



## **REPORT OF THE BOARD OF DIRECTORS ON THE SECOND ITEM ON THE AGENDA OF THE ORDINARY MEETING**

### **Allocation of the annual net income and distribution of available reserves**

Dear Shareholders,

we remind you that the dividend policy contained in the 2017-2019 Strategic Plan (presented to the financial community in November 2016) provides, with specific regard to the 2017 results, for the payment to Shareholders of an amount equal to the value of whichever is higher: either Euro 0.21 per share or 65% of the net ordinary income of the Enel Group for 2017, to be paid in two installments, through payment of an interim dividend scheduled for January and payment of the balance of the dividend scheduled for July.

In light of the above, on November 8, 2017 the Board of Directors has approved, pursuant to Article 2433-*bis* of the Italian Civil Code and Article 26.3 of the Corporate Bylaws, the distribution of an interim dividend for the financial year 2017 of Euro 0.105 per share (for a total amount of Euro 1,067,501,394.33), that has been paid, gross of any withholding tax, from January 24, 2018.

Given the amount of the paid interim dividend and taking into account that the Group's ordinary net income for 2017 amounts to approximately Euro 3,709 million (against the Group's net income of approximately Euro 3,779 million), in accordance with the above-mentioned dividend policy, the Board of Directors proposes to distribute a balance of the dividend amounting to Euro 0.132 per share (for a total amount of Euro 1,342,001,752.87), to be paid in July 2018. Therefore, the total dividend for the financial year 2017 amounts to Euro 0.237 per share, for an amount of approximately Euro 2,410 million and a pay-out ratio of 65% against the Enel Group's net ordinary income, which therefore exceeds the minimum amount of Euro 0.21 per share granted by the said dividend policy.

Moreover, taking into account that Enel S.p.A.'s net income for 2017 amounts to approximately Euro 2,270 million, in order to allow the distribution of the aforementioned balance of the dividend, it is envisaged that a part of the available reserve named "retained earnings" (amounting to approximately Euro 4,424 million as of December 31, 2017) will be used in addition to Enel S.p.A.'s net income.

In light of the foregoing and considering that the legal reserve is already equal to the maximum amount of one-fifth of the share capital (as provided for by Article 2430, paragraph 1, of the Italian Civil Code), we therefore submit for your approval the following

### **Agenda**

The Shareholders' Meeting of Enel S.p.A., having examined the explanatory report of the Board of Directors,

### **resolves**

1. to earmark Enel S.p.A.'s net income for the year 2017, amounting to Euro 2,269,988,186.84, as follows:
  - for distribution to the Shareholders:
    - Euro 0.105 for each of the 10,166,679,946 ordinary shares in circulation on the ex-dividend date, to cover the interim dividend payable from January 24, 2018, the ex-dividend date of coupon no. 27 having fallen on January 22, 2018 and the "record date" (*i.e.* the date of the title to the payment of the dividend, pursuant to Article 83-*terdecies* of the Legislative Decree no. 58 of February 24, 1998 and to Article 2.6.6, paragraph 2, of the Rules of the Markets organized and managed by Borsa Italiana S.p.A.) on January 23, 2018, for an overall amount of Euro 1,067,501,394.33;
    - Euro 0.118 for each of the 10,166,679,946 ordinary shares in circulation on July 23, 2018 (*i.e.* on the scheduled ex-dividend date), as the balance of the dividend, for an overall amount of Euro 1,199,668,233.63;
  - for "retained earnings" the remaining part of the net income, for an overall amount of Euro 2,818,558.88 ;
2. to earmark for the distribution to the Shareholders, always as the balance of the dividend, also a part of the available reserve named "retained earnings"

allocated in the financial statements of Enel S.p.A. (amounting as of December 31, 2017 to Euro 4,424,283,417.19), for an amount of Euro 0.014 for each of the 10,166,679,946 ordinary shares in circulation on July 23, 2018 (*i.e.* on the scheduled ex-dividend date), for an overall amount of Euro 142,333,519.24;

3. to pay, before withholding tax, if any, the overall balance of the dividend of Euro 0.132 per ordinary share – of which Euro 0.118 as distribution of part of the remaining 2017 net income and Euro 0.014 as partial distribution of the available reserve named “retained earnings” – as from July 25, 2018, with the ex-dividend date of coupon no. 28 falling on July 23, 2018 and the “record date” (*i.e.* the date of the title to the payment of the dividend, pursuant to Article 83-*terdecies* of the Legislative Decree no. 58 of February 24, 1998 and to Article 2.6.6, paragraph 2, of the Rules of the Markets organized and managed by Borsa Italiana S.p.A.) coinciding with July 24, 2018.