S.p.A. shares purchased by the Executives with strategic responsibilities in 2016.

<sup>(7)</sup>The number of the shares is referred to the participations held at the end of 2015 by those who during 2016 have been Executives with strategic responsibilities.



## PROPOSAL OF RESOLUTION

In consideration of the foregoing, we submit to Your approval the following:

### Agenda

The Shareholders' Meeting of Enel S.p.A.,

- having examined the remuneration report drawn up by the Board of Directors, pursuant to Article 123-*ter* of Legislative Decree No. 58 dated February 24, 1998, and Article 84-*quater* of the Issuers' Regulation adopted by Consob with Resolution No. 11971/1999;
- having examined and discussed, in particular, the first section of the aforementioned report containing the description of the policy for the remuneration of the members of the Board of Directors, of the General Manager and of the Executives with strategic responsibilities adopted by the Company for the financial year 2017, as well as of the procedures used for the adoption and implementation of such policy;
- considering that the aforesaid remuneration policy has been prepared pursuant to the recommendations of the Corporate Governance Code for listed companies, which the Company complies with;
- considering that, pursuant to Article 123-*ter*, paragraph 6, of Legislative Decree No. 58 dated February 24, 1998, this Shareholders' Meeting is called to express a non-binding vote of the first section of the remuneration report;

### resolves

to vote in favor of the first section of the Remuneration Report drawn up pursuant to Article 123-*ter* of Legislative Decree No. 58 dated February 24, 1998, and Article 84-*quater* of the Issuers' Regulation adopted by Consob with Resolution No. 11971/1999, containing the description of the policy for the remuneration of the members of the Board of Directors, of the General Manager and of the Executives with strategic responsibilities adopted by the Company for the financial year 2017, as well as of the procedures used for the adoption and implementation of such policy.