ENEL – Società per Azioni

(incorporated with limited liability in Italy)

€750,019,000 5.5 Year Non-Call Capital Securities due 2078
€750,000,000 8.5 Year Non-Call Capital Securities due 2081

ENEL – Società per Azioni (the "**Issuer**" or "**ENEL**") will issue €750,019,000 5.5 Year Non-Call Capital Securities due 2078 (the "**NC2023 Securities**") and €750,000,000 8.5 Year Non-Call Capital Securities due 2081 (the "**NC2026 Securities**", and, together with the NC2023 Securities, the "**Securities**") on 24 May 2018 (the "**Issue Date**"). The NC2023 Securities will comprise €500,000,000 in aggregate principal amount of standalone new NC2023 Securities to be issued for subscription for cash (the "**Standalone New Securities**") and €250,019,000 in aggregate principal amount of NC2023 Securities to be issued in exchange for existing securities pursuant to the Exchange Offer referred to under "Business – Recent Significant Transactions and Developments – Exchange Offer" below (the "**Exchange New Securities**"). The Standalone New Securities and the Exchange New Securities constitute the same class and form a single series of NC2023 Securities.

The NC2023 Securities will bear interest on their principal amount (a) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 2.500 per cent. per annum and (b) from (and including) the First Reset Date to (but excluding) the Maturity Date, at, in respect of each Reset Period, the relevant EUR 5 year Swap Rate plus (A) in respect of the Reset Period commencing on the First Reset Date to but excluding 24 November 2028, 2.096 per cent. per annum, (B) in respect of the Reset Periods commencing on 24 November 2028, 24 November 2033 and 24 November 2038, 2.346 per cent. per annum, and (C) in respect of any other Reset Period after 24 November 2038, 3.096 per cent. per annum (each, as defined in "Terms and Conditions of the NC2023 Securities"). Interest on the Securities will be payable annually in arrear on 24 November in each year (each an Interest Payment Date (as defined in "Terms and Conditions of the NC2023 Securities"), except that the first payment of interest, to be made on 24 November 2018, will be in respect of the period from and including 24 May 2018 to but excluding 24 November 2018.

The NC2026 Securities will bear interest on their principal amount (a) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 3.375 per cent. per annum and (b) from (and including) the First Reset Date to (but excluding) the Maturity Date, at, in respect of each Reset Period, the relevant EUR 5 year Swap Rate plus (A) in respect of the Reset Period commencing on the First Reset Date to but excluding 24 November 2031, 2.580 per cent. per annum, (B) in respect of the Reset Periods commencing on 24 November 2031, 24 November 2036 and 24 November 2041, 2.830 per cent. per annum, and (C) in respect of any other Reset Period after 24 November 2041, 3.580 per cent. per annum (each, as defined in "Terms and Conditions of the NC2026 Securities"). Interest on the Securities will be payable annually in arrear on 24 November in each year (each an Interest Payment Date (as defined in "Terms and Conditions of the NC2026 Securities"), except that the first payment of interest, to be made on 24 November 2018, will be in respect of the period from and including 24 May 2018 to but excluding 24 November 2018.

References in this Offering Circular to the "**relevant Securities**" are to the NC2023 Securities or the NC2026 Securities, respectively, references to the "**relevant Terms and Conditions of the Securities**" are to the Terms and Conditions of the NC2023 Securities or the Terms and Conditions of the NC2026 Securities, respectively and references to the "**relevant Securityholders**" are to the holders of the relevant Securities.

Payment of interest on the Securities may be deferred at the option of the Issuer in certain circumstances, as set out under "Terms and Conditions of the NC2023 Securities" in respect of the NC2023 Securities and "Terms and Conditions of the NC2026 Securities" in respect of the NC2026 Securities.

The Securities will be issued in bearer form, with interest coupons appertaining to the Securities (the "**Coupons**") and one talon for further interest coupons (the "**Talon**") attached on issue, each pursuant to a trust deed each dated 24 May 2018 between the Issuer and BNY Mellon Corporate Trustee Services Limited, as trustee (the "**Trustee**") (the "**Trust Deeds**" and each, a "**Trust Deed**"). The Securities will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

Unless previously redeemed by the Issuer as provided below, the Issuer will redeem the NC2023 Securities on 24 November 2078 and the NC2026 Securities on 24 November 2081 at their principal amount, together with interest accrued to, but excluding, such date and any Arrears of Interest (as defined in the relevant Terms and Conditions of the Securities). The Issuer may redeem all, but not some only, of the relevant Securities on any Call Date at their principal amount together with any interest accrued up to, but excluding, the applicable Call Date and any Arrears of Interest. The Issuer may also redeem all, but not some only, of the Securities at the applicable Early Redemption Price at any time upon the occurrence of a Withholding Tax Event, an Accounting Event, a Rating Methodology Event or a Tax Deductibility Event (each as defined in the relevant Terms and Conditions of the Securities). In the event that at least 80 per cent. of the aggregate principal amount of the Securities issued on the Issue Date has been purchased by or on behalf of the Issuer or a Subsidiary (as defined in the relevant Terms and Conditions of the Securities) and cancelled, the Issuer may redeem all, but not some only, of the outstanding Securities at the applicable Early Redemption Price. See "Terms and Conditions of the NC2023 Securities – Redemption and Purchase – Purchases and Substantial Repurchase Event" in respect of the NC2023 Securities and "Terms and Conditions of the NC2026 Securities – Redemption and Purchase – Purchases and Substantial Repurchase Event" in respect of the NC2026 Securities.

If at any time after the Issue Date the Issuer determines that a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or an Accounting Event has occurred and is continuing, and has provided the Trustee with the relevant certificate and opinion, or in the case of Condition 6.5 only, the Rating Agency Confirmation pursuant to Conditions 6.3, 6.4, 6.5 or 6.6 (as applicable), then the Issuer may, without any requirement for the consent or approval of the Securityholders or Couponholders and subject to the pre-conditions set out in Condition 7.2, (i) exchange the Securities or (ii) vary the terms of the Securities, so that after such exchange or variation the Securities remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer) more favourable tax, accounting or ratings treatment than the treatment to which they were entitled prior to the relevant event occurring. See "Terms and Conditions of the NC2023 Securities – Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation" in respect of the NC2023 Securities and "Terms and Conditions of the NC2026 Securities – Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation" in respect of the NC2026 Securities.

The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank and will at all times rank *pari passu* without any preference among themselves and with Parity Securities and senior only to the Issuer's payment obligations in respect of any Junior Securities (each as defined in the relevant Terms and Conditions of the Securities). The Securities constitute *obbligazioni* pursuant to Article 2410 et seq. of the Italian Civil Code. The Securities will not be guaranteed.

An investment in the Securities involves certain risks. For a discussion of risks, see "Risk Factors" beginning on page 1.

This Offering Circular has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). The Central Bank only approves this Offering Circular as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Securities which are to be admitted to trading on the regulated market of Euronext Dublin or other regulated markets for the purposes of Directive 2014/65/EC ("**MiFID II**") or which are to be offered to the public in any member state of the European Economic Area. Application has been made to Euronext Dublin for the Securities to be admitted to the Official List and trading on its regulated market.

This Offering Circular is available for viewing on the website of the Central Bank (www.centralbank.ie).

Subject to and as set out in "Terms and Conditions of the NC2023 Securities – Taxation", in respect of the NC2023 Securities and "Terms and Conditions of the NC2026 Securities – Taxation", in respect of the NC2026 Securities, the Issuer shall not be liable to pay any Additional Amounts to holders of the Securities in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of 1 April, 1996 (as the same may be amended or supplemented from time to time, "**Decree No. 239**") where the Securities are held by a Securityholder resident for tax purposes in a country that does not allow for a satisfactory exchange of information with Italy and otherwise in the circumstances described in "Terms and Conditions of the NC2023 Securities – Taxation", in respect of the NC2023 Securities and "Terms and Conditions of the NC2026 Securities – Taxation", in respect of the NC2026 Securities.

The Securities are expected to be rated "Ba1" by Moody's Investors Service Ltd. ("**Moody's**"), "BBB-" by S&P Global Ratings ("**S&P**") and "BBB-" by Fitch Ratings Ltd. ("**Fitch**"). Each of Moody's, S&P and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of Moody's, S&P and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Each of the NC2023 Securities and the NC2026 Securities will initially be represented by a temporary global security (the "**Temporary Global Security**"), without interest coupons, which will be deposited on or about the Issue Date with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**"). Interests in such Temporary Global Security will be exchangeable for interests in a permanent global security (the "**Permanent Global Security**" and, together with the Temporary Global Security, the "**Global Securities**"), without interest coupons, after 40 days after the commencement of this offering, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Security will be exchangeable for definitive Securities only in certain limited circumstances. See "Overview of the Terms of the Securities".

Banca IMI S.p.A., BNP Paribas, CaixaBank S.A., Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, Goldman Sachs International, ING Bank N.V., J.P. Morgan Securities plc, Merrill Lynch International, MUFG Securities EMEA plc, NatWest Markets Plc, Société Générale and UniCredit Bank AG (the "**Joint Lead Managers**"), expect to deliver the Securities to purchasers in bearer form on or about 24 May 2018.

The Securities have not been and will not be registered under the U. S. Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and are bearer securities that are subject to U.S. tax law requirements. The Securities may not be offered, sold or delivered within the United States or for the account or benefit of U.S. Persons (as defined in Regulation S under the Securities Act). For a description of these and certain further restrictions on offers, sales and transfers of Securities and distribution of this Offering Circular, see "Subscription and Sale".

Joint Lead Managers

Banca IMI	BNP PARIBAS	BofA Merrill Lynch
Crédit Agricole CIB	CaixaBank S.A.	Citigroup
Commerzbank	Deutsche Bank	Goldman Sachs International
ING	J.P. Morgan	MUFG
NatWest Markets	Société Générale Corporate & Investment Banking	UniCredit Bank

The date of this Offering Circular is 22 May 2018.

NOTICE TO INVESTORS

This Offering Circular comprises a prospectus for purposes of Article 5.3 of the Prospectus Directive.

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. Certain Information has been extracted from or is the result of the Issuer's elaboration on information provided by third-party sources, such as company filings, National Regulators Annual Reports and leading information providers, which the Issuer deems to be the most reliable. The Issuer confirms that such information has been accurately reproduced and, as far as it is aware and is able to ascertain from published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or the Trustee as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the offering of the Securities.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Principal Paying Agent or the Agent Bank (each as defined in the relevant Terms and Conditions of the Securities) accepts any responsibility for the contents of this Offering Circular or for any other statements made or purported to be made by any of the Joint Lead Managers or on its behalf or by the Trustee or on its behalf in connection with the Issuer or issue and offering of any Securities. Each of the Joint Lead Managers, the Trustee, the Principal Paying Agent and the Agent Bank accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Joint Lead Managers or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Joint Lead Managers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the offering of the Securities should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Securities is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Securities or to advise any investor in the Securities of any information coming to their attention.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer, or an invitation, to buy the Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of the Securities may be restricted by law in certain jurisdictions. None of the Issuer, the Joint Lead Managers or the Trustee represents that this

Offering Circular may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Lead Managers or the Trustee that would permit a public offering of the Securities or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of the Securities. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of the Securities in the United States, the United Kingdom and the Republic of Italy. See "Subscription and Sale".

MIFID II product governance / professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities (as defined herein) has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IN CONNECTION WITH THE OFFERING OF THE SECURITIES, J.P. MORGAN SECURITIES PLC (OR PERSONS ACTING ON ITS BEHALF) (TOGETHER THE "**STABILISING MANAGER**") MAY OVER-ALLOT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION ACTION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

TABLE OF CONTENTS

Page

RISK FACTORS 1

INCORPORATION BY REFERENCE 29

PRESENTATION OF FINANCIAL AND OTHER INFORMATION 32

OVERVIEW 38

USE OF PROCEEDS 53

CAPITALISATION 54

SELECTED FINANCIAL DATA 55

BUSINESS 59

MANAGEMENT 98

PRINCIPAL SHAREHOLDERS 120

TRANSACTIONS WITH RELATED PARTIES 121

TERMS AND CONDITIONS OF THE NC2023 SECURITIES 122

TERMS AND CONDITIONS OF THE NC2026 SECURITIES 146

OVERVIEW OF PROVISIONS RELATING TO THE SECURITIES WHILE REPRESENTED BY THE GLOBAL SECURITIES 170

CERTAIN TAX CONSIDERATIONS 173

SUBSCRIPTION AND SALE 182

GENERAL INFORMATION 185

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Securities. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors that are material for the purpose of assessing the market risks associated with the Securities are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Securities may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to the Issuer and which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views, based upon their own judgment and upon advice from such financial, legal and tax advisers as they have deemed necessary, prior to making any investment decision.

References to the "relevant Securities" are to the NC2023 Securities and the NC2026 Securities, respectively and references to the "relevant Terms and Conditions of the Securities" and the "relevant Conditions" are references to Conditions under "Terms of the NC2023 Securities" and "Terms of the NC2026 Securities", respectively. Words and expressions defined in the relevant Terms and Conditions of the Securities or elsewhere in this Offering Circular have the same meanings in this section.

Risks related to the Group

Due to the nature of its business, the Group is exposed to a variety of risks, including, *inter alia*, market risks, credit risk, liquidity risk, industrial and environmental risks and regulatory risk, which are discussed herein below.

The Group is burdened by significant indebtedness and it must generate sufficient cash flow to service

As of 31 December 2017, the Group's net financial debt was equal to € 37,410 million, compared to € 37,553 million as of 31 December 2016. The Group's net financial debt is calculated in accordance with paragraph 127 of Recommendation CESR/05-054b implementing Regulation 2004/809/EC and in line with the CONSOB instructions of 26 July 2007, net of financial receivables and long-term securities.

As of 31 December 2017, the repayment schedules of the Group's long-term debt provided for the repayment of €7,000 million in 2018 (full year) and €3,945 million in 2019. The Group's net short-term financial debt (including current maturities of long-term debt) showed a net creditor position and amounted to € 2,585 million as of 31 December 2017, compared to €1,162 million as of 31 December 2016. Any failure by the Group to make any of its scheduled debt repayments, or to reschedule such debt on favourable terms, would have a material adverse effect on the Group, its business prospects, its financial condition and its results of operations. For further information on the performance indicators, see paragraph headed "*Definition of performance indicators*" on pages 24 and 25 of the 2017 Audited Consolidated Financial Statements that is incorporated by reference hereto.

The credit agreements and bond agreements that the Group has entered into contain restrictive covenants that limit its operations

The agreements relating to the long-term financial indebtedness of the Group contain covenants that must be complied with by the borrowers (ENEL and the other companies of the Group) and, in certain instances, by ENEL, as guarantor. The failure to comply with any of them could constitute a default, which could have a material adverse effect upon the Group, its business prospects, its financial condition or its results of operations. In addition, covenants such as "negative pledge" clauses, "material change" clauses and covenants requiring

the maintenance of particular financial ratios or credit ratings, constrain the Group's ability to acquire or dispose of assets or incur new debt.

A portion of the Group's indebtedness is subject to floating interest rates, thus subjecting the Group to the risk of adverse interest rate fluctuations

Market interest rate affects ENEL results mainly through possible increase in interest expenses due to floating rate indexed debt. As at 31 December 2017, 27.4 per cent. of gross financial debt was floating rate, as compared to 33.1 per cent. as of 31 December 2016. Taking into account the hedge accounting of interest rates considered effective pursuant to the IFRS-EU, as of 31 December 2017 21.8 per cent. of the debt was exposed to interest rate risk 28.1 per cent. as at 31 December 2016). Any significant increase in interest rates could therefore lead to an increase in the Group's debt service expenses, which would have a material adverse effect on the Group, its business prospects, its financial condition and its results of operations.

The Group adopted risk management policies that provide for the hedging of interest rate risk exposure in line with limits and targets assigned by the top management of the Group. Hedging activities typically entail the use of derivative instruments aiming at transforming floating rate liabilities into fixed rate liabilities and sometimes require the posting of cash collateral to the relevant hedging counterparties. Nevertheless, the Group has not eliminated its exposures to interest rate risk and the Issuer cannot offer assurance that they will function as intended.

Nevertheless, the Group has not eliminated its exposures to interest rate risk and ENEL cannot offer assurance that they will function as intended and to the extent the Group fails to adequately manage the risks inherent in interest rate volatility, the results of its operations may be adversely impacted. In addition, it is possible that the hedging and derivative instruments used by the Group to establish a fixed rate for certain of its floating rate liabilities may lock the Group into interest rates that are ultimately higher than actual market interest rates and could also entail significant costs for the Group.

ENEL's ability to access credit and bond markets on acceptable terms is in part dependent on its credit ratings, which have come under scrutiny due to its level of debt

ENEL's long-term debt is currently rated "BBB+" (stable outlook) by S&P Global Ratings ("**S&P**"), "BBB+" (stable outlook) by Fitch Ratings Ltd ("**Fitch**") and "Baa2" (stable outlook) by Moody's Investors Service ("**Moody's**"). The credit ratings included or referred to in this Offering Circular will be treated for the purposes of Regulation (EC) No. 1060/2009 (as amended) on credit rating agencies (the "**CRA Regulation**") as having been issued by S&P, Moody's and Fitch upon registration pursuant to the CRA Regulation. S&P, Moody's and Fitch are established in the EU and registered under the CRA Regulation. Each of Moody's, S&P and Fitch is included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. Each of these ratings is near the low-end of the respective rating agency's scale of investment-grade ratings. ENEL's ability to access the capital markets and other forms of financing (or refinancing), and the costs connected with such activities, depend on the credit ratings assigned to the Issuer. In addition, any future downgrade of the sovereign credit rating of Italy and/or Spain or the perception that such a downgrade may occur may adversely affect the markets' perception of ENEL's creditworthiness and have a negative impact on the Group's credit ratings. Any worsening of credit ratings could limit ENEL's ability to access capital markets and other forms of financing (or refinancing), or increase the costs related thereto, with related adverse effects on the Issuer's and the Group's business prospects, financial condition and results of operations as well as its ability to implement the 2018-2020 Strategic Plan, which contemplates a significant amount of capital expenditure (See "ENEL's ability to successfully execute its 2018-2020 Strategic Plan is not assured").

Certain credit agreements entered into by companies belonging to the Group, state that the overall pricing applicable to the loans there under may vary according to ENEL's credit rating by S&P or Moody's. Any downgrade could thus affect the amount of interest payable by ENEL. In addition, the possibility of access to the capital markets, to other forms of financing and the associated costs is also dependent, amongst other things, on the rating assigned to the Group. Therefore any reduction of such ratings could limit ENEL's access to the capital markets, and could increase the cost of borrowing and/or the refinancing of the existing debt. Any downgrade could therefore have adverse effects on the Issuer's and the Group's business prospects, financial condition and results of operations.

ENEL's ability to successfully execute its 2018-2020 Strategic Plan is not assured.

On 21 November 2017, ENEL's Board of Directors announced the Group's 2018-2020 Strategic Plan (the "**Strategic Plan**"), which contains the strategic guidelines and growth objectives of the Group for the relevant period, as well as some forecasts with regard to the Group's expected results of operations. The Strategic Plan contemplates, among other things, cost reductions by 2020 of 7 per cent. (in nominal terms) compared to 2017, an investment program of Euro 24.6 billion between 2018 and 2020 and including Euro 3.4 billion of capex under the build, sell and operate ("**BSO**") model, investments for the 2018-2020 period of €5.3 billion for the digitalisation of Group assets, people and customers, a capital expenditure program for a total of €4.7 billion on network infrastructures and €8.3 billion for renewable capacity objectives to sustain the Group's plan for a total decarbonisation of the generation mix by 2050 and 800 million of investments in e-Solutions. For further information see ''Business–Strategy''. The Strategic Plan and the projections contained therein are based on a series of critical assumptions, including among others the evolution of demand and prices for electricity, gas, fuels and average investment costs for the plants in the markets in which the Group operates, trends in relevant macroeconomic variables, and the evolution of the regulatory frameworks applicable to the Group. Achievement of the Strategic Plan objectives depends on both the timing of execution and the values realised from any disposal/acquisition. The strategic priorities set forth in the Strategic Plan also include an improvement of the operational efficiency and an acceleration of the industrial growth. In the event that one or more of the Strategic Plan's underlying assumptions proves incorrect or events evolve differently than as contemplated in the Strategic Plan (including because of events affecting the Group that may not be foreseeable or quantifiable, in whole or in part, as of the date hereof) the anticipated events and results of operations indicated in the Strategic Plan (and in this Offering Circular) could differ from actual events and results of operations. The Strategic Plan should not be unduly relied upon in any way by any investor in making an investment decision with respect to any Securities offered hereunder. Furthermore, this Offering Circular contains certain statements and estimates regarding the Group's competitive position in certain markets, including with respect to its pre-eminence in particular markets. Such statements are based on the best information available to the Group's management as of the date hereof. However, the Group faces competitive risks and its market positions may diverge from those expressed herein as a result of a variety of factors. Any failure by the Group to execute its Strategic Plan or maintain its market positions could have a material adverse effect upon the Group, its business prospects, its financial condition and its results of operations.

The Group faces risks relating to political, social or economic instability in some of the countries where the Group operates.

For the year ended on 31 December 2017, the Group's EBITDA from markets outside of Italy represented approximately 56 per cent. of the Group total Group's activities outside of Italy (in particular Russia and certain South American countries) are subject to a range of country-specific business risks, including changes to government policies or regulations in the countries in which it operates, changes in the commercial practice, the imposition of monetary and other restrictions on the movement of capital for foreign corporations, economic crises, state expropriation of assets, the absence, loss or non-renewal of favourable treaties or similar agreements with foreign tax authorities and general political, social and economic instability. Such countries may also be

characterised by inadequate creditors' protection due to a lack of efficient bankruptcy procedures, investment restrictions and significant exchange rate volatility.

Systemic (i.e. not diversifiable) risks, referred to as country risk, could have a material adverse effect on ENEL's business returns and, in order to effectively monitor them, ENEL regularly carries out a qualitative assessment process of the risks associated with each country where the Group operates. In addition, ENEL has developed a quantitative model using shadow rating approach in order to support processes for rating strategic investments in the context of industrial planning and business development.

There can be no assurance that these policies cover all of the potential liabilities which may arise in connection with country risk. Therefore, the occurrence of an event not covered, or partially covered, could have a material adverse effect upon the Group, its business prospects, its financial condition and its results of operations.

ENEL conducts its business in several different currencies and is exposed to exchange rate risks, particularly in relation to the rate of exchange between the Euro and the U.S. dollar

The Group is exposed to exchange rate risks in relation to cash flows connected to the purchase and/or sale of fuels and electricity on the international markets, cash flows related to investments or other financial income or expenses denominated in foreign currencies, such as dividends deriving from non-consolidated foreign subsidiaries, cash flows related to the purchase or sale of equity participations, and indebtedness in currencies different from those used in the countries where the Group has its principal operations. The Group has significant exposure to fluctuations of the Euro against the U.S. dollar and the currencies of the South American countries in which the Group is present, which have recently been subject to market volatility.

With reference to the transaction risk, which is the risk arising from the revaluation of assets and liabilities, the main source of risk is represented by debt denominated in foreign currencies. At 31 December 2017, 47 per cent. of the Group long-term debt was denominated in currencies other than euro, compared to 44 per cent. as of 31 December 2016. Furthermore, the percentage of debt not hedged against foreign exchange risk amounted to 17 per cent. at 31 December 2017, compared to 18 per cent. at 31 December 2016. Any future significant variations in exchange rates affecting the currencies in which the Group operates and/or failure of the Group's related hedging strategy could materially and adversely affect ENEL's and the Group's financial conditions and results of operations.

Revenues and costs denominated in foreign currencies may be significantly affected by exchange rate fluctuations, which may have an impact on commercial margins (*i.e.*, economic risk), and commercial and financing payables and receivables denominated in foreign currencies may be significantly affected by conversion rates used for profit and loss computation.

Furthermore, because the Group's consolidated financial statements are expressed in Euro but the financial statements of several subsidiaries are expressed in other currencies, negative fluctuations, in exchange rates could negatively affect the value of consolidated foreign subsidiaries' assets, income and equity, with a concomitant adverse effect on the Group's consolidated financial statements (*i.e.*, translation risk). For instance, due to the translation effect, an appreciation of the Euro against our significant other currencies, including the U.S. dollar, would adversely affect our results.

Exchange rate risk is managed in accordance with the Group financial risk management policies, which provide for the stabilisation of the effects of fluctuations in exchange rates to avoid such risk. To this end, the Group has developed operational processes that ensure the systematic coverage of exposures through appropriate hedging strategies, which typically involve the use of financial derivatives and the posting of cash collateral to our hedging counterparties. However, hedging instruments may not be successful in protecting the Group effectively from adverse exchange rate movements.

Risks related to the adverse financial and macroeconomic conditions within the Eurozone

Since 2013 the global economy has grown at a modest pace, curbed by the stagnation of economic activity in parts of Europe, as well as the slow-down of several emerging economies. In the Eurozone, the pace of economic recovery has lagged behind that of other advanced economies following the prior global recession, including as a result of the sovereign debt crisis that affected several European countries, including Italy and Spain. While economic growth has picked up in a few Eurozone countries over the past year, recovery remains relatively weak, particularly in Italy. Deflationary pressures, along with persisting weaknesses in the financial sector and in the job market, decreasing levels of savings among families, decreased consumer spending and reform fatigue weigh negatively on the outlook.

The economic recovery of the Eurozone may also be jeopardised by the current political instability affecting several countries, ranging from the UK's decision to leave the EU (as described in more detail below under "*The United Kingdom's decision to withdraw from the European Union may have a negative effect on global economic conditions, financial markets and our business*"), to the possible exit from the European Union of more Member States and/or the replacement of the Euro by one or more successor currencies to which the foregoing could lead. The political uncertainty in Italy resulting from the March 2018 elections and in Spain following the October 2017 referendum on secession from Spain promoted by the Catalan regional government and add uncertainties they could affect the Italian and Spanish economies.

These events could have a detrimental impact on the global economic recovery and the repayment of sovereign and non-sovereign debt in certain countries, as well as on the financial condition of European institutions, further increasing the volatility in the European financial markets.

There can be no assurance that the economy in Europe will not worsen, nor can there be any assurance that current or future assistance packages or measures granted to certain Eurozone countries will be available or, even if provided, will be sufficient to stabilise the affected countries and markets and secure the position of the Euro. These risks are especially significant in Italy and Spain, where a large proportion of the Group's European operations are concentrated. The economic downturn may also impact our customers and may result in their inability to pay the amounts owed to us. Continuation of further worsening of these difficult financial and macroeconomic conditions could have a material adverse effect upon the Group, its business prospects, its financial condition and its results of operations.

The United Kingdom's decision to withdraw from the European Union may have a negative effect on global economic conditions, financial markets and our business

On 29 March 2017 the UK delivered to the European Council notice of its intention to withdraw from the EU, pursuant to Article 50 of the Treaty on the European Union. The delivery of such notice started a two-year period during which the UK shall negotiate with the EU the terms of its withdrawal and of its future relationship with the EU. If the parties fail to reach an agreement within this time frame, all EU treaties cease to apply to the UK, unless the European Council, in agreement with the UK, unanimously decides to extend this period. Absent such extension and subject to the terms of any withdrawal agreement, the United Kingdom shall withdraw from the European Union no later than 29 March 2019. There are a number of uncertainties in connection with such negotiations, including their timing, and the future of the UK's relationship with the EU. In addition, the UK's decision to withdraw from the EU has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets, which could in turn depress economic activity and restrict our access to capital. Until the terms and timing of the UK's exit from the EU are clearer, it is not possible to determine the impact that the UK's departure from the EU and/or any related matters may have on the stability of the Eurozone or the European Union and, ultimately, on the business of the Group. As

such, no assurance can be given that such matters would not adversely affect the Group, its business prospects, its financial condition and its results of operations.

Changes in macro-economic, geo-political and market conditions, globally and in the countries in which the Group operates, as well any regulatory changes, may adversely affect the Group's business and financial condition.

Given the international span of the Group's operations, changes in the political situation in a country or region, furthermore, or political decisions that have an impact on a specific activity or geographic area, could have a significant impact on demand for the Group's products and services. Additionally, uncertainties regarding future trade arrangements and industrial policies in various countries or regions, also outside Europe, such as policies on energy savings and the possible introduction of customs duties by the United States, may create additional macroeconomic risk. Any developments involving these factors could have an adverse impact on the Group's business and operating results as well as the Group's financial condition, assets, business and results of operations.

Changes in the creditworthiness of Group's counterparties may adversely affect the Group's business and financial condition

The Group is exposed to credit risk deriving by commercial, commodity and financial operations. Credit risk is intended as the possibility that the Group's counterparties might not be able to discharge all or part of their obligations due to an unexpected change in the creditworthiness that impacts the creditor position, in terms of insolvency or changes in its market value.

Beginning in the last few years, with the instability and uncertainty of the financial markets and the global economic crisis, average payment times for trade receivables by counterparties have increased.

In this frame, the Group's general policy calls for the application of criteria in all the main regions/ countries/business lines for measuring credit exposures in order to promptly identify any deterioration in credit quality – determining any mitigation actions to implement – and to enable the monitoring and reporting of credit risk exposures at the Group level. Moreover, in the most regions/ countries/business lines the Group assesses in advance the creditworthiness of each counterparty with which it may establish its largest exposures on the basis of information supplied by independent providers and/or internal models.

In addition, for certain segments of its customer portfolio, the Group also enters into insurance contracts with leading credit insurance companies.

Notwithstanding such risk management policies and insurance, default by one or more significant counterparties of the Group may adversely affect the Group's results of operations and financial condition.

Changes in the level of liquidity available to ENEL may adversely affect the Group's results of operations and financial condition

The Group may not be able to meet its payment commitments or otherwise it may be able to do so only on unfavourable conditions. This may materially and adversely affect the Group's results of operations and financial condition should the Group be obliged to incur extra costs to meet its financial commitments or, in the worst-case scenario threaten the Group's future as a going concern and lead to insolvency. The Group's approach to liquidity risk management is to maintain a level of liquidity which is adequate for the Group to meet its payment commitments over a specific period without resorting to additional sources of financing and to have a prudential liquidity buffer sufficient to meet unexpected cash outlays. In addition, in order to ensure the ability to meet its medium-long-term payment commitments, the Group pursues a strategy aimed at diversifying its funding sources and optimising the maturity dates of its debt. However, these measures may not

be sufficient to cover such risk. To the extent they are not, this may adversely affect the Group's results of operations and financial condition.

If the Group is required to write down goodwill and other intangible assets, the Group's financial results would be negatively affected.

The Group's balance sheet at 31 December 2017 included approximately Euro 30.5 billion of goodwill and other intangible assets or approximately 20 per cent. of the Group's total assets. Such goodwill and other intangible assets have arisen principally in connection with the Group's acquisition of Endesa as well as other businesses, principally in South America. Goodwill is not amortised but tested for impairment at the reporting unit level. Intangible assets are generally impaired on a straight-line basis over their useful life but are also tested for impairment at least annually. Goodwill is required to be tested for impairment annually and between annual tests if events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. There are numerous risks that may cause the fair value of a reporting unit to fall below its carrying amount, which could lead to the measurement and recognition of goodwill impairment. These risks include, but are not limited to, adverse changes in legal factors or the business climate, an adverse action or assessment by a regulator, the loss of key personnel, a more-likely-than-not expectation that all or a significant portion of a reporting unit may be disposed of, failure to realise anticipated synergies from acquisitions, a sustained decline in market capitalisation, significant negative variances between actual and expected financial results, and lowered expectations of future financial results. Should the Group be required to write down its goodwill and other intangible assets following an impairment test, the Group's results of operations in the relevant period may be materially and adversely affected.

ENEL is subject to a large variety of litigation and regulatory proceedings and cannot offer assurances regarding the outcomes of any particular proceedings

In the ordinary course of its business, the Group is subject to numerous civil and administrative proceedings, as well as criminal (including in connection with environmental violations, manslaughter and omission of accident prevention measures) and arbitral proceedings. ENEL made provisions in its consolidated financial statements for contingent liabilities related to particular proceedings in accordance with the advice of internal and external legal counsel. Such provisions amounted to € 931 million as of 31 December 2017, compared to €734 million as of 31 December 2016.

Notwithstanding the foregoing, the Group has not recorded provisions in respect of all of the proceedings to which it is subject. In particular, it has not recorded provisions in cases in which it is not possible to quantify any negative outcome and in cases in which it currently believes that negative outcomes are not likely. There can be no assurance, therefore, that the Group will not be ordered to pay an amount of damages with respect to a given matter for which it has not recorded an equivalent provision, or any provision at all.

In addition, although the Group maintains internal monitoring systems (including an internal control model pursuant to Italian Legislative Decree No. 231 of 8 June 2001), it may be unable to detect or prevent certain crimes including, inter alia, bribery, corruption, environmental violations, manslaughter, violations of rules regarding health and safety in the workplace committed by its directors, officers, employees or agents, which could lead to civil, criminal and administrative liability for the Group (including in the form of pecuniary sanctions and operational bans), as well as reputational damages.

For information regarding the criminal investigation involving, *inter alios*, Enel Produzione S.p.A., which led to the seizure of Enel Produzione S.p.A.'s power plant in Cerano (Italy) on September 28, 2017, see, "Significant events in 2017" in the 2017 Annual Report and the other information contained in the 2017 Audited Consolidated Financial Statements incorporated by reference in this Offering Circular.

ENEL is subject to risks associated with environmental and residents' opposition

Sustainability is an integral part of Group's corporate strategy and the Group seeks to conduct operations across a broad range of jurisdictions and environments while safeguarding the expectations of institutions, clients, local communities, employees, technical and operating counterparties with different histories and cultures.

Nonetheless, local residents and/or associations may oppose and dispute the realisation of power plants operated and/or under construction by companies belonging to the Group. The claims against the development of these projects are varied and may include environmental and noise pollution, the loss of residential property value or the related expropriation risk, additional costs to be borne by the local residents, the impact on people living on site or the disfigurement of the surrounding landscape. The occurrence of protests and oppositions, either during the planning activity or during the construction phase, may result in disruptions and long delays. These circumstances may affect the agreed timeline for the works completion and involve significant cost overruns. Moreover, widespread or prolonged protests may also cause adverse publicity and reputational harm to the Group.

Risks related to the energy industry and markets

The Group is subject to different regulatory regimes in all the countries in which it operates. These regulatory regimes are complex and their changes could potentially affect the financial results of the Group

The Group is subject to the laws of various countries and jurisdictions, including Italy, Spain and the EU, as well as the regulations of particular regulatory agencies, including, in Italy, the Authority for Electricity and Gas (*Autorità per l'Energia Elettrica, il Gas e il sistema idrico*) (the "**Authority**") and, in Spain, the *Comisión Nacional de los Mercados y la Competencia* ("**CNMC**").

These laws and regulations may change and the Group may become subject to new legislation or regulatory requirements that could have a material effect on our business, results of operations and financial condition.

Sectorial regulation affects many aspects of the Group's business and, in many respects, determines the manner in which the Group conducts its business and sets the fees it charges or obtains for its products and services. For further details on the legislative and regulatory context in which the Group operates, see also the section entitled "*Regulation*" herein. Changes in applicable legislation and regulation, whether at a national or European level, and the manner in which they are interpreted, could negatively impact the Group's current and future operations, its cost and revenue-earning capabilities and in general the development of its business.

Future changes in the directives, laws and regulations issued by the EU, the Italian Republic, Spain, the Authority, CNMC or governments or authorities in the other countries and/or markets in which the Group operates could materially and adversely affect ENEL's and the Group's business prospects, financial condition and results of operations.

Risks related to the issuance and revocation of permits, concessions and administrative authorisations for the development, construction and operation of plants.

The development, construction and operation of electric power production plants is subject to complex administrative procedures, which requires the procurement of numerous permits from both national and local relevant authorities.

Procedures for obtaining authorisations vary by country and requests may be rejected by the relevant authorities for various reasons or approved with delays which may be significant. The process of obtaining permits can be further delayed or hindered by changes in national or other legislation or regulation or by opposition from communities in the areas affected by a project.

Any failure or delay to obtain permits, concessions and/or necessary authorisations with regard to plants being built, and any revocation, cancellation or non-renewal of permits and/or authorisations in relation to existing plants, and objections by third parties to the issuance of these permits, concessions and authorisation may lead the Group to modify or reduce its development objectives in certain areas or technologies, and may have material adverse effects on the Group's business, financial condition and results of operations.

The Group is vulnerable to any severe slowdown in power demand as a consequence of industrial sector weaknesses or potential energy intensity

The environment in which the Group currently operates is marked by the weakness of macroeconomic conditions worldwide, including low levels of consumption and industrial production.

Electricity and gas consumption are strongly affected by the level of economic activity in a given country.

According to Terna, the Italian transmission system operator, electricity demand in Italy increased by 2 per cent. during 2017 in comparison to 2016. In mainland Spain, the demand for electricity increased by 1 per cent. during 2017 in comparison to 2016.

The crises in the banking system and financial markets in recent years, together with other factors, have resulted in economic recessions in many of the countries where the Group operates, such as Italy, Spain, Russia, other countries in the EU and the United States. If these economies fail to recover for a significant period of time, or worsen, energy consumption may decrease or continue to decrease in such markets, and this could result in a material adverse effect on the business prospects, results of operations and financial condition of ENEL and the Group.

The Group faces risks relating to the process of energy market liberalisation, which continues to unfold in many of the markets in which the Group operates. The Group may face new competition in the markets in which it operates, also due to the evolution of the energy sector

The energy markets in which the Group operates are undergoing a process of gradual liberalisation, which is being implemented through different approaches and on different timetables in the various countries in which the Group operates. As a result of the process of liberalisation, new competitors have entered and may in the future continue to enter many of the Group's markets in the future. It cannot be excluded that the process of liberalisation in the markets in which the Group operates might continue in the future and, therefore, the Group's ability to develop its businesses and improve its financial results may be affected by such new competition. In particular, competition in Italy is increasing particularly in the electricity business, in which ENEL competes with other producers and traders within Italy and from outside of Italy who sell electricity in the Italian market to industrial, commercial and residential clients. This could have an impact on the prices paid or received in ENEL's electricity production and trading activities. The Group may moreover be unable to offset the financial effects of decreases in production and sales of electricity through efficiency improvements, or expansion into new business areas or markets. Moreover, since the energy market is in continuous evolution, the Group may also face risks related to the technological progress in the sector, such as: (i) the entry in the market of new production processes and innovative products, aimed at replacing the traditional technologies; (ii) the relationship between the costs of technologies and their components; and (iii) a more stringent regulatory framework demanding that market operators adopt technologies necessary to comply with the applicable laws.

Furthermore, as a result of such rapid evolution of the energy sector, new entrants seeking to gain market share by introducing new technology and new products could create increased pricing pressure, in turn reducing profit margins, slowing the pace of any sales increases, increasing marketing expenses or reducing market share, any of which may significantly affect our operating results and financial condition.

Although the Group has sought to face the challenge of liberalisation and market evolution by increasing its presence and client base in free (non-regulated) areas of the energy markets in which it competes and by

focusing on technological progress and research of technology innovation of strategic importance, it may not be successful in doing so.

The Group faces significant costs associated with environmental laws and regulation and may be exposed to significant environmental liabilities

The Group's businesses are subject to extensive environmental regulation on a national, European, and international scale. Applicable environmental regulations address, among other things, carbon dioxide ("**CO2**") emissions, water pollution, the disposal of substances deriving from energy production (including as a result of the decommissioning of nuclear plants), and atmospheric contaminants such as sulphur dioxide ("**SO2**"), nitrogen oxides ("**NOx**") and particulate matter, among other things.

The Group incurs significant costs to keep its plants and businesses in compliance with the requirements imposed by various environmental and related laws and regulations. Such regulations require the Group to adopt preventative or remedial measures and influence the Group's business decisions and strategy. Failure to comply with environmental requirements in the countries where the Group operates may lead to fines, litigation, loss of licences, permits and authorisation and, in general, to temporary or permanent curtailment of operations. For instance, Law No. 68/2015 has introduced a number of new criminal offences related to environmental liabilities (so called "*ecoreati*") – in particular the environmental pollution, environmental damage, trade and dereliction of radioactive material, criminal conspiracy aiming to carry out an "*ecoreato*" (art. 452-*octies* of Italian criminal code) – implying new liabilities and, therefore, additional potential expenses, for companies subject to the environmental regulation such as entities belonging to the Group.

In light of the current public focus on environmental matters, it is not possible to exclude the possibility that more rigorous environmental rules may be introduced at the Italian, Spanish or European level or that more rigorous measures may be introduced in other countries where the Group operates, which could increase costs or cause the Group to face environmental liabilities. Such environmental liabilities could increase costs, including clean-up costs, for the Group. ENEL is not able to foresee the nature or the potential effects of future regulations on its results of operations. Due to tariff regulations and market competition in Italy and other countries in which the Group operates, increases in costs that the Group incurs for environmental protection may not be fully offset by the increases in ENEL's prices. As a result, new environmental regulation could have a material adverse effect on the Group's business prospects, results of operations and financial condition.

Legislation and other regulation concerning CO2 emissions is one of the key factors affecting the Group's operations and is also one of the greatest challenges the Group faces in safeguarding the environment. With respect to the control of CO2 emissions, EU legislation governing the CO2 emissions trading scheme imposes costs for the electricity industry, which could rise substantially in the future. In this context, the instability of the emission allowance market accentuates the difficulties of managing and monitoring the situation. The Group monitors the development and implementation on EU and Italian legislation, diversifies its generation mix towards the use of low-carbon technologies and resources with a focus on renewables and nuclear power, develops strategies to acquire allowances at competitive prices and enhances the environmental performances of its generation plants, increasing their energy efficiency. However, these measures and strategies undertaken by the Group to mitigate risks associated with CO2 regulation and to reduce its CO2 emissions may be ineffective or insufficient, which could have a material adverse effect on the business prospects, results of operations and the financial condition of ENEL and the Group. See "Regulation" for more information about CO2-related regulations. The Group is also subject to numerous EU, international, national, regional and local laws and regulations regarding the impact of its operations on the health and safety of employees, contractors, communities and properties. Breaches of health and safety laws expose the Group's employees to criminal and civil liability and the Group to the risk of liabilities associated with compensation for health or safety damage, as well as damage to its reputation.

The Group relies on time-limited government concessions in order to conduct many of its business activities

Group companies are concession-holders in Italy for the management of the Group's electricity distribution networks and hydroelectric power stations. The Group's hydroelectric power stations in 2029 and the distribution network in Italy is managed under administrative concessions that will expire in 2030.

Endesa's hydroelectric power stations in Spain also operate under administrative concessions, which are set to expire at different dates from 2019 to 2067.

Any of the Group's concessions, including concessions not specifically described above, may not be renewed after they expire or may be renewed on economic terms that are more burdensome for the Group. In either case, the Group could experience material and adverse effects upon its business prospects, results of operations and financial condition.

The Group faces risks relating to interruptions in service at its facilities

The Group is continuously exposed to the risk of malfunctions and/or interruptions in service resulting from events outside of the Group's control, including accidents, natural disasters (including earthquakes, severe storms and major unfavourable weather conditions) defects or failures in machinery or control systems or components of them. It is also subject to the risk of casualties or other similar extraordinary events. Any such events could result in economic losses, cost increases, or the necessity to revise the Group's investment plans. Additionally, service interruptions, malfunctions or casualties or other significant events could result in the Group being exposed to litigation, which could generate obligations to pay damages. Although the Group has insurance coverage, such coverage may prove insufficient to fully offset the cost of paying such damages. Therefore, the occurrence of one of more of the events described above, or other similar events, could have a material adverse effect on the business prospects, results of operations and financial condition of ENEL and the Group.

The Group faces risks related to the potential liabilities resulting from energy production through nuclear power plants

The Group is in the business of nuclear power generation as a result of the Group's interests in Endesa and the on-going procedure for future decommissioning related to Slovenské elektrárne ("**SE**").

Although ENEL believes that Endesa's and SE's nuclear power plants use technologies that are internationally recognised and that they are managed according to international standards, ownership and operation of nuclear power plants nonetheless exposes the Group to a series of inherent risks, including those relating to the manipulation, treatment, disposal and storage of radioactive substances and the potential adverse effects thereof on the environment and human health.

Under current Spanish law, the Group may incur liabilities of up to €700 million for any nuclear damages caused during the storage, transformation, management, use or transportation of nuclear substances, regardless of the existence of wilful misconduct or negligence. In addition, in 2011 Spain adopted amendments to the relevant law increasing such liability to €1,200 million; such amendments have not yet entered into force pending a ratification process under related EU legislation.

Any nuclear accident or other harmful incident (including resulting from terrorist attacks) could have a material adverse effect on the business prospects, results of operations and financial condition of ENEL and the Group.

Potential risks also arise in relation to the decommissioning of nuclear power plants. The Slovakian government has established a fund to finance the present and future costs associated with the decommissioning of nuclear reactors. The deficit of this fund has not been definitively quantified, and the Group could potentially face future costs relating to decommissioning work at Bohunice or Mochovce, in addition to the amounts that it is already

required to contribute to the aforementioned fund (equal to €13,428.26 per installed MW, per year, plus 5.95 per cent. of the revenues derived from SE's nuclear generation plants). Following the disposal of part of its interest in SE in July 2016, ENEL owns indirectly a 33 per cent. interest in SE and accounts for such investment pursuant to the equity method.

The Group is exposed to the risk related to the fluctuations of fuel, gas, other commodities and electricity prices, and/or disruptions in their supply

In the ordinary course of business, the Group is exposed to adverse price fluctuations of commodities and/or disruptions in their supply. The more relevant risks are related to increases in the purchase prices of electricity, fuel, gas or other commodities. The Group is also exposed to the risk of decreases in the sale prices of electricity and gas in the countries where it operates.

The Group adopted risk management policies providing principles for the hedging of price risk exposure in line with limits and targets assigned by the top management. Hedging activities typically entail the use of derivative instruments aiming at reducing the exposures. Nevertheless, the Group has not completely eliminated its exposures to these risks and, in addition, hedging contracts for the price of electricity, gas and other commodities are available in the market only for limited forward periods, hence not protecting against adverse price movements in the medium-long term. Consequently, significant variations in fuel, gas, raw material or electricity prices, or any relevant interruption in supplies, could have a material adverse effect on the business prospects, results of operations and financial condition of ENEL and the Group.

The Group is exposed to a number of different tax uncertainties, which would have an impact on its tax expenses

The Group is required to pay taxes in multiple jurisdictions. The Group determines the taxes it is required to pay, based on its interpretation of the applicable tax laws and regulations in the jurisdictions in which it operates. The Group may be subject to unfavourable changes in the tax laws and regulations to which it is subject, or in the interpretation by the competent tax authorities. The financial position of the Group and its ability to service the obligations under its indebtedness may be adversely affected by new laws or changes in the interpretation of existing tax laws.

The Group faces risks relating to the variability of weather and seasonality and, in general, climate change

Electricity and natural gas consumption levels change significantly as a result of climatic changes. Changes in the weather conditions can produce significant differences in energy demand and the Group's sales mix having an impact on the turnover and performance of the Group. More specifically, in warmer periods of the year, gas sales decline, while during periods in which factories are closed for holidays, electricity sales decline. In addition, weather changes (for example, low wind or rain levels) affect the Group's production from certain renewable resources. In particular, ENEL's electric power generation involves hydroelectric generation and, accordingly, ENEL is dependent upon hydrological conditions prevailing from time to time in the geographic regions where the relevant hydroelectric generation facilities are located. Hydroelectric generation performance is particularly high during the winter and early spring given the more favourable seasonable weather conditions. If hydrological conditions result in droughts or other conditions that negatively affect ENEL's hydroelectric generation business, ENEL's results of operations could be materially adversely affected.

Adverse weather conditions can affect the regular delivery of energy due to equipment and network damage and the consequent service disruption.

Furthermore, the regulatory and legislative changes associated with the initiatives taken on a global level against the climate changes, as well as socio-economic transformations related to climate-changes, may also have an impact on the Group's operations.

Although the Group adopts initiatives to monitor, assess and quantify the impacts of climate changes and the variability of weather and seasonality on the Group's operations, significant changes of such nature could adversely affect the business prospects, results of operations and financial condition of ENEL and the Group.

The Group is exposed to extreme weather events and natural disasters in the current climate scenario

The Group is exposed to the risk of damage to assets and infrastructures caused by extreme weather events or natural disasters and to the risk of the consequent prolonged unavailability of these assets. Although the Group uses the most advanced prevention and protection strategies, also with the goal to reduce the possible impacts on the communities and the areas surrounding the assets, such as constant monitoring and weather forecasting in the areas where the most exposed assets are located and despite all of the areas of the Group undergo ISO 14001 certification and potential sources of risk are monitored with the implementation of internationally recognised Environmental Management Systems (EMS), the occurrence of one or more of the events described above or other similar events could result in a material adverse effect on the business prospects, results of operations and financial condition of ENEL and the Group.

The Group is exposed to cyber attacks

The organisational complexity of the Group and the numerous environments it encompasses (data, people and the industrial world) exposes the Group's assets to the risk of cyber-attacks. Although the Enel Group has adopted a model for managing these risks and, in particular, has adopted a "Cyber Security Framework" to guide and manage cyber security activities, which provides for the involvement of the business areas, the implementation of legislative, regulatory and legal requirements and recommendations, the use of the best available technologies, the preparation of ad hoc business processes and an informed workforce, it could be subject to cyber- attacks and other security threats to its IT systems and to the confidentiality of its customers' data. In such circumstances, Enel Group could be unable to continue to conduct its business in an effective manner, or to prevent or respond promptly and adequately or to mitigate the adverse effects of breakdowns or interruptions in its IT infrastructure, with possible adverse effects on the its financial condition, assets, business and results of operations.

Risks Relating to ENEL's Ordinary Shares

ENEL is controlled by the Italian Ministry of the Economy and Finance (the "MEF"), which has significant influence over ENEL's actions

As of the date of this Offering Circular, ENEL is controlled by the MEF – pursuant to Article 2359, first paragraph, no. 2) of the Italian Civil Code, as recalled by Article 93 of the Consolidated Financial Act – which holds a 23.585 per cent. direct stake in ENEL's ordinary shares.

As long as the MEF remains ENEL's principal shareholder, it can exercise significant influence in matters requiring shareholder approval. More importantly, the MEF's vote, when exercised, has been to date decisive in appointing the majority of the directors of ENEL, in accordance with the slate-based voting mechanism set forth in Article 14 of ENEL's articles of association. As a result, other shareholders' ability to influence decisions on matters submitted to a vote of ENEL's shareholders may be limited. However, the MEF is not involved in managing and coordinating the Issuer, and the Issuer makes its management decisions on a fully independent basis in accordance with the structure of duties and responsibilities assigned to its corporate bodies.

Risks related to the Securities

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information included in this Offering Circular or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal and interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Securities and be familiar with the behavior of any relevant financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

The Issuer's payment obligations in respect of the Securities are subordinated

The Securities will be unsecured and subordinated obligations of the Issuer and will rank junior to the claims of unsubordinated and other subordinated creditors of the Issuer, except for subordinated creditors whose claims are expressed to rank *pari passu* with the Securities. See Condition 2 (*Status and Subordination*) of the relevant Terms and Conditions of the Securities. By virtue of such subordination, upon the occurrence of a winding-up, insolvency, dissolution or liquidation of the Issuer, payments on the Securities will be subordinated in right of payment to the prior payment in full of all other liabilities of the Issuer, except for payments in respect of any Parity Securities or Junior Securities. The obligations of the Issuer under the Securities are intended to be senior only to its obligations to the holders of (i) any class of the Issuer's share capital and (ii) any other securities issued by the Issuer or any securities issued by a company other than the Issuer which have the benefit of a guarantee or similar instrument from the Issuer, which securities of the Issuer, or guarantee or similar instrument granted by the Issuer, rank or are expressed to rank *pan passu* with any class of the Issuer's share capital and/or junior to the Securities. A Securityholder may therefore recover less than the holders of unsubordinated or other subordinated liabilities of the Issuer.

Subject to applicable law, no Securityholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities and each Securityholder shall, by virtue of being a Securityholder, be deemed to have waived all such rights of set-off. Although subordinated debt securities may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Securities will lose all or some of his investment should the Issuer become insolvent.

Securityholders are advised that unsubordinated liabilities of the Issuer may also arise out of obligations that are not reflected in the financial statements of the Issuer, including, without limitation, the issuance of guarantees on an unsubordinated basis. Claims made under such guarantees will become unsubordinated

liabilities of the Issuer which, in a winding-up, insolvency, dissolution or liquidation of the Issuer, will need to be paid in full before the obligations under the Securities may be satisfied.

Although subordinated debt securities may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Securities will lose all or some of his investment should the Issuer become insolvent.

The Securities are long-dated securities; holders of the Securities may be required to bear the financial risks of an investment in the Securities for a long period

The Securities will mature on 24 November 2078 in the case of NC2023 Securities and on 24 November 2081 in the case of NC2026 Securities. The Issuer is under no obligation to redeem or repurchase the Securities prior to such date, although it may elect to do so in certain circumstances. Securityholders have no right to call for the redemption of the Securities and the Securities will only become due and payable in certain circumstances relating to payment default and a winding-up, dissolution, liquidation or restructuring of the Issuer (see Condition 10 of the relevant Terms and Conditions of the Securities). Securityholders should therefore be aware that they may be required to bear the financial risks associated with an investment in long-term securities and that they may not recover their investment in the foreseeable future.

Deferral of interest payments

The Issuer may elect to defer in whole, but not in part, payment of interest in respect the Securities in respect of any interest period by giving a Deferral Notice to the relevant Securityholders. If the Issuer makes such an election, the Issuer shall have no obligation to make such payment and any such non-payment of interest will not constitute a default by the Issuer for any purpose. Any interest in respect of the Securities the payment of which is deferred will, so long as the same remains outstanding, constitute Arrears of Interest. Arrears of Interest will be payable as outlined in Condition 4 of relevant Terms and Conditions of the Securities. No interest will accrue on any outstanding Arrears of Interest. While the deferral of payment of interest continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Securities and in such event, the Securityholders are not entitled to claim immediate payment of interest so deferred.

As a result, any deferral of interest payments, or perception that the Issuer will exercise its deferral right, will likely have an adverse effect on the market price of the Securities. In addition, as a result of the interest deferral provisions of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the financial condition of the Issuer.

Early redemption risk

The Issuer may redeem all (but not some only) of the relevant Securities on any Call Date at their principal amount together with accrued interest to, but excluding, the relevant Reset Date and any outstanding Arrears of Interest.

The Issuer may also redeem all (but not some only) of the relevant Securities at the applicable Early Redemption Price at any time following the occurrence of a Withholding Tax Event, a Tax Deductibility Event, a Rating Methodology Event or an Accounting Event, as outlined in Conditions 6.3, 6.4, 6.5 and 6.6 of the relevant Terms and Conditions of the Securities. In addition, as outlined in Condition 6.7, in the event that at least 80 per cent. of the aggregate amount of the relevant Securities issued on the Issue Date has been purchased by or on behalf of the Issuer or a Subsidiary and cancelled, the Issuer may redeem all (but not some only) of the outstanding relevant Securities at the applicable Early Redemption Price. The Early Redemption Price may be less than the then current market value of the relevant Securities.

During any period when the Issuer may elect to redeem or is perceived to be able to redeem the relevant Securities, the market value of such Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the relevant Securities when its cost of borrowing for similar securities is lower than the interest rate on such relevant Securities, or if it no longer requires the relevant Securities as part of its capital structure. An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the relevant Securities being redeemed and may only be able to reinvest the redemption proceeds at a significantly lower rate. Potential investors should consider their reinvestment risk in light of other investments available at that time.

There is no limitation on the Issuer issuing senior or pari passu securities

There is no restriction on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Securityholders on an insolvency of the Issuer and/or may increase the likelihood of a deferral of interest payments under the relevant Securities.

Resettable fixed rate securities carry a market risk

A holder of fixed rate securities is particularly exposed to the risk that the price of such securities falls as a result of changes in market interest rates. While the interest rate of the Securities is fixed until the First Reset Date (with a reset of the initial fixed rate on every relevant Reset Date as set out in the Conditions of the relevant Securities), market interest rates typically change on a daily basis. As the market interest rate changes, the price of the Securities also changes, but in the opposite direction. If the market interest rate increases, the price of the Securities would typically fall. If the market interest rate falls, the price of the Securities would typically increase. Securityholders should be aware that movements in these market interest rates can adversely affect the price of the Securities and can lead to losses for the Securityholders if they sell the Securities.

Interest rate reset may result in a decline of yield

A holder of securities with a fixed interest rate that will be reset during the term of the securities (as will be the case for the Securities on each relevant Reset Date if not previously redeemed) is exposed to the risk of fluctuating interest rate levels and uncertain interest income.

After the relevant First Reset Date, the interest rate in respect of the Securities will be reset periodically by reference to a mid-swap rate, which may be affected by changes in benchmark regulation

After the First Reset Date in respect of the NC2023 Securities, the interest rate will (if the NC2023 Securities are not redeemed) be reset on the relevant Reset Date by reference to a prevailing EUR 5 year Swap Rate plus (A) in respect of the Reset Period commencing on the First Reset Date to but excluding 24 November 2028, 2.096 per cent. per annum, (B) in respect of the Reset Periods commencing on 24 November 2028, 24 November 2033 and 24 November 2038, 2.346 per cent. per annum, and (C) in respect of any other Reset Period after 24 November 2038, 3.096 per cent. per annum.

After the First Reset Date in respect of the NC2026 Securities, the interest rate will (if the NC2026 Securities are not redeemed) be reset on the relevant Reset Date by reference to a prevailing EUR 5 year Swap Rate plus (A) in respect of the Reset Period commencing on the First Reset Date to but excluding 24 November 2031, 2.580 per cent. per annum, (B) in respect of the Reset Periods commencing on 24 November 2031, 24 November 2036 and 24 November 2041, 2.830 per cent. per annum, and (C) in respect of any other Reset Period after 24 November 2041, 3.580 per cent. per annum.

As at the time of pricing of the initial issue of the relevant Securities, the current market practice is to derive the 5 year Swap Rate in part from the Euro-zone interbank offered rate ("**EURIBOR**") calculated by the

European Money Markets Institute (as administrator of EURIBOR) at the relevant time (as specified in the relevant Terms and Conditions of the Securities) and the EUR 5 year Swap Rate Quotation appearing on the Reuters Screen Page "ICESWAP2" provided by the ICE Benchmark Administration. The EURIBOR and other interest rate or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. Any such consequence could affect the manner in which interest determinations are required to be made pursuant to the relevant Conditions, as set out in Condition 4.1(b) (*Interest and Interest Deferral – Determination of EUR 5 year Swap Rate*) of the relevant Conditions, and have a material adverse effect on the value of and return on any the Securities.

As at the date of this Prospectus, the ICE Benchmark Administration appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). The European Money Markets Institute does not appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the Benchmark Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that the European Money Markets Institute is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).

The Securities are subject to provisions relating to modification, waivers, substitution of the Issuer and modification or variation of the Securities

Each Trust Deed contains provisions for convening meetings of the Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

Each Trust Deed also provides that the Trustee may, without the consent of the Securityholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Securities, or (ii) the substitution of another company as principal debtor under the Securities in place of the Issuer, in the circumstances described in and subject to the provisions of Condition 13 of relevant Terms and Conditions of the Securities.

Furthermore, each Trust Deed also provides that the Trustee shall, subject to the fulfilment of certain requirements as set out in the relevant Trust Deed, without the consent of the Securityholders, agree to the variation or the exchange of the Securities upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event.

There is a risk that, after the issue of the relevant Securities, a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event may occur which would entitle the Issuer, without any requirement for the consent or approval of the Securityholders, to exchange or vary the relevant Securities, subject to certain conditions intended to protect the interests of the Securityholders, so that after such exchange or variation the Securities remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer) more favourable tax, accounting or ratings treatment than the treatment to which they were entitled prior to the relevant event occurring. Any such exchange or variation may have an adverse impact on the price of, and/or the market for, the relevant Securities.

Whilst the Exchanged Securities or Varied Securities, as the case may be, are required to have terms which are not materially less favourable to the Securityholders (as a class) than the terms of the Securities, there can be no assurance that the Exchanged Securities or Varied Securities, as the case may be, will not have a significant

adverse impact on the price of, and/or market for, the Securities or the circumstances of individual Securityholders.

Changes of law may affect the terms and conditions of the relevant Securities

Each Trust Deed, the Securities and the related Coupons and any non-contractual obligations arising out of or in connection with each Trust Deed, the Securities and the Coupons are governed by, and shall be construed in accordance with, English law, except for the provisions of each Trust Deed concerning status and subordination of the Securities and the Coupons, which shall each be governed by Italian law. See Conditions 3.1 and 3.2 of the relevant Terms and Conditions of the Securities. The provisions of each Trust Deed concerning the meeting of Securityholders and the appointment of a joint representative of Securityholders (a *rappresentante comune*) in respect of the Securities are subject to compliance with Italian law. See Condition 13.1 of the relevant Terms and Conditions of the Securities. No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of this Offering Circular.

There are limited Events of Default and remedies available to Securityholders

The Terms and Conditions of each series of Securities do not provide for events of default allowing acceleration of the Securities if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Securities, including the payment of any interest, investors will not have the right to require the early redemption of the Securities. If the Issuer fails to make payment of any principal when due, the sole remedy available to the Securityholders are limited to requiring the Trustee to initiate proceedings to compel the performance of such obligation, as further described in Condition 10 of the relevant Terms and Conditions of the Securities. Notwithstanding the foregoing, in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

In addition, in the event of a winding-up, insolvency, dissolution or liquidation of the Issuer, the claims of relevant Securityholders will be subordinated as further described in Condition 3 of the relevant Terms and Conditions of the Securities. Accordingly, the claims of holders of all obligations to which the Securities are subordinated will first have to be satisfied in any winding-up or analogous proceedings before the relevant Securityholders may expect to obtain any recovery in respect of the Securities and prior thereto relevant Securityholders will have only limited ability to influence the conduct of such winding-up or analogous proceedings.

Italian insolvency laws are applicable to the Issuer and may not be as favourable to holders of Securities as those of other jurisdictions with which investors may be more familiar

Under Italian law, if certain requirements are met, the Issuer could become subject to any of the following insolvency proceedings:

(a) bankruptcy (*fallimento*), which is governed by the provisions of Royal Decree No. 267 of March 16, 1942 (the "**Bankruptcy Law**"), as amended;

(b) composition with creditors (*concordato preventivo*), which is also governed by the provisions of the Bankruptcy Law, as recently amended;

(c) extraordinary administration for large insolvent companies (*amministrazione straordinaria delle grandi imprese insolventi*), which is governed by Legislative Decree No. 270 of 8 July 1999, as amended ("**Decree 270**") and by certain provisions of the Bankruptcy Law; and

(d) extraordinary administration for the industrial restructuring of large insolvent companies (*amministrazione straordinaria per la ristrutturazione industriale delle grandi imprese insolventi*), which is governed by Decree 270 as modified by Law Decree No. 347 of December 23, 2003, as amended ("**Decree 347**"), as well as certain provisions of the Bankruptcy Law. For businesses

performing essential public services, such as the Issuer, this type of proceedings would also be subject to Law Decree 134 of 28 August 2008 ("**Decree 134**").

Also, the Issuer could enter into the following procedures which, although disciplined by the Bankruptcy Law, are not generally qualified as insolvency procedures:

(a) reorganization plans pursuant to Article 67, Paragraph 3(d) of Bankruptcy Law;

(b) debt restructuring agreements pursuant to Article 182 bis of the Bankruptcy Law, as recently amended.

The proceedings indicated in paragraphs (a), (b), (c) and (d) would be initiated by petition to the competent court. The proceedings indicated in paragraph (e) would be initiated by petition of the debtor company to the Ministry of Economic Development or, in the case of an extraordinary administration to which Decree 134 would apply, may be commenced directly by decree of the Italian Prime Minister or the Minister of Economic Development.

Below is a summary of certain relevant features of each type of proceedings:

(a) *Bankruptcy*: Pursuant to the Bankruptcy Law, a debtor can be declared bankrupt (*fallito*) (either by its own initiative or upon the initiative of any of its creditors or of the public prosecutor) if it is insolvent (i.e. it is unable to regularly pay its debts as they fall due). As a consequence of the declaration of bankruptcy, the debtor loses control over all its assets and over the management of its business which is taken over by a court-appointed receiver (*curatore fallimentare*). Once the bankruptcy proceeding is commenced, no enforcement and interim proceedings can be brought or continued against the debtor over the assets included in the bankruptcy estate.

Moreover, all action brought and proceedings already initiated by creditors are automatically stayed, any act (including payments, pledges and issuances of guarantees) made by the debtor, other than those made through the receiver, after (and in certain cases even before for a limited period of time) a declaration of bankruptcy with respect to the creditors is (or could be if made before) ineffective; also, under Italian law, there are claw-back provisions that may lead to, inter alia, the revocation of payments made or security interests granted or transactions entered into by the debtor before the declaration of bankruptcy. Bankruptcy Law distinguishes between acts or transactions carried out in the two years before the declaration of bankruptcy, which are automatically considered ineffective vis-à-vis the creditors, and acts or transactions which may be clawed back in case they have been performed within either one year or six months before the declaration of bankruptcy. The first category, disciplined by Articles 64 and 65 of the Bankruptcy Law includes, for example, transactions entered into under no consideration and advanced payments of debts falling due on the day of the declaration of insolvency or thereafter. The second category, disciplined by Article 67 of the Bankruptcy Law, includes, for instance transactions entered into for consideration in case the value of the debts or of the obligations undertaken by the debtor exceeds by 25% the value of the consideration received by and/or promised to the debtor, payments of due and payable debts which were not paid in cash or by other customary means of payment in the year preceding the declaration of bankruptcy (in these cases, it is the creditor the one bearing the burden to prove that it had no actual or constructive knowledge of the debtor's insolvency at the time the transaction was entered into) and granting of security interests securing debts (even those of third parties) simultaneously incurred and made during the six months preceding the declaration of bankruptcy (in this cases, the receiver will need to give evidence that the creditor had actual or constructive knowledge of the debtor's insolvency at the time the transaction was entered into).

Continuation of business may be authorized by the court if an interruption would cause a prejudice, but only if the continuation of the company's business does not damage the creditors. The execution of certain contracts and/or transactions whose obligations have not been performed in full by both parties

at the date in which bankruptcy is declared is suspended until the receiver decides whether or not take them over, unless differently provided for under the Bankruptcy Law.

As far as receivables vis-à-vis the bankruptcy proceedings are concerned, each creditor must lodge his claims with the competent court; the judge delegated by the court (*giudice delegato*), upon proposal of the receiver, will decide which claims are admitted to the statement of liabilities, for which amount they are admitted and whether the claims are to be qualified as secured of not. Each creditor may challenge (*opposizione*) the decision of the judge in front of the court. The same procedure applies also to individuals and entities claiming the right to obtain the restitution of assets. The sale of the borrower's assets is carried out by the receiver through public auctions in compliance with a liquidation program proposed by the receiver and approved by the creditors' committee. The Bankruptcy Law provides for the formation of a creditors' committee composed of three or five members, which consults with the receiver. These proceedings are ultimately aimed at the distribution of the proceeds of sale of the debtor's assets among creditors admitted to the statement of liabilities, in accordance with statutory priority. Under Italian law neither the debtor nor the court can deviate from the rules of statutory priority proposing alternative priorities of claims or subordinating specific claims on the basis of equitable principles. Consequently, contractually granted priorities such as those commonly provided for in intercreditor contractual arrangements may not be enforceable against Italian bankruptcy proceedings on the grounds that they may be considered inconsistent with mandatory provisions.

The relevant Securityholders would not have a right as a class to appoint a representative to a creditors' committee.

Bankruptcy proceedings can terminate prior to liquidation through a bankruptcy arrangement proposal with creditors. The relevant petition may be filed by one or more creditors or third parties immediately after the declaration of bankruptcy, whereas the debtor (or its subsidiaries) are allowed to file such proposal only after one year following the declaration but within two years from the decree granting effectiveness to the bankruptcy's estate. The petition may provide for the subdivision of creditors into different classes (thereby proposing different treatments among the classes), debts' rescheduling and the satisfaction of creditors' claims in any manner. The petition may provide for the possibility that secured claims are paid only in part. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority of claims (and, if classes are formed, by a majority of the claims in a majority of the classes). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless *(i)* they waive their security; or *(ii)* the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (please note that such value must be assessed by an independent expert), in which case they can vote only in respect of the portion of their debt affected by the proposal. Final court confirmation is also required.

(b) *Composition with creditors*: A debtor that is insolvent or in "financial distress" (e.g., facing financial difficulties which do not yet amount to insolvency) may file for a composition with creditors by submitting to the competent court a plan for the composition with its creditors which may provide, *inter alia*, for:

- the restructuring of debts and the satisfaction of creditors in any manner even through assignments of debts, assumption (*accollo*) or extraordinary transactions, including the issue of shares, quotas, bonds (also convertible into shares) or other financial instruments and securities;
- the assumption of all debts and assets by a of a third-party (which may also be a creditor); tax settlement for the partial or deferred payment of certain taxes;
- the division of the creditors into different classes; and/or

- different treatments for creditors belonging to different classes.

The petition must be accompanied and supported by a restructuring plan proposed to the creditors and by an independent expert report assessing, *inter alia*, the feasibility of the arrangement proposal and the truthfulness of the business data on which the plan is grounded. After the filing, the petition is published by the court in the companies' register. Between the publishing in the companies' register of the proposal for composition with creditors and its homologation by the court, the debtor enjoys an automatic stay of actions. In addition, mortgages registered within 90 days preceding the date on which the petition for is published in the companies' register are ineffective vis-à-vis pre-existing creditors. In case continuation of business is provided for, the report of the independent expert shall also certify that it will ensure a higher satisfaction of creditors' claims than other insolvency proceedings.

The court determines whether the proposal for the composition is admissible, in which case the court, *inter alia*, delegates a judge to follow the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls the creditors' meeting.

In accordance with article 177 of the Bankruptcy Law, the composition with creditors is considered approved by the creditors if it is approved, at the creditors meeting or within 20 days thereafter, by the majority of the creditors entitled to vote (and, in case of different classes of creditors, by the majority of the creditors within each class). The court may also approve the composition with creditors in case of challenges brought by dissenting creditors; please consider that the convenience of the composition with creditors may only be challenged by dissenting creditors pertaining to one or more dissenting classes or, in case of a sole class, by dissenting creditors representing at least 20 per cent. of the credits admitted to the vote. In such case, the composition with creditors may nevertheless be approved if the court deems that the composition with creditors would satisfy the interests of the dissenting creditors for an amount not less than that which would have been achieved under other practicable solutions.

The debtor is allowed to carry out urgent extraordinary transactions only upon the prior court's authorization, while ordinary transactions may be carried out without authorization. Third-party claims, related to the interim acts legally carried out by the debtor, are preferred pursuant to Article 111 of the Bankruptcy Law.

Law Decree 83/2015, as amended by Law 132/2015, introduced the possibility for creditors (except for individuals or entities controlled, controlling or under common control of the debtor) holding at least 10% of the aggregate claims against a debtor to present an alternative plan to the debtor's plan, subject to certain conditions being met, including, in particular, that the proposal of the debtor does not ensure recovery of at least *(i)* 40% of the unsecured claims in case of proposal for composition with creditors with liquidation purpose; or *(ii)* 30% of the unsecured claims in case of proposal for composition with creditors based on the continuation of the going concern.

In addition, in order to strengthen the position of the unsecured creditors, Law 132/2015 sets forth that, in order to be admissible, composition with creditors with liquidation purpose must ensure that the unsecured creditors are paid in a percentage of at least 20% of their claims. This provision does not apply to composition with creditors based on the continuation of the going concern. To the extent the alternative plan is approved by the creditors and homologated, the court may grant special powers to the judicial commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

In addition, Article 163-bis of the Bankruptcy Law, introduced by Law Decree 83/2015, as amended by Law 132/2015, provides that, if the plan includes an offer for the sale of the debtor's assets or of the debtor's going concern (or of parts of it) to a specific third party, the court must open a competitive

bidding process concerning the assets. After the creditors' approval, the court (after having settled possible objections raised by the dissenting creditors, if any) must confirm the proposal for composition with creditors issuing a confirmation order. If the approval fails, the court may, upon request of the public prosecutor or a creditor and after having ascertained the condition for declaration of bankruptcy, declare the company bankrupt.

The provisions of Article 161, 6th paragraph of the Bankruptcy Law, as amended by Law 134 now allow a debtor to file a petition for admission to the composition with creditors (together with the financial statements of the last three financial years and the list of creditors with the reference to the amount of their respective receivables) asking the court to set a deadline of a maximum of up to 120 days (such term may be postponed for further 60 days in the presence of justified reasons) in order to file a composition plan for court approval or, as an alternative, to reach a court approved private restructuring as addressed by Article 182bis of the Bankruptcy Law. During such period, the debtor enjoys a stay of actions.

If the court accepts the pre-application, *(i)* it appoints a judicial commissioner to overview the company, who, if the debtor has carried out one of the activities under Article 173 of Bankruptcy Law (e.g., concealment of part of assets, omission to report one or more claims, declaration of non-existent liabilities or commission of other fraudulent acts), shall report it to the court, which, upon further verification, may reject the petition at court for composition with creditors; and *(ii)* sets forth reporting and information duties of the debtor during the above mentioned period; please note that the debtor is mandatorily required to file, on a monthly basis, the company's financial position, which is published, the following day, in the companies register. Non-compliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the distressed issuer(s) into bankruptcy. The debtor cannot file such pre-application in case it filed a pre-petition in the previous two years without the admission to the composition with creditors (or the homologation of a debt restructuring agreement) having followed.

If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, ex officio, after hearing the debtor and – if appointed – the judicial commissioner, reduce the time for the filing of additional documents. Following the filing of the pre-application and until the decree of admission to the composition with creditors, the distressed company may *(i)* carry out acts pertaining to its ordinary activity and *(ii)* seek the court's authorization to carry out acts relating to its extraordinary activity, to the extent they are urgent.

Claims arising from acts lawfully carried out by the distressed company are treated as super senior (*prededucibili*) pursuant to Article 111 of the Bankruptcy Law and the related acts, payments and security interests granted are exempted from the claw-back action provided under Article 67 of Bankruptcy Law

The procedure of the composition with creditors will end with a decree which is to be issued by the competent court. If the court or the creditors reject the offer, to the extent the relevant conditions are met, the entrepreneur may be declared bankrupt by the court upon petition by any creditor and/or by the public prosecutor.

(c) *Extraordinary administration*: Decree 270 introduced a specific extraordinary administration proceeding, otherwise known as the "prodi-bis" (the "**Prodi-bis procedure**"), applicable to insolvencies of major companies (the "**Extraordinary Administration**").

The aim of the Prodi-bis procedure is to ensure continuation of the business operated by the debtor by either enabling the same to regain the ability to meet its obligations in the ordinary course of business by the end of the procedure or by transferring the business (on a going concern basis) to third parties.

To qualify for the Prodi-bis procedure, the company must have:

- employed at least 200 employees in the year before the procedure was commenced; and
- debts equal to at least two-thirds of the value of its assets as shown in its financial statements and two-thirds of income from sales and the provision of services during the last financial year.

Insolvent companies, belonging to the group of a company that qualifies for the Prodi-bis, may be submitted to the Prodi-bis, if certain conditions are met, also if they do not qualify per-se for the Prodi-bis.

The Prodi-bis procedure is divided into two main phases:

- following a petition, (which may be filed by one or more creditors, the debtor or the public prosecutor), the court will determine whether the company meets the criteria for admission and, in particular whether the company is insolvent. If the company is insolvent, the court will issue a decision to that effect and appoint one or three judicial receiver(s) to evaluate whether the business has serious prospects of recovery (either through a sale of assets or a reorganisation of its business) and to report back to the court within 30 days. Following receipt of the report of the judicial receiver, the court has a further 30 days to decide whether to admit the company to the Extraordinary Administration procedure or place it into bankruptcy;
- once the Extraordinary Administration procedure has been approved, the extraordinary commissioner(s) appointed by the Minister of Economic Development shall prepare a plan (the "Recovery Plan"), to be approved by the Minister of Economic Development, for either: (i) a full asset liquidation by means of the sale of the company businesses as going concerns within one year or (ii) a reorganisation of the business leading to the economic and financial recovery of the company or group within two years, in each case, unless extended by the Minister of Economic Development.

The proceedings are administered by the extraordinary commissioner(s) who acts under the supervision of the Minister of Economic Development. While unsecured creditors may appoint one or two members to the supervisory committee for the proceedings, the majority of the supervisory committee, and also the chair, will be appointed by the Minister of Economic Development.

Once the Extraordinary Administration procedure has been approved, the principal effects are as follows:

- the company continues to carry out its business and debts incurred during the Extraordinary Administration are treated as priority claims which rank ahead of the claims of creditors whose rights accrued prior to the commencement of the Extraordinary Administration procedure and may be paid as they fall due;
- the Extraordinary Commissioner(s) is/are entitled to terminate pending contracts to which the company is a party.

Furthermore, in the context of the Prodi-bis a debt restructuring plan is approved exclusively by the Minister of Economic Development but is not subject to any vote by creditors.

Decree 347 introduced a specific extraordinary set of rules for companies meeting certain size requirements. Decree 347 is complementary to the Prodi-bis and except as otherwise provided in Decree 347, the provisions of the Prodi-bis shall apply. Decree 347 only applies to insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure was commenced and at least Euro 300 million of outstanding debt.

Under Decree 347, the decision whether to open the procedure is taken by the Minister of Economic Development that, upon request of the debtor (who at the same time must file with the relevant court an application for the declaration of its insolvency), assesses whether the relevant requirements are met and if such requirements are met appoints the extraordinary commissioner(s). The extraordinary commissioner(s) immediately becomes responsible for the management of the company. The court decides on the insolvency of the company.

Within 180 days of his appointment (or 270 days if so agreed by the Minister of Economic Development) the extraordinary commissioner(s) must submit a plan for the rescue of the business by way of an asset liquidation or restructuring to the Minister of Economic Development for approval and at the same time must file with the competent court a report on the state of the business.

A restructuring plan proposed in the context of proceedings subject to Decree 347 may include a composition plan, with the possibility to divide creditors into classes, with different treatment applicable to creditors belonging to different classes and with proposals for a write-off of any obligations owed by the debtor and/or a conversion of debt securities (such as the Securities) into shares of the debtor company or any of its group companies. Decree 347 provides that a composition plan is approved by creditors according to the same majority voting rules as those which apply in the context of proceedings for composition with creditors, as described above. If the restructuring plan is not approved by the Minister of Economic Development, the extraordinary commissioner(s) may propose a plan for the disposal of the assets. If the asset disposal program is not approved, the company is to be placed into liquidation.

Where Decree 134 applies to an extraordinary administration, its purpose is broadly to widen the powers of sale. For this purpose, the insolvency administrator is granted powers to identify and compose lines of business or partial lines of business, even if not pre-existing, which may be made subject to sale.

As a result of the above, relevant Securityholders should be aware that they will generally have limited ability to influence the outcome of any insolvency proceedings which may apply to the Issuer under Italian law, especially in light of the current capital structure of the Issuer

(d) *Reorganization plan pursuant to Article 67, Paragraph 3(d) of the Bankruptcy Law:* the procedure at hand is based on a reorganization plan drafted by the debtor for the purpose of restructuring its indebtedness and ensuring the recovery of its financial equilibrium; the feasibility of reorganization plans (*i.e.* their suitability to ensure the above mentioned objectives) must be assessed by an independent expert directly appointed by the debtor, together with the truthfulness of debtor's business (and accounting) data. The expert can only be selected and appointed among those possessing certain specific professional requisites and qualifications (e.g., being registered in the auditors' registrar) and meeting the requirements under Article 2399 of the Italian Civil Code. The expert may be subject to liability in case of misrepresentation or false certification.

Reorganization plans are not subject to any form of judicial control or approval and, therefore, no application for approval must be filed. Reorganization plans do not require to be approved by a specific majority of outstanding claims either. The entering into a reorganization plan does not determine the entrusting of debtor's business to another entity.

Terms and conditions of reorganization plans are freely negotiable; on the other hand, they do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third party creditors.

The Bankruptcy Law provides that, should these plans fail, and the debtor be declared bankrupt, payments and/or acts carried out for, and/or security interest granted for, the implementation of the

reorganization plan, subject to certain conditions (i) are not subject to claw-back actions; and (ii) are exempted from the application of certain criminal sanctions. Neither ratification by the court nor publication in the companies' register are needed (although, upon request of the debtor, reorganization plans can be published in the relevant companies' register and such publication may trigger, upon precise circumstances, certain tax implications).

(e) *Debt restructuring agreements pursuant to Article 182bis of the Bankruptcy Law:* Article 182bis of the Bankruptcy Law deals with agreements between the debtor and creditors representing at least 60 per cent of outstanding claims, but subject to court homologation. Since external creditors remain extraneous to the restructuring plan, a report is required to be provided by an independent expert as to feasibility, particularly with relevance to the ability of the debtor to continue to satisfy non-participating creditors. Changes introduced to the Bankruptcy Law allow the debtor a term of 120 days to make payment of outstanding claims of non-participating creditors; the term is to be counted from *(i)* the homologation of the debt restructuring agreement by the court, in case the relevant claims are already due and payable to the non-participating creditors as at the date of the homologation by the court; or *(ii)* from the date on which the relevant debts fall due, in case the claims are not yet due and payable to the non-participating creditors as of the date of the homologation.

Article 182bis of the Bankruptcy Law also specifies that from the date of publication of the court approved plan in the companies' registry creditors are prohibited from initiating or pursuing interim and/or executory actions against the debtor or his assets for a period of 60 days.

Moreover, as in the case of the composition with creditors, the debtor is allowed to petition the court for a stay on rights of enforcement even prior to the final restructuring agreement being filed, provided that, among other required documentation, an affidavit of the debtor is filed by the debtor attesting that negotiations are ongoing with creditors representing at least 60 per cent of outstanding claims and a declaration by an independent expert attests to the feasibility of such plan.

The application for the automatic stay of actions must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation, sets the date for the hearing within 30 days from the filing and orders the company to file the relevant documentation in relation to the moratorium to the creditors. During the hearing, the court assesses whether the conditions provided for by the law exist and, if they do, orders the stay of actions and sets the deadline within which the debtor must file the debtor restructuring agreement. The court's order may be challenged within 15 days of its publication.

Without prejudice to the effect of the stay, the debtor may file a petition of composition with creditors within the deadline set by the court.

Creditors may challenge the agreement within 30 days from the publication in the companies' register. After having settled the oppositions (if any) the court will validate the agreement issuing a decree, which can be appealed within 15 days of its publication.

It may be worth noting that, pursuant to the new Article 182-septies of Italian Law Decree 83/2015, as amended by Law 132/2015, in case debts accrued towards banks and other financial institutions represent at least 50% of the overall indebtedness, the debtor may enter into debt restructuring agreements with financial creditors representing at least 75% of the aggregate financial claims of the relevant category and ask the court to declare such agreement binding on the non-adhering financial creditors belonging to the same category (so called "cram down"). Such effects are subject to certain conditions, including that all creditors (adhering and non-adhering) have been informed about the negotiations and have been allowed to take part to them in good faith. If such conditions are met, the remaining 25% of non-participating financial creditors belonging to the same class of creditors are

crammed down. However, crammed down creditors can challenge the deal and refuse to be forced into it, for instance arguing that they have been incorrectly included in a specific class of creditors, since their juridical situation and their economic interests are not in line with those of the other creditors of the same class. Similarly, a standstill agreement entered into between a debtor and financial creditors representing 75% of that debtor's aggregate financial indebtedness would also be binding for non-participating financial creditors, provided that an independent expert certifies the homogeneity of the classes and subject to certain conditions being met. Such debt restructuring agreements and standstill agreements do not affect the rights of non-financial creditors (e.g. trade creditors) who cannot be crammed down and must be paid within 120 days (unless they adhere to a separate debt restructuring agreement with the debtor).

Credit Rating

On or around the Issue Date, the Securities are expected to be assigned a rating of Ba1 by Moody's, BBB- by S&P and BBB- by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Securities.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. S&P appears on the latest update of the list of registered credit rating agencies on the ESMA website http://www.esma.europa.eu.

There is no active trading market for the Securities, and if a market does develop, it may be volatile

Although application has been made to admit the Securities to trading on Euronext Dublin, the Securities will have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been prepared to meet the investment requirements of limited categories of investors. These types of securities generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Securities.

Taxation

The tax regime in Italy and in any other relevant jurisdiction (including, without limitation, the jurisdiction in which each Securityholder is resident for tax purposes) may be relevant to the acquiring, holding and disposing of the Securities and the receiving of payments of interest, principal and/or other income under the Securities. Prospective investors in the Securities should consult their own tax advisers as to which countries' tax laws could be relevant and the consequences of such actions under the tax laws of those countries.

Payments in respect of the Securities may in certain circumstances be made subject to withholding or deduction of tax

All payments in respect of the Securities will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Securityholders receiving such amounts as they would have received in respect of

such Securities had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of *imposta sostitutiva* (Italian substitute tax), pursuant to Italian Legislative Decree No. 239 of 1 April 1996 a brief description of which is set out below.

Prospective purchasers of Securities should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Securities and receiving payments of interest, principal and/or other amounts under the Securities, including in particular the effect of any state, regional or local tax laws of any country or territory. See also the section headed "Taxation" below.

Imposta sostitutiva

Imposta sostitutiva (Italian substitute tax) is applied to payments of interest and other income (including the difference between the redemption amount and the issue price) at a rate of 26 per cent. to (i) certain Italian resident Securityholders and (ii) non-Italian resident Securityholders who have not filed in due time with the relevant depository a declaration (*autocertificazione*) stating, inter alia, that he or she is resident for tax purposes in a country which allows for an adequate exchange of information with the Italian tax authorities.

Change of law

The Conditions of the Securities are based on English law in effect as at the date of this Offering Circular, save that provisions related to the subordination of the Securities, the convening of meetings of holders of the Securities and the appointment of a *rappresentante comune* in respect of the Securities are subject to compliance with mandatory provisions of Italian law. No assurance can be given as to the impact of any possible judicial decision or change to English law and/or Italian law (as the case may be) or administrative practice after the date of this Offering Circular.

Because the Securities are held by or on behalf of Euroclear and Clearstream, investors will have to rely on their procedures for transfer, payments and communication with the Issuer

The Securities will be represented by the Global Securities except in certain limited circumstances described in each Permanent Global Security. The Global Securities will be deposited with a common depositary for Euroclear and Clearstream. Except in certain limited circumstances described in each Permanent Global Security, investors will not be entitled to receive definitive Securities. Euroclear and Clearstream will maintain records of the beneficial interests in the Global Securities. While the Securities are represented by the Global Securities, investors will be able to trade their beneficial interests only through Euroclear and Clearstream.

The Issuer will discharge their payment obligations under the Securities by making payments to or to the order of the common depositary for Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in a Global Security must rely on the procedures of Euroclear and Clearstream to receive payments under the Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities.

Relevant Securityholders of beneficial interests in the Global Securities will not have a direct right to vote in respect of the Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream to appoint appropriate proxies.

Delisting of the Securities

Application may be made for the Securities to be listed on the official list of Euronext Dublin and admitted to trading on the regulated market of Euronext Dublin. The Securities may subsequently be delisted despite the best efforts of the relevant Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Securities as a result of listing, any delisting of the Securities may have a material effect on a Securityholder's ability to resell the Securities on the secondary market.

Minimum denomination

As the Securities have a denomination consisting of the minimum denomination plus a higher integral multiple of amounts which are integral multiples of €1,000, up to a maximum of €199,000, it is possible that the Securities may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €1,000 (or its equivalent). In such case a Securityholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a definitive Security in respect of such holding (should definitive Securities be printed) and would need to purchase a principal amount of Securities such that its holding amounts to the minimum denomination.

Exchange rate fluctuations may affect the value of the Securities

The Issuer will pay principal and interest on the Securities in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency-equivalent yield on the Securities, (2) the Investor's Currency-equivalent value of the principal payable on the Securities and (3) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. Any of the foregoing events could adversely affect the price of the Securities.

INCORPORATION BY REFERENCE

The following documents, which have previously been published and have been filed with the Central Bank, shall be incorporated in and form part of this Offering Circular:

(a) the English translation of the ENEL's annual financial report 2017 (the "**2017 Annual Report**") which includes the audited consolidated financial statements of ENEL and related notes thereto as of and for the year ended 31 December 2017, (the "**2017 Audited Consolidated Financial Statements**"), which can be found on ENEL's website at: https://www.enel.com/content/dam/enel-com/governance_pdf/reports/annual-financial-report/2017/annual-report-2017.pdf);

(b) the auditor's report in relation to the 2017 Audited Consolidated Financial Statements, which can be found on ENEL's website at: https://www.enel.com/content/dam/enel-com/governance_pdf/reports/annual-financial-report/2017/EY-report-consolidate-financial-statement-2017.pdf (the "**Audit Report to the 2017 Audited Consolidated Financial Statements**");

(c) the English translation of the ENEL's annual financial report 2016, which includes the audited consolidated financial statements of ENEL and related notes thereto as of and for the year ended 31 December 2016, and the auditor's report thereon (collectively, the "**2016 Audited Consolidated Financial Statements**" and, together with the 2017 Audited Financial Statements and the Audit Report to the 2017 Audited Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"), which can be found on ENEL's website at: https://www.enel.com/content/dam/enel-com/governance_pdf/reports/annual-financial-report/2016/Annual_Report_2016.pdf); and

(d) the English translation of the press release relating to the unaudited consolidated financial statements of ENEL as of and for the period ended 31 March 2018 (the "**Q1 Results Press Release**"), which can be found on the ENEL's website at https://www.enel.com/content/dam/enel-common/press/en/2018may/Trimestrale%202018%20ENG.pdf.

Any information contained in any of the documents specified above, including any documents incorporated by reference therein, which are not listed in the cross-reference list below are not incorporated by reference in this Offering Circular and are either specified elsewhere in this Offering Circular or not relevant to investors (pursuant to Article 28(4) of Regulation (EC) No. 809/2004 implementing the Prospectus Directive).

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and are available for inspection at the specified offices of the Principal Paying Agent for the time being in London.

As noted above, the Audited Consolidated Financial Statements and the Q1 Results Press Release are incorporated herein by reference, and the following cross-references are provided to enable investors to identify specific items of information so incorporated. Any information contained in any of the documents specified herein which is not incorporated by reference in this Offering Circular is either not relevant to investors or is covered elsewhere in this Offering Circular (in line with Article 28(4) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive):

Document	Information incorporated	Location
Q1 Results Press Release	Consolidated financial highlights for the first quarter of 2018	pp. 2-5

Document	Information incorporated	Location
	Operational highlights in the first quarter of 2018	pp. 6-7
	Recent key events	p. 9
	Accounting standards and changes in scope of consolidation	p. 11
	Key performance indicators	pp. 11-12
	Condensed Consolidated Income Statement	p. 13
	Statement of Consolidated Comprehensive Income	p. 14
	Condensed Consolidated Balance Sheet	p. 15
	Condensed Consolidated Statement of Cash Flows	p.16
2017 Annual Report	Report on operations - Macroeconomic Environment	p. 7
	Report on operations - Significant events in 2017	p. 73 - 88
	Report on operations - Regulatory and rate issues	p. 102 - 127
2017 Audited Consolidated Financial Statements	Consolidated income statement	p. 154
	Statement of consolidated comprehensive income	p. 155
	Consolidated balance sheet	pp. 156-157
	Statement of changes in consolidated shareholders' equity	p. 158
	Consolidated statement of cash flows	p. 159
	Notes to the financial statements	pp. 160-311
Audit Report to the 2017 Audited Consolidated Financial Statements	All	pp.1-9
2016 Audited Consolidated Financial Statements	Consolidated income statement	p. 168

Document	Information incorporated	Location
	Statement of consolidated comprehensive income	p. 169
	Consolidated balance sheet	pp. 170-171
	Statement of changes in consolidated shareholders' equity	pp. 172-173
	Consolidated statement of cash flows	p. 174
	Notes to the financial statements	pp. 175-312
	Report of the independent auditors	pp. 394-397

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Group's financial information as of and for the years ended 31 December 2017 and 2016 has been derived from the Group's audited consolidated financial statements as of and for the years ended 31 December 2017 and 2016 (the "2017 Audited Consolidated Financial Statements" and the "2016 Audited Consolidated Financial Statements", respectively). The 2017 Audited Consolidated Financial Statements and the 2016 Audited Consolidated Financial Statements (together, the "**Audited Consolidated Financial Statements**") were approved by the board of directors of ENEL on 22 March 2018 and 16 March 2017 respectively.

The Audited Consolidated Financial Statements were prepared in accordance with IFRS as issued by the International Accounting Standards Board and endorsed by the European Union and the Italian regulation implementing Article 9 of Legislative Decree No. 38/05. The 2017 Audited Consolidated Financial Statements and the 2016 Audited Consolidated Financial Statements have been audited by EY S.p.A. ("**EY**"); a convenience translation into English of their reports thereon, dated 17 April 2018 and 11 April 2017, respectively, are incorporated by reference in this Offering Circular. The Audited Consolidated Financial Statements and the accompanying notes thereto are incorporated by reference to this Offering Circular.

Moreover, the Group's financial information as of and for the three months ended 31 March 2018, as set out in the Q1 Results Press Release has been incorporated by reference herein.

The information contained in the Q1 Results Press Release is not necessarily indicative of the results of operations that may be expected for any other interim period in 2018 or for the full year. In addition to that, in Q1 2018, the Issuer applied for the first time the new accounting standards IFRS 9 and IFRS 15.

Capitalised terms used in the following discussion are defined under "— Certain defined terms" below.

In making an investment decision, investors must rely upon their own examination of the financial statements and financial information included in the Offering Circular and should consult their professional advisors for an understanding of, among other things: (i) the differences between IFRS and other systems of generally accepted accounting principles, including U.S. GAAP, and how those differences might affect the financial information included in this Offering Circular; and (ii) the impact that future additions to, or amendments of, IFRS principles may have on the Group's results of operations and/or financial condition, as well as on the comparability of prior periods.

Alternative Performance Measures

This Offering Circular contains certain alternative performance measures ("**APMs**") which are different from the IFRS financial indicators obtained directly from the audited consolidated financial statements for the years ended 31 December 2017 and 2016 and which are useful to present the results and the financial performance of the ENEL Group.

On 3 December 2015, CONSOB issued Communication No. 92543/15, which gives effect to the Guidelines issued on 3 October 2015 by the European Securities and Markets Authority (ESMA) concerning the presentation of APMs disclosed in regulated information and prospectuses published as from 3 July 2016. These Guidelines, which update the previous CESR Recommendation (CESR/05-178b), are aimed at promoting the usefulness and transparency of APMs in order to improve their comparability, reliability and comprehensibility.

In line with the Guidelines mentioned above, the criteria used to construct the APMs are as follows:

- Gross operating margin (otherwise referred to as EBITDA): an operating performance indicator, calculated as "Operating income" plus "Depreciation, amortisation and impairment losses";

- Net non-current assets: calculated as the difference between "Non-current assets" and "Non-current liabilities" with the exception of:
    - "Deferred tax assets";
    - "Securities held to maturity", "Financial investments in funds or portfolio management products measured at fair value through profit or loss" and "Other financial receivables" included in "Other non-current financial assets";
    - "Long-term borrowings";
    - "Employee benefits";
    - "Provisions for risks and charges (non-current portion)"; and
    - "Deferred tax liabilities";
- Net current assets: calculated as the difference between "Current assets" and "Current liabilities" with the exception of:
    - "Current portion of Long-term financial receivables", "Receivables for Factoring", "Securities held to maturity", "Financial Receivables and Cash collateral" and "Other current financial assets included in net financial position" included in "Other current financial assets";
    - "Cash and cash equivalents";
    - "Short-term borrowings" and the "Current portion of long-term borrowings";
    - "Provisions for risks and charges" (current portion)"; and
    - Certain financial payables included in the line "Other Items" within the "Other current financial liabilities";
- Net assets held for sale: calculated as the algebraic sum of "Assets classified as held for sale" and "Liabilities classified as held for sale";
- Net capital employed: calculated as the algebraic sum of "Net non-current assets" and "Net current assets", "Provisions for risks and charges" (current and non-Current portion), "Employee benefit", "Deferred tax liabilities" and "Deferred tax assets", as well as "Net assets held for sale";
- Net financial debt: a financial structure indicator, determined by:
    - "Long-term borrowings" and "Short-term borrowings and the current portion of long-term borrowings", taking account of certain financial payables included in the line "Other Items" within "Other current financial liabilities"; and
    - net of "Cash and cash equivalents" and "Securities held to maturity", "Financial investments in funds or portfolio management products measured at fair value through profit or loss" and "Other financial receivables" included in "Other non-current financial assets"; net of the "Current portion of long-term financial receivables", "Receivables for Factoring", "Financial Receivables and Cash collateral" and "Other current financial assets included in net financial position" included in "Other current financial assets";
- Capital expenditure: capital expenditure represents the increases in the line items Property, Plant and Equipment and Intangible Assets resulting from new investments of the period. The amount is calculated as the sum of the line Capital Expenditure of the tables of breakdown of Property, Plant and Equipment and Intangible Assets included in the financial statements;

- Gross capital employed: calculated as the sum of "Net non-current assets" and "Net current assets";
- Net long-term debt: a financial structure indicator, determined by "Long-term borrowings" net of "Securities held to maturity", "Financial investments in funds or portfolio management products measured at fair value through profit or loss" and "Other financial receivables", all included in "Other non-current financial assets"; and
- Net short-term financial debt: a financial structure indicator, determined by: "Short-term borrowings and the current portion of long-term borrowings", taking account of certain financial payables included in the line "Other Items" within "Other current financial liabilities"; net of "Cash and cash equivalents" and the "Current portion of long-term financial receivables", "Receivables for Factoring", "Financial Receivables and Cash collateral" and "Other current financial assets included in net financial position", all included in "Other current financial assets".

More generally, references to "Net Financial Debt" are to the ENEL Group's net financial debt, as ascertained pursuant to paragraph 127 of the CESR/05-054b Recommendations, implementing EC Regulation 809/2004, and in accordance with the CONSOB instruction of 26 July 2007, netted for financial receivables and long-term securities.

Investors should not place undue reliance on these APMs and should not consider any APMs as: (i) an alternative to operating income or net income as determined in accordance with IFRS; (ii) an alternative to cash flow from operating, investing or financing activities (as determined in accordance with IFRS) as a measure of the ENEL Group's ability to meet cash needs; or (iii) an alternative to any other measure of performance under IFRS.

Except for those reported in the section "Business – Strategy" of this Offering Circular, such APMs have been derived from historical financial information of the Group and are not intended to provide an indication on the future financial performance, financial position or cash flows of the Group itself. It should be noted that:

i. the APMs are based exclusively on Group historical data and are not indicative of future performance;

ii. the APMs are not derived from IFRS, they are derived from the consolidated financial statements of the Group prepared in conformity with these principles, and they are not subject to audit;

iii. the APMs are non-IFRS financial measures and are not recognised as a measure of performance or liquidity under IFRS and should not be recognised as alternative to performance measures derived in accordance with IFRS or any other generally accepted accounting principles;

iv. the APMs should be read together with financial information for the Group taken from the consolidated financial statements of the Issuer;

v. as the APMs are non-IFRS measures, the definitions of APMs used by the Group may differ from, and therefore not be comparable to, those used by other companies/groups; and

vi. the APMs and definitions used herein are consistent and standardised for all the period for which financial information in this Offering Circular are included.

These measures are used by ENEL's management to monitor the performance of the ENEL Group.

More specifically, ENEL's management believes that:

- Net Financial Debt provides prospective investors with adequate information to evaluate the overall level of the Group's indebtedness;

- Net capital employed provides prospective investors with adequate information to evaluate the Group's balancing between sources and uses of funds in the short and long term as well as the ability to fulfil the Group's obligations resulting from its operations with its current assets;
- EBITDA provides prospective investors with adequate information to evaluate the Group's operating performance and its ability to repay its borrowings through its operating cash flows.

Market information

This Offering Circular contains statements related to, among other things, the following: (i) the size of the sectors and markets in which the Group operates; (ii) growth trends in the sectors and markets in which ENEL operates; and (iii) ENEL's relative competitive position in the sectors and markets in which it operates and the position of its competitors in those same sectors and markets.

Whether or not this is stated, where such information is presented, such information is based on third- party studies and surveys as well as ENEL's experience, market knowledge, accumulated data and investigation of market conditions. While ENEL believes such information to be reliable and believes any estimates contained in such information to be reasonable, there can be no assurance that such information or any of the assumptions underlying such estimates are accurate or correct, and none of the internal surveys or information on which ENEL has relied have been verified by any independent sources. Accordingly, undue reliance should not be placed on such information. In addition, information regarding the sectors and markets in which ENEL operates is normally not available for certain periods and, accordingly, such information may not be current as of the date of this Offering Circular.

Certain defined terms

In this Offering Circular:

- References to "ENEL", the "Issuer" or the "Parent" are to ENEL S.p.A., unless the context requires otherwise.
- References to "Euro" or "€" are to the currency of the member states of the European Union participating in the third stage of the Economic and Monetary Union.
- References to "$", "U.S. $" or "U.S. dollar" refer to United States dollars.
- References to "IFRS" are to the International Financial Reporting Standards issued by the International Accounting Standards Board, including interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously referred to as the "Standing Interpretations Committee" (SIC), and, including also, International Accounting Standards (IAS) where the context requires, as endorsed by the European Commission for use in the European Union. IFRS as endorsed by the European Commission for use in the European Union differ in certain aspects from IFRS issued by the International Accounting Standards Board.
- References to the "Italian Consolidated Financial Act" are to Legislative Decree No. 58 of 24 February 1998, "*Testo unico delle disposizioni in materia di intermediazione finanziaria*," as amended.

Rounding

Certain numerical figures set out in this Offering Circular, including financial data presented in millions or thousands and certain percentages, have been subject to rounding adjustments and, as a result, the totals of the data in columns or rows of tables in this Offering Circular may vary slightly from the actual arithmetic totals of such information.

Forward-Looking Statements

This Offering Circular contains forward-looking statements, including (without limitation) statements containing the words "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" and similar words. These statements are based on ENEL's current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding ENEL's strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. ENEL does not undertake any obligation to publicly update or revise any forward-looking statements.

Furthermore, this Offering Circular contains certain statements and estimates regarding the competitive position in certain markets of Enel and its subsidiaries (collectively, the "Group"), including with respect to the Group's pre-eminence in particular markets. Such statements are based on the best information available to the Group's management as of the date hereof. However, the Group faces competitive risks and its market positions may diverge from those expressed herein as a result of a variety of factors. Any failure of the Group to execute upon its plans or maintain its market positions could have a material adverse effect upon the Group, its business prospects, its financial condition and its results of operations. See "Presentation of Financial and Other Information — Market information".

Enel may not actually achieve or realise the plans, intentions or expectations disclosed in its forward-looking statements and prospective investors should not place undue reliance on them. There can be no assurance that actual results of the Issuer's activities and operations will not differ materially from the expectations set forth in such forward-looking statements. Factors that could cause actual results to differ from such expectations include, but are not limited to, those described under "Risk Factors", including that:

- the Group is burdened by significant indebtedness and it must generate sufficient cash flow to service;
- the credit agreements and bond agreements that the Group has entered into contain restrictive covenants that limit its operation;
- the Group is vulnerable to any severe slowdown in power demand as a consequence of industrial sector weaknesses or potential energy intensity;
- the Group faces risks relating to the process of energy market liberalisation, which continues to unfold in many of the markets in which the Group operates. The Group may face new competition in the markets in which it operates, also due to the evolution of the energy sector;
- ENEL's ability to successfully execute its 2018-2020 Strategic Plan is not assured;
- a portion of the Group's indebtedness is subject to floating interest rates, thus subjecting the Group to the risk of adverse interest rate fluctuations;
- ENEL's ability to access credit and bond markets on acceptable terms is in part dependent on its credit ratings, which have come under scrutiny due to its level of debt;
- the Group faces risks relating to political, social or economic instability in some of the countries where the Group operates;
- ENEL conducts its business in several different currencies and is exposed to exchange rate risks, particularly in relation to the rate of exchange between the Euro and the U.S. dollar;

- the Group faces risks related to the adverse financial and macroeconomic conditions within the Eurozone;
- the United Kingdom's decision to withdraw from the European Union may have a negative effect on global economic conditions, financial markets and our business;
- ENEL is exposed to credit risk;
- the Group is subject to liquidity risk;
- if the Group is required to write down goodwill and other intangible assets, the Group's financial results would be negatively affected;
- ENEL is subject to a large variety of litigation and regulatory proceedings and cannot offer assurances regarding the outcomes of any particular proceedings;
- the Group faces risks associated with environmental and residents' opposition;
- the Group faces risks related to the energy industry and markets;
- the Group is subject to different regulatory regimes in all the countries in which it operates;
- the Group faces significant costs associated with environmental laws and regulation and may be exposed to significant environmental liabilities;
- the Group relies on time-limited government concessions in order to conduct many of its business activities;
- the Group faces risks relating to interruptions in service at its facilities;
- the Group faces risks related to the potential liabilities resulting from energy production through nuclear power plants;
- the Group is exposed to the risk related to the fluctuations of fuel, other commodities and electricity prices, or disruptions in their supply;
- the Group is exposed to a number of different tax uncertainties, which would have an impact on its tax expenses;
- the Group faces risks relating to the variability of weather and seasonality**;**
- The Group is exposed to extreme weather events and natural disasters in the current climate scenario;
- The Group is exposed to cyber-attacks.

The above is not an exhaustive list of the factors that could cause actual results to differ materially from the expectations set forth in such forward-looking statements and should be read together with the other cautionary statements included in this Offering Circular, including those described under "Risk Factors", beginning on page 1 of this Offering Circular.

OVERVIEW

This overview highlights selected information about ENEL and the Securities contained elsewhere in this Offering Circular. This overview does not contain all the information prospective investors should consider before deciding to purchase Securities. This overview should be read in conjunction with, and is qualified in its entirety by, the more detailed information included in this Offering Circular, including the Audited Consolidated Financial Statements and the accompanying notes thereto. Prospective investors should read carefully the entire Offering Circular to understand ENEL's businesses and the tax and other considerations which are important to a prospective investor's decision to invest in the Securities, including the risks discussed in the section entitled "Risk Factors."

Overview

Overview of the Business

ENEL is a multinational power company and a leading integrated player in the world's power and gas markets, with a particular focus on Europe and South America. The concern manages a highly diverse network of power plants: hydroelectric, thermoelectric, nuclear, geothermal, wind, solar PV and other renewable sources.

According to ENEL's estimates, the Group is the leading electricity operator in both Italy and Spain, one of the largest energy operator in the Americas where it is active in 12 countries with power generation plants of all types and one of the leading global operators in the fields of generation, distribution and sales of electricity. In particular, the Group has an asset backed presence in more than 30 countries across four continents (Europe, North America, South America, Africa and Asia) with more than 84.9 GW of net installed capacity and 2.2 million kilometres of grid network and sells electricity and gas to approximately 64 million customers as of 31 December 2017. Moreover, according to ENEL's estimates, ENEL is the largest Italian power company and the Europe's second largest listed utility by installed capacity. The Group had operational generation plants (thermal, hydroelectric, geothermal, nuclear and other plants) with a total net efficient electrical capacity of 84.9 GW as of 31 December 2017, compared to 82.7 GW as of 31 December 2016, respectively. For the year ended 31 December 2017, net electricity production was 249.9 TWh and distribution of electricity was 445.2 TWh, respectively, compared to 261.8 TWh and 426.7 TWh as of 31 December 2016.

The Group is deeply committed to the renewable energies sector and to researching and developing new environmentally friendly technologies. In 2015, approximately half of the electricity the Group produced was free of carbon dioxide emissions, making it one of the world's major producers of clean energy. Further, ENEL is committed to becoming a carbon-neutral company by 2050. In 2016, ENEL's renewable energy business, operated through by ENEL Green Power S.p.A. ("**EGP**") and its subsidiaries, has been the subject matter of a corporate reorganisation with the aim of, inter alia, innovating in renewables at scale and with greater speed.

Moreover, ENEL is the first utility in the world to replace conventional electromechanical meters with so-called "smart meters", being modern electronic meters that enable consumption levels to be read in real time and contracts to be managed remotely. As of the date of this Offering Circular, approximately 67 per cent. of ENEL Distribution customers are equipped with a smart meter developed and installed by ENEL. This innovative measurement system is essential to the development of smart grids, smart cities and electric mobility.

The following tables set forth the Group's key operating data of the electricity business as of and for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December 2017			Year ended on 31 December 2016		
	Italy	**Abroad**	**Total**	**Italy**	**Abroad**	**Total**
			(TWh)			
Net electricity production	53.5	196.4	249.9	60.9	200.9	261.8
Electricity conveyed through the grid [(1)]	227.3	217.9	445.2	223.5	202.5	426.0
Electricity sold	103.2	181.6	284.8	94.1	168.9	263.0

Note:

(1) The figure for 2016 reflects a more accurate measurement of amounts transported.

The Group also imports and sells natural gas in Italy, Spain and elsewhere. The Group has sold approximately 11.7 billion cubic metres of gas worldwide in the year ended 31 December 2017 and 10.6 billion cubic metres of gas worldwide in 2016.

In 2017, the Group's total revenues were € 74,639 million, compared to €70,592 million in 2016, while, for the same period, the net income attributable to shareholders was € 3,779 million, compared to €2,570 million in 2016.

As of 31 December 2017, the Group employed 6,.900 employees, of which 31,114 were employed in Italy and 31,786 were employed abroad.

As at 31 December 2017, ENEL's share capital amounted to €10,166,679,946 fully paid-in and divided into 10,166,679,946 issued and outstanding ordinary shares, listed on the *mercato telematico azionario*, a stock exchange regulated and managed by Borsa Italiana S.p.A. ("**MTA**"), with a nominal value of €1 each.

Strategy

On 21 November 2017, ENEL presented its 2018–2020 Strategic Plan (the "**Strategic Plan**"), which follows the execution of the 2017-2019 strategic plan. In the new Strategic Plan, the digitalisation and customer focus, which were introduced in the 2017-2019 plan, continue to be major enablers of the strategy. The pillars of the Group's 2017-2019 strategic plan remain in place with further evolution and acceleration in their implementation.

In order to achieve the Strategic Plan targets, the Group plans the following strategic actions:

- **Digitalisation**: the investments to digitise ENEL's asset base (mainly in networks, renewables and thermal generation), operations and processes and enhance connectivity, increases to Euro 5.3 compared to Euro 4.7 billion envisaged in the 2017-2019 strategic plan, and is expected to generate Euro 1.9 billion of cumulative incremental EBITDA between 2018-2020 (with an increase of Euro 300 million compared to 2017-2019 strategic plan), or Euro 900 million of incremental EBITDA in 2020. Approximately 60 per cent. of this growth will come from higher margins and 40 per cent. from lower operating expenses on a cumulative basis.
- **Customer Focus**: emphasis on enhancing customer operations to protect and grow Enel's most important asset, its portfolio of over 60 million end-users. The Group is targeting a total of Euro 3.3 billion of EBITDA in 2020, representing a 32 per cent. increase compared to the 2017 EBITDA envisaged in the 2017-2019 strategic plan.

In e-Solutions, which is expected to contribute the remaining Euro 400 million on EBITDA in 2020, four product/service lines have been set up to address new customer needs stemming from the transition from a centralised to a distributed energy model:

- e-Industry: offering solutions to large commercial and industrial clients with a specific focus on "flexibility" services;
- e-Mobility: covering all customers segments, from residential to industrial and public, with the aim of being a technology leader in the sector;
- e-Home: offering solutions to residential customers, such as installation, maintenance and repair of advanced home energy appliances; and
- e-City: offering integrated energy services to the public administration and municipalities as well as connectivity services, such as fiber optic wholesale services.

The e-Solutions business line will be coming to market in 2018 under a new brand, Enel X.

On the strategic pillars, the Group plans the following:

- **Operational efficiency**: the new digital is expected to allow the Group to achieve a cash cost target of Euro 10.3 billion in 2020 compared to a 2017 cash cost base of Euro 11.1 billion, or a 7 per cent. reduction in nominal terms. The cash cost target will be the result of:
  - a 20 per cent. reduction in investments in maintenance to Euro 2.0 billion in 2020 compared to Euro 2.5 billion in 2017, net of network connections and despite asset base growth; and
  - a 3 per cent. reduction in operating expenses to Euro 8.3 billion in 2020 compared to Euro 8.6 billion in 2017 in nominal terms, equivalent to a reduction of Euro 1.2 billion in real terms, of which Euro 500 million are derived from investments in digitalisation.
- **Industrial growth:** The Strategic Plan contemplates an investment program of Euro 24.6 billion between 2018 and 2020, increasing by Euro 500 million compared to 2017-2019 strategic plan and including Euro 3.4 billion of capex under the build, sell and operate ("**BSO**") model. The Group expects a 30 per cent.-70 per cent. mix between maintenance and growth capex for the period, a further improvement compared to 2017-2019 strategic plan**.** The asset digitalisation plan will drive an additional increase in investments in Networks and Retail through e-Solutions, primarily in smart meters, remote-control and connectivity of equipment, as well as investments in digitalising customer engagement and promoting a more digitally-oriented workforce. These investments will allow the Group to keep maintenance capex stable, reduce operating expenses and free up additional resources for growth.

  The growth capex plan under the Strategic Plan is 80 per cent. devoted to mature markets, representing a significant change from the 60 per cent. under the 2017-2019 strategic plan, with the effect of further reducing its risk profile. From a geographical standpoint the allocation of capex compared to 2017-2019 strategic plan evolves as follows:

  - 40 per cent. increase in North & Central America, driven by Renewables growth;
  - 23 per cent. increase in capex in Italy, driven by Networks;
  - 35 per cent. increase in capex in Iberia, driven by Networks and the restart of Renewables growth;
  - 26 per cent. lower capex in South America, mainly in Renewables.

Almost 95 per cent. of Group growth capex will be invested in non-merchant risk businesses, such as Networks, Renewables and Thermal Generation covered by Power Purchase Agreements (PPAs).

The Group expects to generate Euro 3.6 billion of cumulative growth EBITDA over the 2018-2020 period, excluding the contribution from connections. The increase will be driven by investment in:

- **Networks:** growth capex expected to reach around Euro 4.7 billion cumulatively over the 3 years, mostly on asset digitalisation. The number of installed smart meters is expected to increase to 47.9 million, of which 17.4 million are second-generation meters. End users are expected to increase by 2 million to 67 million in 2020 from the current level of 65 million;
- **Renewables:** total growth capex of Euro 8.3 billion planned, which is expected to deliver 7.8 GW of total additional capacity over the 3 years. Of this, Euro 3.4 billion will be invested under the BSO model, resulting in 3.8GW of additional capacity; the remaining 4.0 GW of new capacity will be delivered organically;
- **e-Solutions: Euro** 800 million of cumulative growth capex over the 3 years, mainly in the installation of charging stations, software platforms and public lighting.

- **Group Simplification and Active Portfolio Management:** over the Strategic Plan period, the Group plans to dispose of a further Euro 3.2 billion of existing assets mainly focusing on Thermal Generation and exiting non-strategic countries, as well as investing up to Euro 4.7 billion as follows:
  - Euro 2.3 billion in the buy-out of minorities;
  - Euro 2 billion in acquisitions in the Networks and e-Solutions businesses;
  - the remaining Euro 400 million in equity partnerships.

  The planned allocation of funds to the buy-out of minorities has increased by Euro 300 million to Euro 2.3 billion between 2018 – 2020 compared to 2017-2019 strategic plan. Taking into account the Euro 500 million already invested in 2017, the overall minorities reinvestment target is for a total of Euro 2.8 billion over the 2017-2020 period. In line with the previous plan, the Group's priority remains focused on the buy-out of minorities in South America. However, the Group still retains the flexibility to execute a share buy-back of up to Euro 2 billion, following the authorisation, valid until November 2018, granted by Enel's 2017 annual general meeting. Furthermore, Enel expects to continue to reduce the number of operating companies in South America, reaching less than 30 operating companies in the region by 2020, compared to 53 companies at the end of 2017. Over the plan's period, the Group also expects to further simplify the ownership structure of the subsidiaries of Enel Américas, Enel Romania and Enel Investment Holding. Simplification remains an ongoing process, with the objective of increasing the Group's consistency, focus and efficiency.
- **Shareholder Remuneration:** given ENEL's confidence in the Strategic Plan, the improved dividend policy of a 70 per cent. pay-out ratio for 2018 and 2019 is confirmed, with the introduction of the same pay-out ratio for 2020, all applied to Group net ordinary income. In addition, for 2018 a minimum dividend per share of Euro 0.28 has been introduced. Therefore, on 2018 results Enel is expected to pay the higher of:
  - a dividend of Euro 0.28 per share;
  - a dividend per share based on the aforementioned 70 per cent. pay-out ratio.
- **Sustainable Long-Term Value Creation:** under the Strategic Plan the Group confirms and accelerates its specific commitment, undertaken in September 2015, on the following 17 United Nation Sustainable Development Goals ("**SDG**"):

- 800,000 beneficiaries of quality education by 2020, up twofold from the previous 400,000 (SDG 4);
- 3 million beneficiaries of access to affordable and clean energy by 2020, mainly in Africa, Asia and South America (SDG 7);
- 3 million beneficiaries of employment and sustainable and inclusive economic growth by 2020, up twofold from the previous 1.5 million (SDG 8);
- On climate action: CO2 emission factors lower that 350g CO2/KWheq by 2020 (SDG 13).

The Issuer

ENEL was incorporated under the laws of Italy as a joint stock company (*società per azioni*) on 24 July 1992 and operates in accordance with provisions of Italian law applicable to such companies. Its registered offices are located at Viale Regina Margherita 137, in Rome, and its main telephone number is +3906 83051. The Issuer is registered with the Italian Companies' Register of the Chamber of Commerce of Rome under registration No. 00811720580. Pursuant to Article 3 of the Issuer's articles of association, the Issuer shall remain in existence until 31 December 2100; however, the Issuer's corporate duration may be further extended by a shareholder resolution.

Overview of the Terms of the Securities

This Overview of the Terms of the NC2023 Securities and Terms of the NC2026 Securities the must be read in conjunction with and is qualified in its entirety by reference to "Terms of the NC2023 Securities" and "Terms of the NC2026 Securities" appearing elsewhere in this Offering Circular. References to the "relevant Terms and Conditions of the Securities" and "Conditions" are references to Conditions under "Terms of the NC2023 Securities" and "Terms of the NC2026 Securities", respectively. Capitalised terms used but not otherwise defined herein have the meaning ascribed to them under the caption "Terms of the NC2023 Securities" in respect of the NC2023 Securities and "Terms of the NC2026 Securities" in respect of the NC2026 Securities.

Issuer	ENEL - Società per Azioni
Securities Offered	€750,019,000 5.5 Year Non-Call Capital Securities due 2078 (the "**NC2023 Securities**") and €750,000,000 8.5 Year Non-Call Capital Securities due 2081 (the "**NC2026 Securities**" and, together with the "**NC2023 Securities**, the "**Securities**").
Maturity Date	24 November 2078 in respect of the NC2023 Securities and 24 November 2081 in respect of the NC2026 Securities.
Interest	The NC2023 Securities will bear interest on their principal amount (i) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 2.500 per cent. per annum, payable annually in arrear on each Interest Payment Date, except that the first payment of interest, to be made on 24 November 2018, will be in respect of the period from and including 24 May 2018 to but excluding 24 November 2018 and (ii) from (and including) the First Reset Date to (but excluding) the Maturity Date, at, in respect of each Reset Period, the relevant EUR 5 year Swap Rate plus (A) in respect of the Reset Period commencing on the First Reset Date to but excluding 24 November 2028, 2.096 per cent. per annum, (B) in respect of the Reset Periods commencing on 24 November 2028, 24 November 2033 and 24 November 2038, 2.346 per cent. per annum, and (C) in respect

	of any other Reset Period after 24 November 2038, 3.096 per cent. per annum, all as determined by the Agent Bank for annual payment in arrear on each Interest Payment Date, commencing on 24 November 2018. The NC2026 Securities will bear interest on their principal amount (i) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 3.375 per cent. per annum, payable annually in arrear on each Interest Payment Date, except that the first payment of interest, to be made on 24 November 2018, will be in respect of the period from and including 24 May 2018 to but excluding 24 November 2018 and (ii) from (and including) the First Reset Date to (but excluding) the Maturity Date, at, in respect of each Reset Period, the relevant EUR 5 year Swap Rate plus (A) in respect of the Reset Period commencing on the First Reset Date to but excluding 24 November 2031, 2.580 per cent. per annum, (B) in respect of the Reset Periods commencing on 24 November 2031, 24 November 2036 and 24 November 2041, 2.830 per cent. per annum, and (C) in respect of any other Reset Period after 24 November 2041, 3.580 per cent. per annum, all as determined by the Agent Bank for annual payment in arrear on each Interest Payment Date, commencing on 24 November 2018.
Interest Payment Dates	Each Security will bear interest from the date of original issuance. Interest on the Securities will be payable annually in arrear on 24 November in each year commencing on 24 November 2018 (each an "**Interest Payment Date**").
Optional Interest Deferral and Arrears of Interest	The Issuer may, at its sole discretion, elect to defer in whole, any payment of interest accrued on the relevant Securities in respect of any Interest Period (a "**Deferred Interest Payment**") by giving notice (a "**Deferral Notice**") of such election to the relevant Securityholders in accordance with Condition 12, and to the Trustee and the Principal Paying Agent at least five, but not more than 30, Business Days prior to the relevant Interest Payment Date. If the Issuer makes such an election, it shall have no obligation to make such payment and any such non-payment of interest shall not constitute a default by the Issuer or any other breach of obligations under the Securities or for any other purpose. Any Deferred Interest Payment will be deferred and shall constitute "**Arrears of Interest**". Any Arrears of Interest will remain outstanding until paid in full by the Issuer, but Arrears of Interest shall not itself bear interest.
Optional Settlement of Arrears of Interest	The Issuer may pay outstanding Arrears of Interest (in whole but not in part) at any time upon giving not less than 10 and not more than 15 Business Days' notice to the Securityholders in accordance with Condition 12 (which notice shall be irrevocable and will oblige the Issuer to pay the relevant Arrears of Interest

on the payment date specified in such notice) and to the Trustee and the Principal Paying Agent at least five, but not more than 30, Business Days prior to the relevant due date for payment.

Mandatory Settlement of Arrears Interest

All (but not some only) of any outstanding Arrears of Interest being outstanding shall become due and payable in full and shall be paid by the Issuer on the first occurring Mandatory Settlement Date.

"**Mandatory Settlement Date**" means the earliest of:

(i) the fifth Business Day following the date on which a Mandatory Arrears of Interest Settlement Event occurs;

(ii) following any Deferred Interest Payment, on the next scheduled Interest Payment Date on which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period;

(iii) the date on which the Securities are redeemed or repaid in accordance with Condition 6; and

(iv) the date on which an order is made or a resolution is passed for the commencement of any Insolvency Proceedings in respect of the Issuer, or the date on which the Issuer takes any corporate action for the purposes of opening, or initiates or consents to, Insolvency Proceedings in respect of itself.

A "**Mandatory Arrears of Interest Settlement Event**" shall have occurred in respect of the Securities if:

(a) a dividend (either interim or final) or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Junior Securities, except where such dividend, distribution or payment was contractually required to be declared, paid or made under the terms of such Junior Securities;

(b) a dividend (either interim or final) or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Parity Securities, except where such dividend, distribution or payment was contractually required to be declared, paid or made under the terms of such Parity Securities;

(c) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Junior Securities, except where (x) such repurchase, purchase, redemption or acquisition was undertaken in connection with the satisfaction by the Issuer or any Subsidiary of its respective obligations under (i) any share buy-back program existing at the Issue Date or (ii) any stock option plan or free share allocation plan reserved for directors, officers and/or employees of the Issuer or any associated hedging transaction or (y) such repurchase, purchase, redemption or

acquisition is contractually required to be made under the terms of such Junior Securities; or

(d) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Parity Securities, except where (x) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Parity Securities or (z) such repurchase, purchase, redemption or acquisition is effected as a public tender offer or public exchange offer at a purchase price per security which is below its par value.

If a Mandatory Settlement Date does not occur prior to the calendar day which is the fifth anniversary of the Interest Payment Date on which the relevant Deferred Interest Payment was first deferred, it is the intention, though not an obligation, of the Issuer to pay all outstanding Arrears of Interest (in whole but not in part) on the next following Interest Payment Date.

Purchases

The Issuer or any Subsidiary may at any time purchase Securities (provided that all unmatured Coupons appertaining to the Securities are purchased with the Securities) in any manner and at any price. Such Securities may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

Further Issuances

The Issuer may, without the consent of the Securityholders or Couponholders, create and issue further securities or bonds (whether in bearer or registered form) either (a) ranking pari passu in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding securities or bonds of any series (including the Securities) constituted by a Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue.

Status of the Securities

The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank and will at all times rank *pari passu* without any preference among themselves and with Parity Securities and senior only to the Issuer's payment obligations in respect of any Junior Securities. The Securities constitute *obbligazioni* pursuant to Articles 2410 et seq. of the Italian Civil Code. The obligations of the Issuer in respect of the Securities and the Coupons are subordinated as described in Condition 3.2 of the Securities.

Use of Proceeds

The net proceeds of the issuance of the NC2023 Securities that are not being issued in exchange for the Exchange Offer Existing Securities (as defined herein) (the "**Standalone New Securities**"), expected to amount to €494,125,000 after deduction of the commissions and before deducting the other

	expenses incurred in connection with the issue of the Standalone New Securities, together with the net proceeds of the issuance of the NC2026 Securities, expected to amount to €738,060,000 after deduction of the commissions and before deducting the other expenses incurred in connection with the issue of the NC2026 Securities, will be used by the Issuer respectively, (i) for general corporate purposes and (ii) to pay repurchase costs in connection with the Tender Offer (as defined herein). €250,019,000 in principal amount of the NC2023 Securities are being issued in exchange for the Exchange Offer Existing Securities and therefore the Issuer will not receive any proceeds from this portion of the NC2023 Securities. See "*Use of Proceeds*.", "*Business – Recent Significant Transactions and Developments – Tender Offer*" and "*Business – Recent Significant Transactions and Developments – Exchange Offer*".
Ratings	The Securities are expected to be rated Ba1 by Moody's, BBB- by S&P and BBB- by Fitch. Each of Moody's, S&P and Fitch is established in the European Union and is registered under the CRA Regulation. As such, each of Moody's, S&P and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (www.esma.europa.eu/ page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.
Optional Redemption	(i) The Issuer may redeem all (but not some only) of the NC2023 Securities on any date during the period commencing on (and including) 24 August 2023 and/or ending on (and including) the First Reset Date or upon any Interest Payment Date thereafter (the "**NC2023 Call Date**") and/or (ii) the Issuer may redeem all (but not some only) of the NC2026 Securities on any date during the period commencing on (and including) 24 August 2026 and ending on (and including) the First Reset Date or upon any Interest Payment Date thereafter (the "**NC2026 Call Date**" and, together with the "**NC2023 Call Date**" the "**Call Dates**"), at their principal amount together with any accrued interest up to (but excluding) the relevant Call Date and any outstanding Arrears of Interest. The Issuer may also redeem all (but not some only) of the Securities at any time at the applicable Early Redemption Price (as defined herein) upon the occurrence of an Accounting Event, a Rating Methodology Event, a Tax Deductibility Event or a Withholding Tax Event. In the event that at least 80 per cent. of the aggregate principal amount of the relevant Securities issued on the Issue Date has been purchased by or on behalf of the Issuer or a Subsidiary (as defined in the relevant Terms and Conditions of the Securities) and has been cancelled (a "**Substantial Repurchase Event**"), the Issuer may redeem the Securities in whole but not in part at any time, at the applicable Early Redemption Price. See "Terms

and Conditions of the NC2023 Securities – Redemption and Purchase" in relation to the NC2023 Securities and "Terms and Conditions of the NC2026 Securities – Redemption and Purchase" in relation to the NC2026 Securities.

The "**Early Redemption Price**" will be determined as follows:

(i) in the case of a Withholding Tax Event or a Substantial Repurchase Event at any time, 100 per cent. of the principal amount of the relevant Securities; or

(ii) in the case of an Accounting Event, a Rating Methodology Event, or a Tax Deductibility Event, either:

  (a) 101 per cent. of the principal amount of the relevant Securities then outstanding if the Early Redemption Date falls (i) prior to 24 August 2023, in the case of the NC2023 Securities, or (ii) prior to 24 August 2026, in the case of the NC2026 Securities (in each case, being the date falling three months prior to the relevant First Reset Date); or

  (b) 100 per cent. of the principal amount of the relevant Securities then outstanding if the Early Redemption Date falls (i) on or after 24 August 2023, in the case of the NC2023 Securities, or (ii) on or after 24 August 2026, in the case of the NC2026 Securities (in each case, being the date falling three months prior to the relevant First Reset Date),

in each case together with any accrued interest up to, but excluding, the relevant Early Redemption Date and any outstanding Arrears of Interest. See Condition 6 – "Redemption and Purchase".

Intention Regarding Redemption and Repurchase of the Securities

The following paragraph shall not form part of the relevant Terms and Conditions of the Securities.

The Issuer intends (without thereby assuming a legal obligation) that it will redeem or repurchase the Securities only to the extent that the part of the aggregate principal amount of the Securities to be redeemed or repurchased which was assigned "equity credit" (or such similar nomenclature used by S&P from time to time) at the time of the issuance of the Securities does not exceed such part of the net proceeds received by the Issuer or any Subsidiary prior to the date of such redemption or repurchase from the sale or issuance of securities by the Issuer or such Subsidiary to third-party purchasers (other than group entities of the Issuer) which is assigned by S&P "equity credit" (or such similar nomenclature used by S&P from time to time), at the time of sale or issuance of such securities (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), unless: (i) the rating assigned by S&P to the

Issuer is at least "BBB+" (or such similar nomenclature then used by S&P) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or (ii) in the case of a repurchase, such repurchase is of less than (a) ten per cent. of the aggregate principal amount of the Securities originally issued in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the Securities originally issued in any period of ten consecutive years, or (iii) the Securities are redeemed pursuant to a Tax Deductibility Event, a Withholding Tax Event, an Accounting Event, a Substantial Repurchase Event or a Rating Methodology Event which results from an amendment, clarification or change in the "equity credit" criteria by S&P, or (iv) the Securities are not assigned an "equity credit" by S&P (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or (v) in the case of a repurchase, such repurchase relates to an aggregate principal amount of Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer's hybrid capital to which S&P then assigns equity content under its prevailing methodology; or (vi) such redemption or repurchase occurs on or after the Reset Date falling on 24 November 2043 in the case of NC2023 Securities and on 24 November 2046 in the case of NC2026 Securities.

Events of Default

If either:

(i) default is made by the Issuer in the payment of any interest which is due and payable in respect of the Securities and the default continues for a period of 30 days or more; or

(ii) a judgment is given for the voluntary or judicial winding up, dissolution or liquidation of the Issuer or restructuring of the Issuer's liabilities pursuant to any Insolvency Proceedings or under any applicable bankruptcy or insolvency law or if the Issuer is liquidated for any other reason (other than under certain circumstances),

the Issuer shall, without notice from the Trustee, be deemed to be in default under each Trust Deed, the Securities and the related Coupons and the Trustee at its sole discretion may (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) (i) in the case of sub-paragraph (i) above, institute steps in order to obtain a judgment against the Issuer for any amounts due in respect of the Securities, including the institution of Insolvency Proceedings against the Issuer and (ii) in the case of each of sub-paragraphs (i) and (ii) above, file a proof of claim and participate in any Insolvency Proceedings or proceedings for the liquidation, dissolution or winding-up of the Issuer (in which Insolvency Proceedings, liquidation, dissolution or winding-up the Securities shall immediately become due and payable at their

	principal amount together with any accrued but unpaid interest up to (but excluding) the date on which the Securities become so due and payable and any outstanding Arrears of Interest). If default is made by the Issuer in the payment of any principal in respect of the Securities that has become due and payable in respect of the Securities in accordance with each Trust Deed and the default continues for a period of ten days or more, the Trustee at its sole discretion may (subject to its being indemnified and/or secured and/or prefunded to its satisfaction), institute steps in order to obtain a judgment against the Issuer for any amounts due in respect of the Securities, including the institution of Insolvency Proceedings against the Issuer or the filing of a proof of claim and participation in any Insolvency Proceedings or proceedings for the liquidation, dissolution or winding-up of the Issuer (in which Insolvency Proceedings, liquidation, dissolution or winding-up the Securities shall immediately be due and payable at their principal amount together with any accrued but unpaid interest up to (but excluding) the date on which the Securities become so due and payable and any outstanding Arrears of Interest).
Meetings of Securityholders	Each Trust Deed and the relevant Terms and Conditions of the relevant Securities contain provisions for convening meetings of the relevant Securityholders to consider any matter affecting their interests. These provisions permit defined majorities to bind all relevant Securityholders, whether or not they are present at the meeting, and all relevant Couponholders.
Modification and Waiver	The Trustee may agree, without the consent of relevant Securityholders or Couponholders, to any modification (subject as set out in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the relevant Securities or the relevant Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default shall not be treated as such, in the circumstances and subject to the conditions described in Condition 13.3.
Substitution	The Trustee may, without the consent of the relevant Securityholders or relevant Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under Condition 13.2) as the principal debtor under the relevant Securities, the relevant Coupons and the relevant Trust Deed of another company, in the circumstances and subject to the conditions described in Condition 13.2.
Exchange or Variation	If at any time after the Issue Date the Issuer determines that a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or an Accounting Event has occurred and is continuing, and has provided the Trustee with the relevant certificate and opinion, or in the case of Condition 6.5 only, the Rating Agency Confirmation, pursuant to Conditions 6.3, 6.4,

6.5 or 6.6 (as applicable), then the Issuer may, without any requirement for the consent or approval of the Securityholders or Couponholders and subject to the pre-conditions set out in Condition 7.2, which include that the terms of the exchange or variation, in the sole opinion of the Issuer (acting reasonably) are not prejudicial to the interests of the investors in the Securities, and subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to in Condition 7 that the provisions of such Condition have been complied with and having given not less than 30 nor more than 60 Business Days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 12 (*Notices*), to the Securityholders (which notice shall be irrevocable), as an alternative to an early redemption of the Securities at any time (i) exchange the Securities or (ii) vary the terms of the Securities, so that after such exchange or variation the Securities remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer) more favourable tax, accounting or ratings treatment than the treatment to which they were entitled prior to the relevant event occurring.

Transfer and Selling Restrictions

There are restrictions on the offer, sale and transfer of the Securities in the United States, the United Kingdom and Italy and such other restrictions as may be required in connection with the offering and sale of the Securities. See "Subscription and Sale".

Taxation; Additional Amounts

All payments of principal and interest in respect of the relevant Securities and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future Taxes imposed or levied by or on behalf of any Tax Jurisdiction, unless such withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay (subject to Condition 8) such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received by the relevant Securityholders and relevant Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the relevant Securities or, as the case may be, or the relevant Coupons in the absence of such withholding or deduction.

Notwithstanding the above, no Additional Amounts will be payable in relation to any payment in respect of any Security or Coupon:

(a) presented for payment: (i) in any Tax Jurisdiction; or (ii) by or on behalf of a holder who is liable for such Taxes in respect of such Security or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Security or Coupon; or (iii) by or on behalf of a holder who would be able to avoid such

withholding or deduction making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so; or (iv) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Presentation Date; or

(b) in relation to any payment or deduction on account of *imposta sostitutiva* pursuant to Decree No. 239 as amended and/or supplemented or, for the avoidance of doubt, Italian Legislative Decree No. 461 of 21 November 1997 as amended and supplemented and in all circumstances in which the procedures set forth in Decree No. 239 in order to benefit from a tax exemption have not been met or complied with; or

(c) where such withholding or deduction is required to be made pursuant to Law Decree 30 September 1983, No. 512 converted into law with amendments by Law 25 November 1983, No. 649; or

(d) in the event of payment by the Issuer to a non-Italian resident Securityholder, to the extent that the Securityholder is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities.

Notwithstanding anything to the contrary contained herein, the Issuer (and any other person making payments on behalf of the Issuer) shall be entitled to withhold and deduct any amounts required to be deducted or withheld pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to (i) Sections 1471 through 1474 of the Code, or (ii) any regulations thereunder or official interpretations thereof, or (iii) an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or (iv) any law implementing such an intergovernmental agreement (any such withholding or deduction, a "**FATCA Withholding**"), and no person shall be required to pay any additional amounts in respect of FATCA Withholding.

Form and Denomination — The Securities will be issued in bearer form in denominations of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000.

Governing Law — The relevant Trust Deed, the relevant Securities and the related Coupons and any non-contractual obligations arising out of or in connection with the relevant Trust Deed, the relevant Securities and the Coupons are governed by, and shall be construed in accordance with, English law, except for Conditions 3.1 and 3.2,

	concerning status and subordination of the relevant Securities and the Coupons, which shall each be governed by Italian law. Condition 13.1 and the provisions of the relevant Trust Deed concerning the meeting of relevant Securityholders and the appointment of a joint representative of such Securityholders (*a rappresentante comune*) in respect of the Securities are subject to compliance with Italian law.
Trustee	BNY Mellon Corporate Trustee Services Limited.
Principal Paying Agent and Agent Bank	The Bank of New York Mellon, London Branch.
Listing	This Offering Circular has been approved by the Central Bank, as competent authority under the Prospectus Directive, as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to Euronext Dublin for the Securities to be admitted to the Official List and trading on its regulated market.
Security Codes	The ISIN is XS1713463716 and the Common Code is 171346371 for the NC2023 Securities and the ISIN is XS1713463559 and the Common Code is 171346355 for the NC2026 Securities.
Risk Factors	Investing in the Securities involves substantial risks. In evaluating an investment in the Securities, you should carefully consider all of the information provided in this Offering Circular and, in particular, the specific factors set out under "Risk Factors" beginning on page 1.

USE OF PROCEEDS

The net proceeds of the issuance of the NC2023 Securities that are not being issued in exchange for the Exchange Offer Existing Securities (the "**Standalone New Securities**"), expected to amount to €494,125,000 after deduction of the commissions and before deducting the other expenses incurred in connection with the issue of the Standalone New Securities, together with the net proceeds of the issuance of the NC2026 Securities, expected to amount to €738,060,000 after deduction of the commissions and before deducting the other expenses incurred in connection with the issue of the NC2026 Securities, will be used by the Issuer respectively, (i) for general corporate purposes and (ii) to pay repurchase costs in connection with the Tender Offer (as defined below). €250,019,000 in principal amount of the NC2023 Securities are being issued in exchange for the Exchange Offer Existing Securities and therefore the Issuer will not receive any proceeds from this portion of the NC2023 Securities.

See "Capitalisation", "Business – Recent Significant Transactions and Developments – Tender Offer" and "Business – Recent Significant Transactions and Developments – Exchange Offer".

CAPITALISATION

The following table sets forth the Group's capitalisation as of 31 December 2017 on (a) an actual basis; and (b) an adjusted basis to give effect to the issuance of the Securities and the expected use of proceeds therefrom.

Prospective investors should read this table in conjunction with the sections entitled "*Risk Factors*", "*Use of Proceeds*", "*Overview – Summary Financial Information*" and "*Presentation of Financial and Other Information*", as well as the Audited Consolidated Financial Statements and accompanying notes thereto included in this Offering Circular.

	As of 31 December 2017	As of 31 December 2017 (as adjusted)
	(€ million)	
Cash and Cash Equivalents	**7,021**	**7,447**[(1)]
Financial Indebtedness:		
Short-Term Financial Indebtedness (including current portion of long term debt)	8,894	8,894
Long-Term Financial Indebtedness (excluding current portion of long term debt)	42,439	41,461[(2)]
Securities offered hereby	-	1,480[(3)]
Total Financial Indebtedness	**51,333**	**51,835**
Shareholders' Equity:		
Share capital	10,167	10,167
Paid-in capital	7,489	7,489
Legal reserve	2,034	2,034
Other reserves	2,262	2,262
Retained earnings	9,064	9,064
Net income	3,779	3,779
Total equity attributable to shareholders of the Parent	34,795	34,795
Equity attributable to minority interests	17,366	17,366
Total Shareholders' Equity	**52,161**	**52,161**
TOTAL CAPITALISATION	**103,494**	**103,996**

(1) Based on net proceeds for €1,232 million from the issuance of the Standalone New Securities net of: (i) the repayment of the Tender Offer Existing Securities to be purchased pursuant to the Tender Offer; (ii) the repurchase costs in connection with the Tender Offer; and (iii) the costs for the Exchange Offer Existing Securities to be exchanged pursuant to the Exchange Offer

(2) Based on the repayment of the Tender Offer Existing Securities to be purchased pursuant to the Tender Offer and Exchange Offer Existing Securities to be exchanged pursuant to the Exchange Offer at their amortized costs.

(3) Based on the sum of net proceeds for €1,232 million from the issuance of the Standalone New Securities and for €248 million from the issuance of new securities in exchange for Exchange Offer Existing Securities to be exchanged pursuant to the Exchange Offer.

SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with and is qualified in its entirety by reference to the Audited Consolidated Financial Statements and accompanying notes thereto included in this Offering Circular. See also "Presentation of Financial and Other Information," "Risk Factors" and "Capitalisation."

The Group's financial information as of and for the years ended 31 December 2017 and 2016, included in the following tables, has been derived from the Audited Consolidated Financial Statements.

Income statement data

The following table sets forth the Group's summary consolidated income statement data for the years ended 31 December 2017 and 2016.

	Year ended 31 December	
	2017	**2016**
Revenues	74,639	70,592
Costs	(65,425)	(61,538)
Net income/charges from commodity risk management	578	(133)
Operating income	**9,792**	**8,921**
Financial income	3,982	4,173
Financial expense	(6,674)	(7,160)
Share of income/(expense) from equity investments accounted for using the equity method	111	(154)
Income before taxes	**7,211**	**5,780**
Income taxes	(1,882)	(1,993)
Income from continuing operations	**5,329**	**3,787**
Net income for the year/period (shareholders of the Parent and minority interests)	5,329	3,787
Attributable to the shareholders of the Parent	3,779	2,570
Attributable to minority interests	1,550	1,217
Earnings per share (Euro)	0.37	0.26

Balance sheet data

The following table sets forth the Group's summary consolidated balance sheet data as of 31 December 2017 and 2016. The summary consolidated balance sheet data as of 31 December 2017 and 2016.

	2017	2016
	(€ million)	
Non-current assets	119,204	120,304
Current assets	34,467	35,281
Assets held for sale	1,970	11
Total assets	155,641	155,596
Equity attributable to the shareholders of the Parent	34,795	34,803
Equity attributable to minority interests	17,366	17,772
Total Shareholders' Equity	52,161	52,575
Non-current liabilities	63,016	62,058
Current liabilities	38,735	40,963
Liabilities held for sale	1,729	-
Total Liabilities	103,480	103,021
Total liabilities and shareholders'equity	155,641	155,596

Statement of cash flow data

The following table sets forth the Group's summary consolidated cash-flow statement data for the years ended 31 December 2017 and 2016.

	2017	2016
	(€ million)	
Cash flow from operating activities	10,125	9,847
Cash flow from (investing)/disinvesting activities	(9,294)	(8,087)
Cash flow from financing activities	(1,646)	(4,474)
Impact of exchange rate fluctuations on cash and cash equivalents	(390)	250
Increase/(Decrease) in cash and cash equivalents	(1,205)	(2,464)

Other financial information and indicators

The following table sets forth certain non-IFRS information used by ENEL's management to monitor and evaluate the economic and financial performance of the Group. These indicators, gross operating margin (EBITDA) and net financial debt, are not recognized as accounting standards within the IFRS adopted by the European Union, and therefore must not be considered as alternatives to any measures of performance under IFRS. See "*Presentation of Financial and Other Information – Non-IFRS financial measures.*"

Investors should not place undue reliance on these non-IFRS measures and should not consider either of these measures to be indicative of the Group's historical operating results or financial condition; nor are they meant to be predictive of future results. Since companies generally do not calculate these measures in an identical

manner, ENEL's measures may not be consistent with similar measures used by other companies. For this reason also, investors should not place undue reliance on non-IFRS financial measures.

	Year ended 31 December	
	2017	**2016**
	(€ million)	
Gross operating margin (EBITDA)	15,653	15,276
Net Financial Debt.....	37,410	37,553

Gross operating margin

	Year ended 31 December	
	2017	**2016**
	(€ million)	
Operating income	**9,792**	**8,921**
Plus: Depreciation, amortization and impairment losses	**5,861**	**6,355**
Gross operating margin (EBITDA)...	**15,653**	**15,276**

Net financial debt

	Year ended 31 December	
	2017	**2016**
	(€ million)	
Long-term debt:		
Bank borrowings	8,310	7,446
Bonds	32,285	32,401
Other borrowings	1,844	1,489
Long-term debt	**42,439**	**41,336**
Long-term financial receivables and securities	(2,444)	(2,621)
Net long-term debt	**39,995**	**38,715**
Short-term debt:		
Short-term portion of long term bank borrowings	1,346	749
Other short-term bank borrowings	249	909
Bonds (short-term portion)	5,429	3,446
Other borrowings (short-term portion)	225	189
Commercial paper	889	3,059
Cash collateral on derivatives and other financing	449	1,286
Other short-term financial payables [(1)]	307	414
Long-term financial receivables (short-term portion)	(1,094)	(767)
Factoring receivables	(42)	(128)
Financial receivables – cash collateral	(2,664)	(1,082)
Other short-term financial receivables	(589)	(911)
Cash and cash equivalents	(7,090)	(8,326)
Net short-term financial debt	**(2,585)**	**(1,162)**
NET FINANCIAL DEBT	**37,410**	**37,553**
Financial debt of "Assets held for sale"	**1,364**	**-**

[(1)] Includes current financial payables included in Other current financial liabilities

BUSINESS

Overview

ENEL is a multinational power company and a leading integrated player in the world's power and gas markets, with a particular focus on Europe and South America. The concern manages a highly diverse network of power plants: hydroelectric, thermoelectric, nuclear, geothermal, wind, solar PV and other renewable sources.

According to ENEL's estimates, the Group is the leading electricity operator in both Italy and Spain, one of the largest energy operator in the Americas where it is active in 12 countries with power generation plants of all types and one of the leading global operators in the fields of generation, distribution and sales of electricity. In particular, the Group has an asset backed presence in more than 30 countries across four continents (Europe, North America, South America, Africa and Asia) with more than 84.9 GW of net installed capacity and 2.2 million kilometres of grid network and sells electricity and gas to approximately 64 million customers as of 31 December 2017. Moreover, according to ENEL's estimates, ENEL is the largest Italian power company and the Europe's second largest listed utility by installed capacity. The Group had operational generation plants (thermal, hydroelectric, geothermal, nuclear and other plants) with a total net efficient electrical capacity of 84.9 GW as of 31 December 2017, compared to 82.7 GW as of 31 December 2016, respectively. For the year ended 31 December 2017, net electricity production was 249.9 TWh and distribution of electricity was 445.2 TWh, respectively, compared to 261.8 TWh and 426.7 TWh as of 31 December 2016.

The Group is deeply committed to the renewable energies sector and to researching and developing new environmentally friendly technologies. In 2015, approximately half of the electricity the Group produced was free of carbon dioxide emissions, making it one of the world's major producers of clean energy. Further, ENEL is committed to becoming a carbon-neutral company by 2050. In 2016, ENEL's renewable energy business, operated through by EGP and its subsidiaries, has been the subject matter of a corporate reorganisation with the aim of, inter alia, innovating in renewables at scale and with greater speed.

Moreover, ENEL is the first utility in the world to replace conventional electromechanical meters with so-called "smart meters", being modern electronic meters that enable consumption levels to be read in real time and contracts to be managed remotely. As of the date of this Offering Circular, approximately 67 per cent. of ENEL Distribution customers are equipped with a smart meter developed and installed by ENEL. This innovative measurement system is essential to the development of smart grids, smart cities and electric mobility.

The following tables set forth the Group's key operating data of the electricity business as of and for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December 2017			Year ended on 31 December 2016		
	Italy	**Abroad**	**Total**	**Italy**	**Abroad**	**Total**
			(TWh)			
Net electricity production	53.5	196.4	249.9	60.9	200.9	261.8
Electricity conveyed through the grid [(1)]	227.3	217.9	445.2	224.1	202.6	426.7
Electricity sold	103.2	181.6	284.8	94.1	168.9	263.0

Note:

(1) The figure for 2016 reflects a more accurate measurement of amounts transported.

The Group also imports and sells natural gas in Italy, Spain and elsewhere. The Group has sold approximately 11.7 billion cubic metres of gas worldwide in the year ended 31 December 2017 and 10.6 billion cubic metres of gas worldwide in 2016.

In 2017, the Group's total revenues were € 74,639 million, compared to €70,592 million in 2016, while, for the same period, the net income attributable to shareholders was € 3,779 million, compared to €2,570 million in 2016.

As of 31 December 2017, the Group employed 62, 900 employees, of which 31,114 were employed in Italy and 31,786 were employed abroad.

As at 31 December 2017, ENEL's share capital amounted to €10,166,679,946 fully paid-in and divided into 10,166,679,946 issued and outstanding ordinary shares, listed on the *mercato telematico azionario*, a stock exchange regulated and managed by Borsa Italiana S.p.A. ("**MTA**"), with a nominal value of €1 each.

History and development of Enel

The foundation, the privatisation and the market liberalisation

ENEL traces its origins to the creation in 1962 of the Italian governmental entity, the Ente Nazionale per l'Energia Elettrica, which was granted an exclusive concession to carry out the activities of generation, import, export, transportation, transformation, distribution and sale of electricity in Italy following the nationalisation of the industry in that year. Controlled by the Italian government, the Ente Nazionale per l'Energia Elettrica implemented a process of development and diversification of energy sources through the creation of new nuclear, hydroelectric and renewable-energy power plants.

Law No. 9 of January 1991 set the framework for the opening of the Italian electricity market to competition. As part of this move towards liberalisation, the Ente Nazionale per l'Energia Elettrica was, pursuant to Law Decree No. 333 of 11 July 1992 (as ratified into law pursuant to Law No. 359 of 8 August 1992), converted into a joint stock company (*società per azioni*). Pursuant to a resolution adopted at the extraordinary shareholders' meeting held on 7 August 1992, the Issuer's name was changed to ENEL S.p.A. The aforementioned law decree granted ENEL licences to undertake all the activities previously carried out by the Ente Nazionale per l'Energia Elettrica. Initially, the sole shareholder of ENEL was the MEF.

Legislative Decree No. 79 of 16 March 1999 (*Attuazione della direttiva 96/92/CE recante norme comuni per il mercato interno dell'energia elettrica*) (the "**Bersani Decree**") established new rules for the electricity market,

providing for further liberalisation – in compliance with public policy – of the activities of generation, import, export, purchase and sale of electricity. Pursuant to the Bersani Decree, a single entity may engage in any or all of these activities, provided that utility companies are separated into distinct units for accounting and management purposes. With reference to ENEL, the Bersani Decree required the separation, for accounting and management purposes, of the activities of production, transmission, distribution and sales to Non-Eligible clients, and the obligation to reduce ENEL's production capacity through the disposal of at least 15 GW by 2002. In particular, the Bersani Decree required the following significant changes to be made to the Group's business:

- the separation of significant businesses into separate subsidiaries (effective as of October 1999);
- the transfer of management and control of the Italian national electricity transmission grid and electricity dispatching to the Electricity Services Operator, a company wholly owned by the MEF, and the subsequent sale of 94.88 per cent. of ENEL's formerly wholly owned subsidiary, Terna S.p.A. ("**Terna**"), which owns the majority of Italy's electricity transmission grid (as a result of this sale, Terna was deconsolidated on 15 September 2005); and
- the sale of three electricity generation companies (accounting for approximately 15 GW of the Group's generating capacity) and several municipal distribution companies.

In November 1999, the process for the privatisation of ENEL began with an initial public offering of approximately 32 per cent. of ENEL's share capital, as part of which ENEL's shares were listed on the MTA and on the New York Stock Exchange (in the form of American Depositary Shares). The initial public offering was followed by a number of private placements to institutional investors in Italy and abroad (in 2003) and public offerings to retail investors in Italy and to institutional investors in Italy and abroad. As a result of Japanese offerings (in 2004 and 2005), ENEL's shares were also registered at the Kanto Local Finance Bureau in Tokyo.

In December 2007, ENEL voluntarily de-listed from the New York Stock Exchange, and in March 2008 the process of deregistration of ENEL's shares and American Depositary Receipts with the U.S. Securities and Exchange Commission was completed. Reorganisation of the Group and Business Diversification.

Following the liberalisation of the energy market and the consequent reductions to parts of ENEL's core business, the Group focused its strategy on the diversification of its business and expansion into new markets (including in the telecommunications industry market in which ENEL operated until 2006). ENEL became an industrial holding company, and its divisions were transformed into utility companies focused on specific business sectors. ENEL Produzione S.p.A. ("**ENEL Produzione**") and ENEL Distribuzione S.p.A. (which, as of 30 June 2016, changed its name into e-distribuzione S.p.A.) were established, along with other companies. Along with pursuing the separation for management purposes of the activities of production, transmission and distribution, new business areas were created, such as energy trading, construction of generation plants and supply of environmental services.

Internationalisation and focus on energy businesses

Following the business reorganisation pursuant to the Bersani Decree described above, the Issuer changed course and initiated a new strategy, again focusing on its core energy businesses (electricity and gas).

From 2002, the Group began to expand its electricity business abroad through several acquisitions and joint ventures in, *inter alia*, electricity generation and distribution operators and power producers specialising in renewable resources in Europe and in the Americas.

Global presence

As a global multinational group, ENEL is actively engaged in consolidating its assets and further integrating its business.

In Italy, ENEL is the largest electricity company. It operates in the field of electricity generation through thermoelectric and renewable plants with an installed capacity of 27.7 GW, of which more than 14 GW derives from plants generating energy from renewable sources. Furthermore, ENEL operates in the electricity data distribution sector with more than 1.1 kilometre of grid network across the Italian Peninsula and offers an integrated package of electricity and gas products and services to its 30.4 million Italian customers. In Iberia, ENEL operates through Endesa S.A. ("Endesa"), which is currently 70.1 per cent. owned by ENEL. Endesa is the leading power company in Spain and, according to Group's estimates, the second leading power company in Portugal. In Spain, the Group has approximately 22.7 GW of installed capacity and a strong presence in the distribution sector as well as in the sale of electricity and gas products, with approximately 12.5 million customers. Elsewhere in Europe, ENEL operates in Romania, where it is currently the country's largest private investor in energy, with operations in power distribution and supply as well as renewable energy production. In Romania, the Group, through its distribution network, serves 2.8 million customers in three key areas of the country (Muntenia Sud, including Bucharest, Banat and Dobrogea), accounting for one third of Romania's electricity distribution market, and it is active in managing renewable generation plants through EGP. In Russia, the Group is active in the generation sector – where its subsidiary ENEL Russia controls nearly 9 GW of installed thermoelectric capacity – as well as in the retail sector, where the Group owns 49.5 per cent. of RusEnergoSbyt, one of the largest independent suppliers in the country, according to the Group's estimates. In Greece and Bulgaria, the Group operates through EGP which is active in managing renewable generation plants with 0.9 GW of installed wind capacity, solar and hydro power.

The Group is one the leading players in the South American power market where it has direct and indirect interests in the electricity generation, transmission and distribution business, and related areas. In particular, the Group operates through its subsidiaries in 6 countries (Argentina, Brazil, Chile, Colombia, Peru and Uruguay), with nearly 20.5 GW of installed capacity from thermal, hydro and other renewable power plants and serves 18 million customers. In the generation sector, it owns and operates 4.4 GW in Argentina, 3.0 GW in Brazil, 7.5 GW in Chile, 3.5 GW in Colombia 2.2 GW in Peru, and 0.1 GW in Uruguay. In the distribution sector, the Group is present in the Brazilian states of Ceará, Rio de Janeiro and Goias and in four of the largest cities in South America: Bogota, Buenos Aires, Santiago and Lima. In the transmission sector, it operates an interconnection power line between Brazil and Argentina. In addition, in Central America (mainly in Costa Rica, Guatemala, Panama and Mexico hosts approximately 1.4 GW of wind, PV and hydroelectric plants.

In North America, ENEL Green Power North America, Inc. ("**EGP-NA**"), a subsidiary of EGP, is a leading owner and operator of renewable energy plants with projects operating and under development. EGP-NA owns and operates with an installed capacity of 2.1 GW powered by renewable hydropower, wind, geothermal, and solar energy. In Africa, the Group is active in South Africa with operating 0.5GW of wind and FV plants, while in India it owns and operates wind plants in the states of Gujarat and Maharashtra with a total installed capacity of 0.2 GW and total annual production of 0.8 Twh.

Recent Significant Transactions and Developments

An overview of the most significant transactions and events concerning ENEL occurred in 2017 is available at pages 73-88 of the Report on operations included in ENEL's annual report for the financial year ended 31 December 2017 (section "*Significant events in 2017*") incorporated by reference hereto (see "*Documents Incorporated by Reference*" above). A summary of ENEL's most significant transactions occurred in 2018 is described below.

Issue of new Green Bond in Europe for Euro 1,250 million

On 9 January 2018 Enel Finance International ("**EFI**") has successfully placed its second green bond on the European market, reserved for institutional investors and guaranteed by Enel.

The issue amounts to a total of Euro 1,250 million and provides for repayment in a single instalment at maturity on 9 September 2026 and the payment of a fixed-rate coupon equal to 1.125 per cent., payable annually in arrears in the month of September as from 2018. The issue price was set at 99.184 per cent. and the effective yield at maturity is equal to 1.225 per cent. The green bond is listed on the regulated market of the Euronext Dublin, on the regulated market of the Luxembourg Stock Exchange and admitted to trading on the multilateral trading facility "ExtraMOT PRO" organised and managed by Borsa Italiana

The transaction has received orders amounting to approximately €3 billion, with the significant participation of Socially Responsible Investors ("SRI"), enabling the Enel Group to continue to diversify its investor base.

The net proceeds of the issue - carried out under the "€35,000,000,000 Euro Medium Term Note Program" - will be used to finance and/or refinance, in whole or in part, the eligible green projects of the Enel Group identified and/or to be identified in accordance with the "Green Bond Principles" published by the International Capital Market Association (**ICMA**), eligible green projects include, by way of example, projects for the development, construction and repowering of renewables generation plants, and for the construction, management and operation of transmission and distribution networks, as well as smart metering systems.

Enel confirmed in ECPI sustainability indices

On January 23, 2018, Enel was confirmed for the tenth time in the ECPI Sustainability Index series, which assess companies on the basis of their environmental, social and governance (ESG) performance. Enel's inclusion in the index is recognition of its clear long-term strategic view, sound operational management practices and positive work in tackling social and environmental needs. Enel's Spanish subsidiary Endesa has also been included in ECPI Indices.

Enel has been included in four of ECPI's indices:

- ECPI Global Renewable Energy Equity Index, which selects the 40 highest ESG-rated companies active in the production or trading of energy from renewable sources;
- ECPI Global Climate Change Equity Index, which offers investors exposure to companies that are best placed to seize the opportunities presented by the challenge of climate change;
- ECPI Euro ESG Equity Index, which is composed of the 320 companies with the largest market capitalization in the Eurozone market that meet ECPI ESG criteria;
- ECPI World ESG Equity Index, a broad benchmark representative of developed market companies that meet ECPI ESG criteria.

The ECPI Index series provides an essential tool to analyse companies' risk and performance regarding their ESG-related activities and to assess the performance of sustainability-driven asset managers. The socially responsible criteria used to select the indices' constituents enable investors to express their interest in sustainability issues and to move them up the corporate agenda.

Agreement to supply power in Nevada

On 25 January 2018, Enel Green Power North America ("EGPNA"), the US renewable energy company of the Enel Group, has signed a Power Purchase Agreement (PPA) with Wynn Las Vegas whereby the resort will buy the energy produced by EGPNA's new 27 MW Wynn Solar Facility at Stillwater. The new solar project, currently under construction in Nevada, is expected to start production by the first half of 2018.

The investment in the construction of the new solar PV facility amounts to approximately 40 million U.S. dollars, in line with the investment outlined in Enel's current strategic plan. The total energy output that will be produced by the PV plant and sold under the PPA with the Las Vegas resort is expected to amount to over 43,900 MWh annually.

Yankee Bond Award 2017

On January 31, 2018, Enel was recognized by International Financing Review (IFR), a leading provider of global capital markets intelligence, with the 2017 Yankee Bond award for its $5 billion triple-tranche bond issued in May 2017, which is the largest ever US bond issued by an Italian corporate.

IFR praised Enel for the outstanding execution and pricing of the deal, the company's first US dollar foray since 2013. The transaction followed a concerted marketing approach implemented over more than four years, during which Enel updated US investors on a regular basis, making them aware of the fundamental strengths of Enel's business.

Agreement for acquisition of Parques Eólicos Gestinver

On 2 February 2018, Enel, acting through its Spanish subsidiary Endesa's local renewable energies company Enel Green Power España (EGPE), has signed an agreement for the acquisition of 100 per cent. of Parques Eolicos Gestinver, S.L., a company owning five wind farms totalling approximately 132 MW of capacity, from Spanish companies Elawan Energy and Genera Avante for a total consideration of Euro 178 million, including debt. The five wind farms are located in the regions of Galicia and Catalonia.

The Galician wind farms are the 20 MW Farrapa, 14 MW Peña Revolta and 23.5 MW Pousadoiro, for a total capacity of approximately 57.5 MW, all located in the Lugo Province. The 30 MW Les Forques and 44 MW Montargull wind farms are located in Catalonia's Tarragona Province and have a combined capacity of 74 MW. All of these plants boast a load factor exceeding 28 per cent.

The acquisition is expected to be finalised in the first half of 2018 upon the satisfaction of a series of conditions precedent, typical for this type of transaction. Following the acquisition, EGPE's installed capacity in Spain will increase to more than 1,806 MW of which 1,749 MW from wind power, equivalent to almost 8 per cent. of total installed wind capacity in Spain, 43 MW from small hydro, and 14 MW from other renewable sources. At present, EGPE plants are able to generate approximately 4 TWh of emission-free energy each year.

Partnership agreement in Canada

On 7 February 2018, Enel, through its US renewables company Enel Green Power North America, Inc. ("**EGPNA**"), has signed a partnership agreement with Alberta Investment Management Corporation ("**AIMCo**"), whereby Enel will sell 49 per cent. of the shares in the 115 MW Riverview wind farm and in the 30.6 MW Phase 2 of Castle Rock Ridge wind farm, both to be built in Alberta, Canada. The total consideration for this transaction, which will be paid upon closing of the deal, will be determined at commercial operation of the wind farm, expected by the end of 2019.

Following the closing of the transaction, EGPNA will manage, operate and perform asset maintenance activities at both wind farms while retaining a 51 per cent. majority ownership of the interest in the projects. Riverview Wind and Phase 2 of Castle Rock Ridge, which is an expansion of EGPNA's existing 76.2 MW Castle Rock Ridge wind farm, are both located in Pincher Creek, Alberta. The overall investment in the construction of the two wind farms, which are due to enter into service by end 2019, amounts to approximately 170 million US dollars. Once operational, the two facilities are expected to generate approximately 555 GWh per year while more than doubling the Group's capacity in Canada, which currently stands at more than 103 MW.

Contract to supply demand response services in Japan

On 8 February 2018, the Enel Group's new advanced energy services division Enel X, through its US demand response services company EnerNOC, Inc., was awarded the delivery of 165 MW of demand response resources in Japan following the completion of a tender for balancing reserves launched by a group of Japanese utilities.

As a result of this award, the Group will nearly triple its virtual power plant in the Japanese market, reaching approximately 165 MW from the current 60 MW, equivalent to a market share of 17 per cent., when the new programs begin in July 2018.

"Corporate Governance 2018" award

On February 12, 2018, Ethical Boardroom, a leading specialized UK magazine, recognized Enel with the 2018 Corporate Governance Award for Europe in the "Utilities" industry sector. The magazine, which covers and analyses global governance issues, praised Enel's sustainability standards and corporate governance best practices. Enel was nominated for the award by the magazine's readers, which include top executives from leading global listed companies and sustainability analysts from major institutional investors. Enel is the only Italian company in this year's Ethical Boardroom corporate governance awards edition.

Memorandum of understanding for sustainable mobility in the tourist industry in Italy

On February 15, 2018, Enel and the Ministry for Cultural Heritage signed a memorandum of understanding for the promotion and development of the use of electricity for sustainable mobility in the tourism sector.

The memorandum is a strategic lever for increasing public awareness of the benefits of electric mobility. It will also permit the creation of an institutional framework for subsequent commercial agreements with trade associations for the installation of electric charging infrastructure at tourist facilities and the launch of projects in the main tourist cities.

Enel, through Enel X, the Group company dedicated to the development of innovative products and services, will collaborate with trade associations and tourism industry bodies to install electric charging stations at tourist accommodations using tailored commercial solutions and on research and design for replicable solutions to be extended to other areas of the Italian peninsula.

Enel will also experiment with electric mobility systems in metropolitan areas and in the main tourist cities, including arrangements in partnership with other operators in the industry.

Fortaleza – Brazil

The company Petroleo Brasileiro SA ("**Petrobras**"), the gas supplier for the Fortaleza plant (Central Geradora Termelectrica Fortaleza - "**CGTF**") in Brazil, announced its intention to terminate the contract between the parties on the basis of an alleged economic-financial imbalance in consideration of current market conditions. The contract was signed in 2003 as part of the "Thermoelectric priority program" established by the Brazilian government to increase thermal generation and enhance supply security in the country. The program provided for the Brazilian State to be the guarantor of the supply of gas at regulated prices determined by the Ministry of Finance, Mines and Energy. CGTF, in order to guarantee electricity security in Brazil, started legal action against Petrobras and at the end of 2017 obtained a precautionary injunction from the courts that suspended the termination of the contract, which was declared to be still in effect. At the end of January 2018, CGTF received the arbitration request from Petrobras concerning the disputes described above and this proceeding is in the preliminary stages. Subsequently, on February 27, 2018, the court decided to extinguish the action initiated by CFTG before the ordinary courts and, consequently, to revoke the precautionary injunction that had allowed the supply of gas. CGTF has challenged this last decision in order to restore the gas supply, confident that the court recognizes Petrobras' obligation to perform the contract.

Construction of new wind farm in the United States

The 300 MW Diamond Vista wind project will sell its power to three large customers, including the global manufacturing company Kohler Co. Enel, acting through its US renewable energy company Enel Green Power North America, has started construction of Diamond Vista wind farm, which will have an installed capacity of around 300 MW and will be located in Marion and Dickinson Counties, in Kansas. Once completed, Diamond Vista will further secure Enel's position as the largest wind operator in the state with some 1,400 MW of operational wind capacity. The planned investment in the construction of Diamond Vista amounts to about 400 million US Dollars and is part of the investment outlined in the Enel Group's current strategic plan. The project is financed through the Enel Group's own resources. The project is expected to enter into service by the end of 2018 and, once fully operational, will be able to generate around 1,300 GWh annually.

e-distribuzione wins tender of Ministry for Economic Development for the construction of smart grids

e-distribuzione has won a national call for tenders for electricity infrastructure for the construction of smart grids for the distribution of electricity in the less developed regions, for which the Ministry for Economic Development has allocated Euro 80 million to the National Operational Programme (NOP) on "Enterprises and Competitiveness" 2014-2020.

The tender calls for the construction, upgrading, efficiency enhancement and strengthening of electricity distribution infrastructure, or smart grids, in order to directly increase the share of electricity demand met by distributed generation from renewables. To reach this goal, e-distribuzione was awarded all of the resources currently allocated by the Ministry for Economic Development to finance the initiative, with 21 projects admitted for funding (grants for 100% of costs) totaling Euro 80 million, with two projects worth Euro 7 million in Basilicata, seven projects worth Euro 29 million in Campania and 12 projects worth Euro 44 million in Sicily.

Agreement with ENERTRAG and Leclanché to build and manage battery storage plant in Germany

On 20 February 2018, Enel, through its renewables subsidiary Enel Green Power Germany (EGP Germany), has signed an agreement with German wind energy company ENERTRAG AG and Swiss energy storage solutions company Leclanché SA to build and manage a 22 MW lithium-ion battery storage plant in Cremzow, in the German state of Brandenburg. The project is Enel's first storage plant in Germany and its construction will involve an investment of approximately Euro 17 million.

The storage plant will provide frequency regulation services to Germany's Primary Control Reserve (PCR) market to rapidly stabilise the grid, and will later be integrated with ENERTRAG wind farms. The first 2 MW section of the Cremzow plant is expected to be operational in April 2018, while the launch of the entire plant is planned for the end of this year.

The facility will be owned by a special purpose vehicle (SPV) in which EGP Germany has a 90 per cent. majority stake and ENERTRAG the remaining 10 per cent. stake. Leclanché will act as engineering, procurement and construction (EPC) contractor for the project, in charge of integrating battery and power conversion systems and energy management software.

Award of delivery of 157 MW of demand response sources in US

On 21 February 2018, the Enel Group's new advanced energy services division Enel X, through its US demand response services company EnerNOC, Inc., was awarded market commitments to deliver 157 MW of demand response resources in the Forward Capacity Market by the Independent System Operator for New England (ISO-NE)1. With this award, Enel also enters the demand response market of US states Connecticut and Vermont.

Seizure of Brindisi power station

With a measure issued on March 16, 2018, the Prosecutor's Office of Lecce confirmed the measure issued on December 18, 2017 and, as a result, ordered the enforcement of the precautionary seizure of Euro 523.3 million by the Finance Police of Taranto.

The Finance Police notified that measure on March 19, 2018, giving a time limit of March 21, 2018, for the identification/opening of a current account with a bank recognized by the *Fondo Unico di Giustizia* (Single Justice Fund). The company is complying with the order.

Completion of the Corporate Reorganisation in Chile

On 26 March 2018, the corporate reorganisation of ENEL operations in Chile was finalised with the successful completion of a public tender offer launched by Enel Chile S.A. ("**Enel Chile**") for all of the shares held by the minority shareholders of the subsidiary and Enel Generación Chile S.A. ("**Enel Generación Chile**"). The corporate reorganisation, which also contemplated the integration in Enel Chile of the Chilean renewables assets held by Enel Green Power Latin America S.A. through the merger by incorporation of the latter into Enel Chile, was approved on 20 December 2017 by the Extraordinary Shareholders' Meetings of its subsidiaries Enel Chile and Enel Generación Chile and was subject, inter alia, to the effectiveness of the tender offer, in turn conditional on the acquisition of a total number of shares that would enable Enel Chile to increase its stake in Enel Generación Chile to more than 75 per cent. of share capital, from approximately 60 per cent. held before the launch of the tender offer. The Offer was accepted by holders of shares equal to about 33.6 per cent. of the share capital of Enel Generación Chile, thereby enabling Enel Chile to increase its interest in Enel Generación Chile to 93.55 per cent. of the share capital.

The corporate reorganisation in Chile is part of the process of "Group Simplification and Active Portfolio Management", one of the five pillars of the 2018-2020 strategic plan presented in November 2017 (See "- Strategy").

Award of 285 MW of wind capacity in India

On 6 April 2018, Enel, through its Indian renewable subsidiary BLP Energy Private Limited ("BLP Energy"), has won its first ever renewable energy tender in the country with the awarding of the right to sign a 25-year energy supply contract for a 285 MW wind farm in the State of Gujarat. The project was awarded under the Fourth Tranche of the 2 GW national wind tender issued by the government company Solar Energy Corporation of India ("SECI").

Enel will be investing more than 290 million US dollars in the construction of this wind farm, which will be supported by a contract for the sale of specified volumes of energy over a 25-year period to SECI.

The project, which is expected to start operations in the second half of 2019, will be able to generate more than 1,000 GWh of renewable energy every year, making a significant contribution to both India's need for new power generation capacity and the country's environmental goals.

Construction of 185 MW wind farm in US and power purchase agreement with Bloomberg LP and General Motors

On 9 April 2018, Enel, through its US renewable company Enel Green Power North America, Inc. ("**EGPNA**"), started construction of the 185 MW HillTopper, its first wind farm in the US state of Illinois. The new wind project is supported by two long-term power purchase agreements (PPAs) to sell portion of its power to Bloomberg LP and General Motors.

Investment in the construction of HillTopper, which will be located in Logan County, amounts to approximately 325 million US dollars and is part of the investments outlined in the Enel Group's current

strategic plan. The project was acquired from developer Swift Current Energy and is expected to enter into service by the end of 2018. Once fully operational, HillTopper will be able to generate approximately 570 GWh annually.

Enel will sell the power generated from a 17 MW portion of the wind project to Bloomberg LP under a long-term PPA. The power generated from a 100 MW portion of HillTopper will be sold to the global mobility company General Motors under a long-term PPA. The wind energy will provide 100 percent renewable electricity to all of General Motor's Ohio and Indiana manufacturing facilities.

Agreement with Algoma Orchards for energy storage project in Canada

On 11 April 2018, The Enel Group's advanced energy services division Enel X, through its US subsidiary EnerNOC, Inc., has signed an agreement with wholesale and retail apple orchard Algoma Orchards of Ontario, Canada to deploy a 1 MWh lithium-ion battery storage system, expanding the Group's energy storage expertise to the Country for the first time.

Enel's DEN.OS software will optimise the battery use, with the aim to boost financial savings from managing Ontario's Global Adjustment (GA) charges and to enhance Algoma Orchards' participation in the demand response programme by Ontario's Independent Electricity System Operator (IESO). The storage system is expected to be deployed in the first half of 2018 and is due to generate significant savings for Algoma Orchards over the 11-year contract term.

Under the terms of the agreement, Enel will purchase, install and operate the battery on behalf of Algoma Orchards, and share in the savings which are expected to be created by the DEN.OS optimisation software that controls the battery. Enel will also provide Global Adjustment peak prediction services and enroll the battery storage system in IESO's demand response programme.

Voluntary Tender Offer for the entire share capital of Eletropaulo launched in Brazil

On 17 April 2018, Enel Brasil Investimentos Sudeste, ("**Enel Sudeste**"), a company fully owned by Enel's Brazilian subsidiary Enel Brasil ("**Enel Brasil**"), has launched a voluntary tender offer for the acquisition of the entire share capital of Brazilian power distribution company Eletropaulo Metropolitana Eletricidade de São Paulo S.A. ("**Eletropaulo**"), for a price per share of 28 Brazilian reais and conditional on the acquisition of a total number of shares representing more than 50 per cent. of the company's share capital.

The overall investment under the Offer is expected to total up to 4.7 billion Brazilian reais, equal to approximately Euro 1.1 billion. Enel's subsidiary Enel Americas S.A., which is Enel Brasil's controlling shareholder, will provide Enel Sudeste with the necessary financing for this investment.

The exercise of the voting rights of the shares acquired by Enel Sudeste in the Offer is subject to the approval of the Brazilian antitrust authority (the Administrative Council for Economic Defense or "**CADE**") and the exercise by Enel Sudeste of control over Eletropaulo is subject to the approval of the Brazilian energy regulator (Agência Nacional de Energia Elétrica or "**ANEEL**").

Tender Offer

On 14 May 2018 the Issuer launched a tender offer for the purchase of any and all of the outstanding €1,250,000,000 Capital Securities due 2074 (XS0954675129) (the "**Tender Offer Existing Securities**"), with a first call date of 10 January 2019 (the "**Tender Offer Existing Securities First Call Date**") for cash at a purchase yield to the Tender Offer Existing Securities First Call Date of 0.0 per cent. (the "**Tender Offer**"). The condition to the Issuer's acceptance for purchase of any Tender Offer Existing Securities validly tendered in the Tender Offer (subject to the right of the Issuer to amend and/or terminate the Tender Offer) is subject to

the issue of the Standalone New Securities. The Tender Offer commenced on 14 May 2018 and is expected to expire on or about 18 May 2018 (the "**Tender Offer Expiration Deadline**") and holders who participate in the Tender Offer prior to the Tender Offer Expiration Deadline and whose Tender Offer Existing Securities are accepted for repurchase by the Issuer will receive the tender consideration on or about the Issue Date. All or part of the net proceeds of the issue of the Securities (other than the Exchange New Securities) may be used by the Issuer to fund the Tender Offer. See "*Use of Proceeds*".

Pursuant to a dealer manager agreement dated 14 May 2018 (the "**Tender Offer Dealer Manager Agreement**"), the Joint Lead Managers have agreed to act as dealer managers in relation to the Tender Offer. In the Tender Offer Dealer Manager Agreement, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses, and has agreed to indemnify them against certain liabilities, incurred in connection with the Tender Offer.

Exchange Offer

On 14 May 2018, the Issuer, in an exchange offer memorandum dated 14 May 2018 (the "**Exchange Offer Memorandum**"), invited holders of its outstanding €1,000,000,000 Capital Securities due 2075, with a first call date of 15 January 2020 (ISIN: XS1014997073) (the "**Exchange Offer Existing Securities**") to offer such securities for exchange up to a maximum acceptance amount of €500,000,000 in consideration, *inter alia*, for the issue to such holders of the Exchange New Securities (being the euro denominated capital securities with a first call date of 24 November 2023, to be issued as a single series with the Standalone New Securities and having the same yield and issue price as the Standalone New Securities) (the "**Exchange Offer**"). The condition to the Issuer's acceptance for exchange of any Exchange Offer Existing Securities validly offered for exchange in the Exchange Offer (subject to the right of the Issuer to amend and/or terminate the Exchange Offer) is subject to the issue of the Standalone New Securities. The Exchange Offer commenced on 14 May 2018 and is expected to expire on or about 18 May 2018 (the "**Exchange Offer Expiration Date**") and holders who participate in the Exchange Offer prior to the Exchange Offer Expiration Date and whose Exchange Offer Existing Securities are accepted for repurchase by the Issuer will receive the Exchange New Securities on or about the Issue Date. All of the net proceeds of the issue of the Exchange New Securities will be used by the Issuer to fund the Exchange Offer. See "*Use of Proceeds*".

Pursuant to a dealer manager agreement dated 14 May 2018 (the "**Exchange Offer Dealer Manager Agreement**"), the Joint Lead Managers have agreed to act as dealer managers in relation to the Exchange Offer. In the Exchange Offer Dealer Manager Agreement, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses, and has agreed to indemnify them against certain liabilities, incurred in connection with the Exchange Offer.

Strategy

On 21 November 2017, ENEL presented its 2018–2020 Strategic Plan (the "**Strategic Plan**"), which follows the execution of the 2017-2019 strategic plan. In the new Strategic Plan, the digitalisation and customer focus, which were introduced in the 2017-2019 strategic plan, continue to be major enablers of the strategy. The pillars of the Group's 2017-2019 strategic plan remain in place with further evolution and acceleration in their implementation.

In order to achieve the Strategic Plan targets, the Group plans the following strategic actions:

- **Digitalisation**: the investments to digitise ENEL's asset base (mainly in networks, renewables and thermal generation), operations and processes and enhance connectivity, increases to Euro 5.3 compared to Euro 4.7 billion envisaged in the 2017-2019 strategic plan, and is expected to generate Euro 1.9 billion of cumulative incremental EBITDA between 2018-2020 (with an increase of Euro 300 million compared to

2017-2019 strategic plan), or Euro 900 million of incremental EBITDA in 2020. Approximately 60 per cent. of this growth will come from higher margins and 40 per cent. from lower operating expenses on a cumulative basis.

- **Customer Focus**: emphasis on enhancing customer operations to protect and grow Enel's most important asset, its portfolio of over 60 million end-users. The Group is targeting a total of Euro 3.3 billion of EBITDA in 2020, representing a 32 per cent. increase compared to the 2017 EBITDA envisaged in the 2017-2019 strategic plan.

  In e-Solutions, which is expected to contribute the remaining Euro 400 million on EBITDA in 2020, four product/service lines have been set up to address new customer needs stemming from the transition from a centralized to a distributed energy model:

  - e-Industry: offering solutions to large commercial and industrial clients with a specific focus on "flexibility" services;
  - e-Mobility: covering all customers segments, from residential to industrial and public, with the aim of being a technology leader in the sector;
  - e-Home: offering solutions to residential customers, such as installation, maintenance and repair of advanced home energy appliances; and
  - e-City: offering integrated energy services to the public administration and municipalities as well as connectivity services, such as fiber optic wholesale services.

  The e-Solutions business line will be coming to market in 2018 under a new brand, Enel X.

On the strategic pillars, the Group plans the following:

- **Operational efficiency**: the new digital is expected to allow the Group to achieve a cash cost target of Euro 10.3 billion in 2020 compared to a 2017 cash cost base of Euro 11.1 billion, or a 7 per cent. reduction in nominal terms. The cash cost target will be the result of:

  - a 20 per cent. reduction in investments in maintenance to Euro 2.0 billion in 2020 compared to Euro 2.5 billion in 2017, net of network connections and despite asset base growth; and
  - a 3 per cent. reduction in operating expenses to Euro 8.3 billion in 2020 compared to Euro 8.6 billion in 2017 in nominal terms, equivalent to a reduction of Euro 1.2 billion in real terms, of which Euro 500 million are derived from investments in digitalisation.

- **Industrial growth:** the Strategic Plan foresees a total capex spend of Euro 24.6 billion between 2018 and 2020, increasing by Euro 500 million compared to 2017-2019 strategic plan and including Euro 3.4 billion of capex under the build, sell and operate ("BSO") model. The Group expects a 30 per cent.-70 per cent. mix between maintenance and growth capex for the period, a further improvement compared to 2017-2019 strategic plan. The asset digitalisation plan will drive an additional increase in investments in Networks and Retail through e-Solutions, primarily in smart meters, remote-control and connectivity of equipment, as well as investments in digitalising customer engagement and promoting a more digitally-oriented workforce. These investments will allow the Group to keep maintenance capex stable, reduce operating expenses and free up additional resources for growth.

  The growth capex plan under the Strategic Plan is 80 per cent. devoted to mature markets, representing a significant change from the 60 per cent. under the 2017-2019 strategic plan, with the effect of further reducing its risk profile. From a geographical standpoint the allocation of capex compared to 2017-2019 strategic plan evolves as follows:

- 40 per cent. increase in North & Central America, driven by Renewables growth;
- 23 per cent. increase in capex in Italy, driven by Networks;
- 35 per cent. increase in capex in Iberia, driven by Networks and the restart of Renewables growth;
- 26 per cent. lower capex in South America, mainly in Renewables.

Almost 95 per cent. of Group growth capex will be invested in non-merchant risk businesses, such as Networks, Renewables and Thermal Generation covered by Power Purchase Agreements (PPAs).

The Group expects to generate Euro 3.6 billion of cumulative growth EBITDA over the 2018-2020 period, excluding the contribution from connections. The increase will be driven by investment in:

- **Networks:** growth capex expected to reach around Euro 4.7 billion cumulatively over the 3 years, mostly on asset digitalisation. The number of installed smart meters is expected to increase to 47.9 million, of which 17.4 million are second-generation meters. End users are expected to increase by 2 million to 67 million in 2020 from the current level of 65 million;
- **Renewables:** total growth capex of Euro 8.3 billion planned, which is expected to deliver 7.8 GW of total additional capacity over the 3 years. Of this, Euro 3.4 billion will be invested under the BSO model, resulting in 3.8GW of additional capacity; the remaining 4.0 GW of new capacity will be delivered organically;
- **e-Solutions: Euro** 800 million of cumulative growth capex over the 3 years, mainly in the installation of charging stations, software platforms and public lighting.

- **Group Simplification and Active Portfolio Management:** over the Strategic Plan period, the Group plans to dispose of a further **Euro** 3.2 billion of existing assets mainly focusing on Thermal Generation and exiting non-strategic countries, as well as investing up to Euro 4.7 billion as follows:

  - Euro 2.3 billion in the buy-out of minorities;
  - Euro 2 billion in acquisitions in the Networks and e-Solutions businesses;
  - the remaining Euro 400 million in equity partnerships.

  The planned allocation of funds to the buy-out of minorities has increased by Euro 300 million to Euro 2.3 billion between 2018 – 2020 compared to 2017-2019 strategic plan. Taking into account the Euro 500 million already invested in 2017, the overall minorities reinvestment target is for a total of Euro 2.8 billion over the 2017-2020 period. In line with the previous plan, the Group's priority remains focused on the buy-out of minorities in South America. However, the Group still retains the flexibility to execute a share buy-back of up to Euro 2 billion, following the authorisation, valid until November 2018, granted by Enel's 2017 annual general meeting. Furthermore, Enel expects to continue to reduce the number of operating companies in South America, reaching less than 30 operating companies in the region by 2020, compared to 53 companies at the end of 2017. Over the plan's period, the Group also expects to further simplify the ownership structure of the subsidiaries of Enel Américas, Enel Romania and Enel Investment Holding. Simplification remains an ongoing process, with the objective of increasing the Group's consistency, focus and efficiency.

- **Shareholder Remuneration:** given ENEL's confidence in the Strategic Plan, the improved dividend policy of a 70 per cent. pay-out ratio for 2018 and 2019 is confirmed, with the introduction of the same pay-out ratio for 2020, all applied **to** Group net ordinary income. In addition, for 2018 a minimum dividend per share of Euro 0.28 has been introduced. Therefore, on 2018 results Enel is expected to pay the higher of:

- a dividend of Euro 0.28 per share;
- a dividend per share based on the aforementioned 70 per cent. pay-out ratio.

- **Sustainable Long-Term Value Creation:** under the Strategic Plan the Group confirms and accelerates its specific commitment, undertaken in September 2015, on the following 17 United Nation Sustainable Development Goals ("**SDG**"):
  - 800.000 beneficiaries of quality education by 2020, up twofold from the previous 400.000 (SDG 4);
  - 3 million beneficiaries of access to affordable and clean energy by 2020, mainly in Africa, Asia and South America (SDG 7);
  - 3 million beneficiaries of employment and sustainable and inclusive economic growth by 2020, up twofold from the previous 1.5 million (SDG 8);
  - On climate action: CO2 emission factors lower that 350g CO2/KWheq by 2020 (SDG 13).

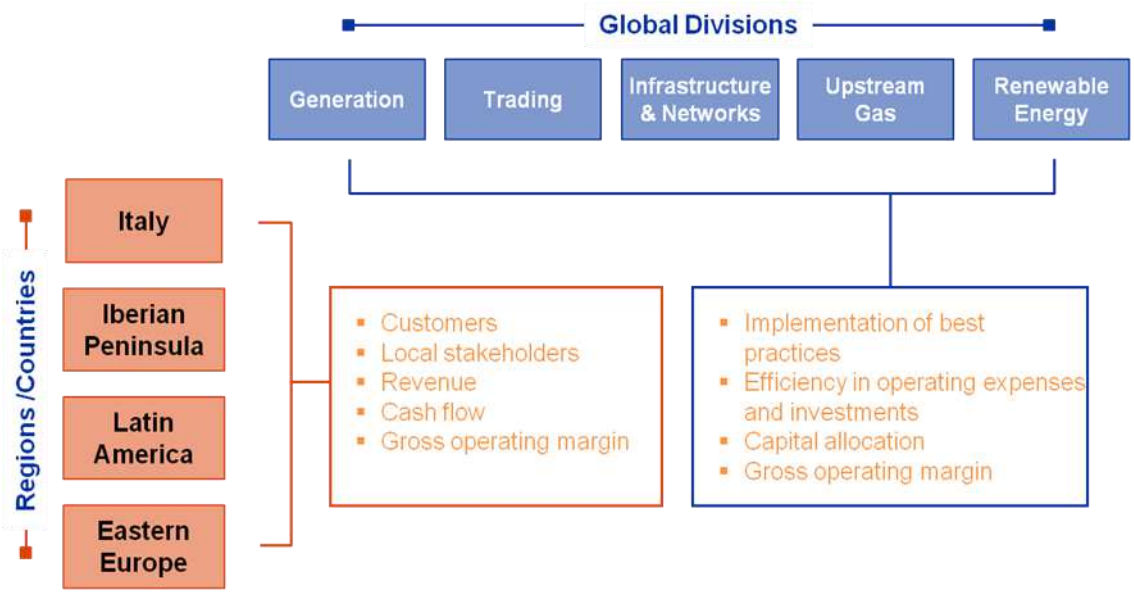
  In summary, the Strategic Plan pursues the financial targets set out below:

The Organisational Structure

The new organisational structure of the Group

On 31 July 2014, the Group adopted a new organisational structure (the "**New Organisational Structure**"), which is based on a matrix of divisions and geographical areas and is focused on the industrial objectives of the Group, with a clear specification of roles and responsibilities aimed at:

- pursuing and maintaining technological leadership in the sectors in which the Group operates, thus ensuring operational excellence;
- maximising the level of service offered to customers in local markets.



As a result of the adoption of the New Organisational Structure, the Group will be able to reduce the complexity in the execution of management actions and the analysis of the key factors for value creation.

In particular, the New Organisational Structure of the Group is based on a matrix which includes:

- Divisions (Global Thermal Generation and Trading, Global Infrastructure and Networks, Renewable Energy, Enel X), which are responsible for managing and developing assets, optimising their performance and the return on capital employed in the various geographical areas in which the Group operates. The divisions are also tasked with improving the efficiency of the processes they manage and sharing best practices at the global level. The Group will benefit from a centralised industrial vision of projects in the various business lines. Each project will be assessed not only on the basis of its financial return but also in relation to the best technologies available at the Group level;

- Regions and Countries (Italy; Iberia, South America, Europe and North Africa, North and Central America, Sub-Saharan Africa and Asia), which are responsible for managing relationships with institutional bodies and regulatory authorities, as well as selling electricity and gas in each of the countries in which the Group is present, while also providing staff and other service support to the divisions;

The following functions provide support to Group's business operations:

- Global Service Functions (Procurement and ICT), which are responsible for managing information and communication technology activities and procurement at the Group level;

- Holding Company Functions (Administration, Finance and Control; Human Resources and Organisation, Communication, Legal and Corporate Affairs, Audit, European Union Affairs and Innovation and Sustainability), which are responsible for managing governance processes at the Group level.

The New Organisational Structure has replaced (with effect from 1 January 2015) the organisational structure adopted by the Group in February 2012. The New Organisational Structure has modified (with effect from 1 January 2015) the reporting structure and the evaluation of economic and financial performance of the Group and, accordingly, the representation of the consolidated results of the Group.

Subsequent amendments to the New Organisational Structure

The New Organisational Structure described above was modified on 8 April 2016, partly in relation to the EGP Integration. More specifically, the main organisational changes include:

- The reorganisation of the Group's geographical presence, with a focus on the countries that represent new business opportunities around the world and in which the Group's presence was established through EGP. The Group has therefore shifted from a matrix of four geographical areas to one with six such areas. The structure retains the Country "Italy" and the areas "Iberia" and "South America", while the Eastern Europe area has been expanded into the "Europe and North Africa" area. Two new geographical areas have also been created: "North and Central America" and "Sub-Saharan Africa and Asia". These six areas will continue to maintain a presence and integrate businesses at the local level, seeking to foster the development of all segments of the value chain. At the geographical level, in countries in which the Group operates in both the conventional and renewable generation businesses, the position of Country Manager will be unified;

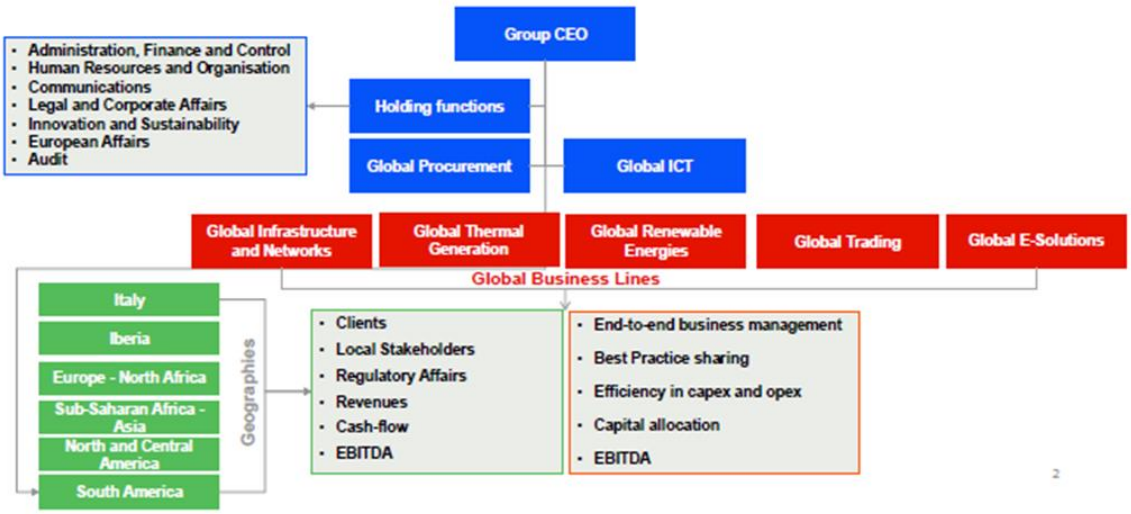
- The convergence of the entire hydroelectric business within the Renewable Energy division; and

- The integrated management of dispatching of all renewable and thermal generation plants by Energy Management at the Country level in accordance with the guidelines established by the Global Trading division.

On 28 April 2017, a new Global Business line, called "Enel X" was introduced to facilitate focus to the costumers and digitalisation, as described within the Strategic Plan.

In particular, the new business line will focus on advanced digital solutions in different areas, including, among the others, energy efficiency, optical fiber and illumination and will use best practices to conduct targeted scouting to find new technologies and develop new business models.

In the forthcoming months, the new organisation will be implemented progressively in the Group's Countries, beginning with Italy, with the consequent adjustment of operating segment reporting.



Enel results by regions and countries

The following tables set forth the Group's revenues, gross operating margin, operating income and capital expenditures by operating segment (reflecting the New Organisational Structure described above as modified on 8 April 2016), for the year ended 31 December 2017.

	Year ended on 31 December 2017[1]							
	Italy	**Iberia**	**South America**	**Eastern Europe and North Africa**	**North and Central America**	**Sub-Saharan Africa and Asia**	**Other, eliminations and adjustments**	**Total**
	(Millions of Euro – *Unaudited unless otherwise stated*)							
Revenue from third parties.....	37,900	19,940	13,126	2,374	1,185	96	18	74,639
Revenue from transactions with other segments.....	881	54	28	37	2	-	(1,002)	-
Total Revenues	**38,781**	**19,994**	**13,154**	**2,411**	**1,187**	**96**	**(948)**	**74,639[2]**
Net income/(expense) from commodity contracts measured at fair value……..	537	13	26	-	2	-	-	578[2]
Gross operating margin	**6,863**	**3,573**	**4,204**	**543**	**759**	**57**	**(346)**	**15,653**

Depreciation, amortisation and impairment losses…….	2,393	1,731	1,234	237	206	42	18	5,861[(2)]
Operating income…..	**4,470**	**1,842**	**2,970**	**306**	**553**	**15**	**(364)**	**9,792[(2)]**
Capital expenditure	**1,812**	**1,105**	**3,002**	**307[(3)]**	**1,802[(4)]**	**30**	**72**	**8,130**

Notes:

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. The same approach was taken for other income and costs for the period.
(2) Audited.
(3) Does not include €44 million regarding units classified as "held for sale".
(4) Does not include €325 million regarding units classified as "held for sale".

The following table provides a reconciliation of gross operating margin for the period indicated:

	Year ended on 31 December 2017							
	Italy	**Iberia**	**South America**	**Eastern Europe and North Africa**	**North and Central America**	**Sub-Saharan Africa and Asia**	**Other, eliminations and adjustments**	**Total**
	(Millions of Euro – *Unaudited unless otherwise stated*)							
Operating income	4,470	1,842	2,970	306	553	15	(364)	9,792[(1)]
add back: Depreciation, amortisation and impairment losses	2,393	1,731	1,234	237	206	42	18	5,861[(1)]
Gross operating margin (or EBITDA)	**6,863**	**3,573**	**4,204**	**543**	**759**	**57**	**(346)**	**15,653**

Notes:

(1) Audited

The following table provides a reconciliation of capital expenditure for the period indicated:

	Year ended on 31 December 2017							
	Italy	**Iberia**	**South America**	**Eastern Europe and North Africa**	**North and Central America**	**Sub-Saharan Africa and Asia**	**Other, eliminations and adjustments**	**Total**
	(Millions of Euro - *Unaudited*)							
Increases from new investments of the period in Property, Plant and Equipment	1,499	972	2,205	296	1,811	26	48	6,857
Increases from new investments of the period in Intangible Assets	313	133	797	11	(9)	4	24	1,273
Capital expenditure	**1,812**	**1,105**	**3,002**	**307**	**1,802**	**30**	**72**	**8,130**

The following tables set forth the Group's revenues, gross operating margin, operating income and capital expenditures by operating segment (reflecting the New Organisational Structure described above as modified on 8 April 2016), for the year ended 31 December 2016.

	Year ended on 31 December 2016[1]							
	Italy[2]	**Iberia**	**South America**	**Eastern Europe and North Africa**	**North and Central America**	**Sub-Saharan Africa and Asia**	**Other, eliminations and adjustments[2]**	**Total**
	(Millions of Euro – *Unaudited unless otherwise stated*)							
Revenue from third parties	36,091	18,831	10,739	3,618	1,122	29	162	70,592
Revenue from transactions with other segments	954	122	29	180	3	-	(1,288)	-
Total revenue	**37,045**	**18,953**	**10,768**	**3,798**	**1,125**	**29**	**(1,126)**	**70,592[3]**
Net income/(expense) from commodity contracts measured at fair value	(266)	131	9	(6)	(1)	-	-	(133)[3]
Gross operating margin	**6,618**	**3,562**	**3,556**	**762**	**833**	**14**	**(69)**	**15,276**
Depreciation, amortisation and impairment losses	2,348	1,796	1,393	476	268	19	55	6,355[3]
Operating income	**4,270**	**1,766**	**2,163**	**286**	**565**	**(5)**	**(124)**	**8,921[3]**

Capital expenditure	**1,894[4]**	**1,147**	**3,069**	**265[5]**	**1,832**	**304**	**41**	**8,552**

Notes

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. The same approach was taken for other income and costs for the period.
(2) It reflects minor changes occurred in 2017 related to the transfer of operations related to certain global and other services which were previously reported within "Other, eliminations and adjustments" to the "Italy" segment. In this respect, figures from the 2016 Audited Consolidated Financial Statements, incorporated by reference hereto have been changed accordingly as now reported in the 2017 Audited Consolidated Financial Statements (with respect to the 2016 figures included therein for comparative purposes).
(3) Audited.
(4) Does not include €7 million regarding units classified as "held for sale".
(5) Does not include €283 million regarding units classified as "held for sale".

The following table provides a reconciliation of gross operating margin for the period indicated:

	Year ended on 31 December 2016							
	Italy[1]	**Iberia**	**South America**	**Eastern Europe and North Africa**	**North and Central America**	**Sub-Saharan Africa and Asia**	**Other, eliminations and adjustments[1]**	**Total**
	(Millions of Euro – *Unaudited unless otherwise stated*)							
Operating income	4,270	1,766	2,163	286	565	(5)	(124)	8,921[2]
add back:								
Depreciation, amortisation and impairment losses	2,348	1,796	1,393	476	268	19	55	6,355[2]
Gross operating margin (or EBITDA)	**6,618**	**3,562**	**3,556**	**762**	**833**	**14**	**(69)**	**15,276**

Notes

(1) It reflects minor changes occurred in 2017 related to the transfer of certain global and other services which were previously reported within "Other, eliminations and adjustments" to the "Italy" segment. In this respect, figures from the 2016 Audited Consolidated Financial Statements, incorporated by reference hereto have been changed accordingly as now reported in the 2017 Audited Consolidated Financial Statements (with respect to the 2016 figures included therein for comparative purposes).
(2) Audited.

The following table provides a reconciliation of capital expenditure for the period indicated:

	Year ended on 31 December 2016							
	Italy[1]	**Iberia**	**South America**	**Eastern Europe and North Africa**	**North and Central America**	**Sub-Saharan Africa and Asia**	**Other, eliminations and adjustments[1]**	**Total**
	(Millions of Euro - *Unaudited*)							
Increases from new investments of the period in Property, Plant and Equipment	1,596	1,003	2,639	258	1,820	301	20	7,637
Increases from new investments of the period in Intangible Assets	298	144	430	7	12	3	21	915
Capital expenditure	**1,894**	**1,147**	**3,069**	**265**	**1,832**	**304**	**41**	**8,552**

Notes

(1) It reflects minor changes occurred in 2017 related to the transfer of certain global and other services which were previously reported within "Other, eliminations and adjustments" to the "Italy" segment. In this respect, figures from the 2016 Audited Consolidated Financial Statements, incorporated by reference hereto have been changed accordingly as now reported in the 2017 Audited Consolidated Financial Statements (with respect to the 2016 figures included therein for comparative purposes).

Principal Activities and Results by Regions/Countries – Global Business Divisions

Organisational Chart

The following organisational chart lists the principal legal entities operating in the Group's geographical areas established in accordance with the New Organisational Structure as of 31 December 2017.

ENEL is the holding company of the Group and therefore is dependent upon the business carried out by each of the entities within the Group.

Italy	**South America**	**Iberia**
e-distribuzione (formerly ENEL Distribuzione)	ENEL Americas	Endesa Group
ENEL Energia	Enel Chile	
ENEL Produzione		
Servizio Elettrico NAzionale		
ENEL Trade		
ENEL.si		
Nuove Energie		

Eastern Europe	**Renewable Energy**	**Other**
ENEL distributie Banat	ENEL Green Power Group	ENEL S.p.A.
ENEL distributie Dobrogea		ENEL Finance International
ENEL distributie Muntenia		ENEL Insurance N.V.
ENEL Energie		
ENEL Energie Muntenia		
ENEL Russia		
ENEL Productie		
ENEL Romania		
ENEL Servicii Comune		
ENEL Trade Croazia		
ENEL Trade Romania		

In addition to ENEL, further 13 companies of the Group have their shares listed on the stock exchanges of, *inter alia*, Spain, Argentina, Brazil, Chile, Peru, Russia and the United States.

Italy – Operations

Following the adoption of the New Organisational Structure by the Group, the operating companies included in the Country "Italy" are mainly: (i) ENEL Distribuzione S.p.A., a joint stock company active in electricity distribution; (ii) ENEL Energia S.p.A. and ENEL Servizio Elettrico S.p.A., joint stock companies active in electricity sales; (iii) ENEL Produzione, a joint stock company active in power generation (iv) ENEL Trade S.p.A., a joint stock company active in electricity and gas trading and wholesale; (iv) Enel Ingegneria e Ricerca S.p.A. and Enel Italia S.r.l., a joint stock company and a limited liability company respectively, active in supporting services, engineering and development activities for the Group companies.

Net electricity generation

The Group, through the operation of its divisions, is the primary electricity producer in Italy.

The following table sets forth the net electricity production of the Country "Italy" for the year ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of KWh (except per cent.))		
Thermal	32,421	37,609	-13.8%
Hydroelectric	14,025	16,052	-12.6%
Other resources	7,072	7,252	-2.5%
Total Net Generation	53,518	**60,913**	-12.1%

Transport of electricity

The Group is the main distributor of electricity in Italy (with 227,322 KWh of electricity transported in 2017 and 224,100 KWh in 2016) and owns the main distribution network (extending 3,222 kilometres as of 31 December 2017).

The following table sets forth the volume of electricity transported through the network of the Country "Italy" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of KWh (except per cent.))		
Electricity transported on ENEL's distribution network[(1)]	227,322	224,100	1.4%

Note:

(1) The figure for 2016 reflects a more accurate measurement of amounts transported.

Electricity Sales

Since 1 July 2007, in applying Legislative Decree No. 73/07, as subsequently converted into law by Law No. 215 of 3 August 2007, the Italian energy market has been deregulated and all end users can choose their supplier on the unregulated market.

Within the framework of deregulation, Legislative Decree No. 73/07 introduced certain alternative electricity supply services: (i) the Universal Service, with contractual conditions and rates established by the Authority for

Electricity and Gas (the "**Authority**"), limited to residential customers and small business clients, which are supplied at a low voltage and which have not chosen their supplier on the unregulated market or were left deprived of a supply service; and (ii) the Last-Resort Service, providing predetermined rates to certain medium- and large-sized clients. For further details, see "Regulation" below.

The following table sets forth the electricity sales for the Country "Italy" on the free market, the regulated market and in total for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of KWh (except per cent.))		
Free market:			
- business consumer……....	12,475	11,257	10.8%
- business-to-business……	44,735	35,024	27.7%
- safeguard market customers……	2,052	2,021	1.5%
Total free market……..	**59,262**	**48,302**	**22.7%**
Regulated market:			
- enhanced protection market customers……..	43,958	45,837	-4.1%
Total Net Generation……	**103,220**	**94,139**	**9.6%**

The ongoing process of liberalisation in the electricity market, started in 2007, has affected the composition of clients served by the Group in Italy. Specifically, there has been a reduction in the number of clients on the Universal Service and Last-Resort Service markets, while the number of clients on the unregulated market has increased, mainly due to the migration of mass-market clients (including residential customers and small business clients) to the unregulated market after 1 July 2007 (the date on which all clients became Eligible Clients).

Gas Sales

The following table sets forth the volume of gas sold in the Country "Italy" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of m^3 (except per cent.))		
- mass-market customers(1)……	2,910	2,815	3.4%
- business customers……	1,901	1,776	7.0%
Total……	**4,811**	**4,591**	**4.8%**

Note

(1) Includes residential customers and microbusinesses

Italy – Performance

The following table sets forth the Country "Italy" revenues, operating income, operating margin and capital expenditures for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016** [(1)]	**2017 vs 2016**
	(Millions of Euro (except per cent.))		
Revenue……	38,781	37,045	4.7%
Gross operating margin……..	6,863	6,618	3.7%
Operating income……...	4,470	4,270	4.7%
Capital expenditure……	1,812	1,894 [(2)]	-4.3%

Notes:

(1) It reflects minor changes occurred in 2017 related to the transfer of certain global and other services which were previously reported within "Other, eliminations and adjustments" to the "Italy" segment. In this respect, figures from the 2016 Audited Consolidated Financial Statements, incorporated by reference hereto have been changed accordingly as now reported in the 2017 Audited Consolidated Financial Statements (with respect to the 2016 figures included therein for comparative purposes).

(2) Does not include € 7 million regarding units classified as "held for sale".

The following table sets forth the revenues generated by each of the business lines comprising the Country "Italy" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016** [(1)]	**2017 vs 2016**
	(Millions of Euro (except per cent.))		
Generation and Trading…...…	19,919	19,403	2.7%
Infrastructure and Networks…….	7,584	7,237	4.8%
Renewables	1,822	1,796	1.4%
End-user markets……..	16,256	15,323	6.1%
Services ……...	1,314	1,207	8.9%
Eliminations and adjustments….	(8,144)	(7,921)	-2.4%
Total…….	38,781	**37,045**	4.7%

Notes

(1) It reflects minor changes occurred in 2017 related to the transfer of certain global and other services which were previously reported within "Other, eliminations and adjustments" to the "Italy" segment. In this respect, figures from the 2016 Audited Consolidated Financial Statements, incorporated by reference hereto have been changed accordingly as now reported in the 2017 Audited Consolidated Financial Statements (with respect to the 2016 figures included therein for comparative purposes).

Iberia – Operations

The activities carried out in the Region "Iberia" focus on developing ENEL's presence and coordinating its operations in the electricity and gas markets of the Spain and Portugal, including formulating growth strategies in the related regional markets.

Following the adoption of the New Organisational Structure by the Group, the main companies included in the Region "Iberia" are: (i) Endesa Energia and Endesa Energia XXI, which are both active in electricity sales; (ii) Endesa Generacion, Gesa, Unelco and Endesa Generacion Portugal, each of which is active in power generation; and (iii) Endesa Distribucion which is active in electricity distribution.

Net electricity generation

The following table sets forth the net electricity production for the Region "Iberia" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of KWh (except per cent.))		
Thermal…….…….	43,754	35,525	23.2%
Nuclear ……..……	26,488	25,921	2.0%
Hydroelectric ……	5,038	7,288	-30.9%
Other sources…….……	3,378	3,589	-5.9%
Total net generation…….....……	78,618	72,323	8.7%

Transport of electricity

The following table sets forth the volume of electricity transported through the network of the Region "Iberia" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of KWh (except per cent.))		
Electricity transported on ENEL's distribution network….	112,004	109,201	2.5%

Electricity Sales

The Group in the Region "Iberia" offers its medium and large-sized business clients a wide variety of electricity contracts with fixed or variable prices, and similarly offers its residential and small business clients numerous different tariff plans.

The following table sets forth the electricity sales of the Region "Iberia" in total for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of KWh (except per cent.))		
Electricity sold.....	96,514	93,490	3.1%

Iberia– Performance

The following table sets forth the Region "Iberia" revenues, operating income, operating margin and capital expenditures for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	2016	2017 vs 2016
	(Millions of Euro (except per cent.))		
Revenue	19,994	18,953	5.5%
Gross operating margin	3,573	3,562	0.3%
Operating income	1,842	1,766	4.3%
Capital expenditure	1,105	1,147	-3.7%

The following table sets forth the revenues generated by each of the business lines comprising the Region "Iberia" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	2016	2017 vs 2016
	(Millions of Euro (except per cent.))		
Generation and Trading	6,233	4,893	27.4%
Infrastructure and Networks	2,786	2,569	8.4%
Renewables	497	665	-25.3%
End-user markets	15,798	14,121	11.9%
Services	475	249	90.8%
Eliminations and adjustments	(5,795)	(3,544)	-63.5%
Total	19,994	**18,953**	5.5%

South America – Operations

The other segment resulting from the separation of the "Iberian Peninsula and Latin America" division in accordance with the New Organisational Structure is the Region "South America".

The activities carried out in the Region "South America" focus on developing ENEL's presence and coordinating its operations in the electricity and gas markets of South America (in particular, in Chile, Colombia, Brasil, Argentina and Peru) and Central America, including formulating growth strategies in the related regional markets.

Following the adoption of the New Organisational Structure by the Group, the countries included in the Region "South America" are mainly: (i) Chile; (ii) Argentina; (iii) Brazil; (iv) Peru; and (v) Colombia.

Net electricity generation

The following table sets forth the net electricity generation for the Region "South America" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	2016	2017 vs 2016
	(Millions of KWh (except per cent.))		
Thermal	25,727	26,268	-2.1%

Hydroelectric	33,597	32,619	3.0%
Other resources	5,303	3,278	61.8%
Total net generation	64,627	**62,165**	4.0%
- of which Argentina	14,825	13,124	13.0%
- of which Brazil	7,161	5,474	30.8%
- of which Chile	20,231	19,728	2.5%
- of which Colombia	14,766	14,952	-1.2%
- of which Peru	7,493	8,698	-13.9%
-of which other countries…….	151	189	-20.1%

Transport of electricity

The following table sets forth the volume of electricity transported through the network of the Region "South America" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of KWh (except per cent.))		
Electricity transported on ENEL's distribution network	**90,655**	**78,525**	**15.2%**
- of which Argentina	17,737	18,493	-4.1%
- of which Brazil	34,876	22,809	52.9%
- of which Chile	16,318	15,809	3.2%
- of which Colombia	13,790	13,632	1.2%
- of which Peru	7,934	7,782	2.0%

Electricity Sales

The Group in the Region "South America" offers its medium-sized and large-sized business clients a wide variety of electricity contracts with fixed or variable prices and similarly offers its residential and small business clients numerous different tariff plans.

The following table sets forth the electricity sales of the Region "South America" in total for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of KWh (except per cent.))		
Electricity Sold	**74,672**	**63,090**	**18.4%**
- of which Argentina	14,877	15,654	-5.0%
- of which Brazil	30,497	19,128	59.4%
- of which Chile	13,232	13,067	1.3%
- of which Colombia	9,389	8,505	10.4%

- of which Peru	6,677	6,736	-0.9%

South America – Performance

The following table sets forth the Region "South America" revenues, operating income, operating margin and capital expenditures for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of Euro (except per cent.))		
Revenue	13,154	10,768	22.2%
Gross operating margin	4,204	3,556	18.2%
Operating income	2,970	2,163	37.3%
Capital expenditure	3,002	3,069	-2.2%

The following table sets forth the revenues generated by each of the countries included in the Region "South America" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of Euro (except per cent.))		
Argentina	1,393	1,163	19.8%
Brazil	4,763	2,601	83.1%
Chile	3,667	3,703	-1.0%
Colombia	2,116	2,054	3.0%
Peru	1,202	1,236	-2.8%
Other countries	13	11	18.2%
Total	**13,154**	**10,768**	**22.2%**

Europe and North Africa – Operations

Following the adoption of the New Organisational Structure by the Group, the countries included in the Region "Europe and North Africa" are mainly: (i) Romania, where the Group is active in electricity distribution, sales and support activities through its subsidiaries, ENEL Distributie Banat S.A., ENEL Distributie Dobrogea S.A., ENEL Energie, ENEL Distributie Muntenia S.A., ENEL Energie Muntenia S.A., ENEL Romania S.R.L. and ENEL Servicii Comune S.A.; and (ii) Russia, where the Group is active in electricity sales and trading through its subsidiary, RusEnergoSbyt, and in power generation and sales through its subsidiary ENEL Russia.

Net electricity generation

The following table sets forth the net electricity production for the Region "Europe and North Africa" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of KWh (except per cent.))		
Thermal	39,830	42,993	-7.4%
Nuclear	-	7,523	-
Hydroelectric	22	1,235	-98.2%
Other resources	1,987	1,862	6.71%
Total net generation	**41.839**	**53,613**	-22.0%
- of which Russia	39,830	41,062	-3.0%
- of which Slovakia	-	9,684	-
- of which Belgium	-	977	-
-of which other countries……	2,009	1,890	6.3%

Transport of electricity

The following table sets forth the volume of electricity transported through the network of the Region "Europe and North Africa" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of KWh (except per cent.))		
Electricity transported on ENEL's distribution network……	15,206	14,890	2.1%

Electricity Sales

The following table sets forth the electricity sales for the Region "Europe and North Africa" on the free market, the regulated market and in total for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of KWh (except per cent.))		
Free market	6,318	7,471	-15.4%
Regulated market	4,029	4,864	-17.2%
Total	**10.347**	**12,335**	**-16.1%**
- of which Romania	10,347	7,719	34.0%
- of which France	-	2,218	-
- of which Slovakia	-	2,398	-

Europe and North Africa – Performance

The following table sets forth the Region "Europe and North Africa" revenues, operating income, operating margin and capital expenditures for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of euro (except per cent.))		
Revenue	2,411	3,798	-36.5%
Gross operating margin	543	762	-28.7%
Operating income	306	286	7.0%
Capital expenditure	307(1)	265(2)	15.8%

Note:

(1) Does not include €44 million regarding units classified as "held for sale".

(2) Does not include €283 million regarding units classified as "held for sale".

The following table sets forth the revenues generated by each of the countries included in the Region "Europe and North Africa" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of euro (except per cent.))		
Romania	1,180	1,058	11.5%
Russia	1,135	986	15.1%
Slovakia	-	1,360	-
Other countries	96	394	-75.6%
Total	2,411	**3,798**	-36.5%

North and Central America - Operations

Net electricity generation

The following table sets forth the net electricity generation for the Region "North and Central America" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of KWh (except per cent.))		
Hydroelectric	2,681	2,837	-5.5%
Other resources	7,112	9,431	-21.6%
Total net generation	**9,793**	**12,268**	**-20.2%**
- of which United States and Canada	5,313	8,628	-38.4%

- of which Mexico	2,025	1,781	13.7%
- of which Panama	1,528	1,367	11.8%
-of which other countries	927	492	88.4%

North and Central America – Performance

The following table sets forth the Region "North and Central America" revenues, operating income, operating margin and capital expenditures for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of euro (except per cent.))		
Revenue	1,187	1,125	5.5%
Gross operating margin	759	833	-8.9%
Operating income	553	565	-2.1%
Capital expenditure	1,802[(1)]	1,832	-1.6%

(1) Does not include €325 million regarding units classified as "held for sale".

The following table sets forth the revenues generated by each of the countries included in the Region "North and Central America" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of euro (except per cent.))		
United States and Canada	716	774	-7.5%
Mexico	142	125	13.6%
Panama	149	143	4.2%
Other countries	180	83	-
Total	**1,187**	**1,125**	**5.5%**

Sub-Saharan Africa and Asia - Operations

Net electricity generation

The following table sets forth the net electricity generation for the Region "Sub – Saharan Africa and Asia" for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of KWh (except per cent.))		
Wind	892	401	-

Other resources	589	129	-
Total net generation	**1,481**	**530**	**-**
- of which South Africa	1,156	203	-
- of which India	325	327	-0.6%

Sub-Saharan Africa and Asia – Performance

The following table sets forth the Region "Sub – Saharan Africa and Asia" revenues, operating income, operating margin and capital expenditures for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of euro (except per cent.))		
Revenue	96	29	-
Gross operating margin	57	14	-
Operating income	15	(5)	-
Capital expenditure	30	304	-90.1%

The following table sets forth the revenues generated by each of the countries included in the Region "Sub – Saharan Africa and Asia" for the years ended 31 December 207 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016**	**2017 vs 2016**
	(Millions of euro (except per cent.))		
South Africa	80	12	-
India	16	17	-5.9%
Total	**96**	**29**	**-**

Other, eliminations and adjustments

The "Other, eliminations and adjustments" segment represents residual items that, in addition to the consolidated adjustments among the different segments, include:

- The company, which aims to create synergies within the Group and to optimise the management of services in support of the core business activities. In particular, the parent company, in its capacity as an industrial holding company, defines strategic targets for the Group and co-ordinates the activities of subsidiaries. In addition, the Issuer manages central treasury operations and insurance risk coverage (in this case even through its subsidiaries, Enel Finance International and Enel Insurance N.V.), providing assistance and guidelines on organisation, personnel management and labour relations, accounting, administrative, fiscal, legal and corporate matters.
- ENEL Iberia S.r.l., as holding of equity investments.

Until 2016, the "Other, eliminations and adjustments" segment included also the Upstream Gas operations that were drastically reduced and, from 2017 refers only to the Country Italy.

Other, eliminations and adjustments – Performance

The following table sets forth the "Other, eliminations and adjustments" segment's revenues, operating income, operating margin and capital expenditures for the years ended 31 December 2017 and 31 December 2016.

	Year ended on 31 December		
	2017	**2016 (1)**	**2017 vs 2016**
	(Millions of euro (except per cent.))		
Revenue (net of eliminations).....	389	855	-54.5%
Gross operating margin.....	(346)	(69)	-
Operating income	(364)	(124)	-
Capital expenditure.....	72	41	75.6%

Notes:

(1) It reflects minor changes occurred in 2017 related to the transfer of certain global and other services which were previously reported within "Other, eliminations and adjustments" to the "Italy" segment. In this respect, figures from the 2016 Audited Consolidated Financial Statements, incorporated by reference hereto have been changed accordingly as now reported in the 2017 Audited Consolidated Financial Statements (with respect to the 2016 figures included therein for comparative purposes).

Principal Markets and Competition

ENEL is the principal electricity company in Italy and Spain, and, according to the Group's estimates based on data published in the financial statements of the main market operators, ENEL estimates that it is the second largest electricity company in Europe, based on total installed capacity. The Group's net electricity production in 2017 amounted to 249.9 TWh, of which 53.5 TWh was produced in Italy, and 196.4 TWh abroad, compared to 261.8 TWh in 2016, of which 60.9 TWh was produced in Italy, and 200.9 TWh was produced abroad. In 2017, the Group conveyed 445.2 TWh of electricity through the grid, of which 227.3 TWh was in Italy and 217.9 TWh abroad, compared to 426.7 TWh of electricity in 2016, of which 224.1 TWh was in Italy and 202.6 TWh abroad.

In 2017, the Group sold 11.7 billion cubic metres of gas, of which 4.8 billion cubic metres were sold in Italy where, according to the Group's estimates, the Group is the second largest operator, and 6.9 billion cubic metres where sold abroad, compared to 10.6 cubic metres of gas sold in 2016, of which 4.6 billion cubic metres were sold in Italy, and 6.0 billion cubic metres were sold abroad.

The following subsections describe the competitive position of the Group in each Country/Region in which it operates and set forth certain summary information regarding the regulatory systems in those countries. For further details, see "Regulation" below.

In addition, an overview of the macroeconomic environment in which the Group operates, is available at page 7 of the Report on operations included in ENEL's annual report for the financial year ended 31 December 2017 (section "*Macroeconomic Environment*") incorporated by reference hereto (see "Documents Incorporated by Reference").

Italy

The Italian Electricity Market

According to ENEL's estimates, ENEL is the principal electricity producer in Italy, with 27.7 GW of installed capacity as of 31 December 2017. The main competitors are Edison S.p.A. and ENI S.p.A.

According to the Authority for Electricity, Gas and Water, energy consumption in the Italian free market in 2017 reached approximately 265 TWh, compared to 250.6 TWh in 2016 with network losses and self consumption (including 4 TWh of safeguard in 2016).

In 2017, ENEL sold electricity to 7,552,217 clients on the free market, of which 1,613,318 were business-to-business clients and 5,938,899 were business-to-consumer clients, compared to 6,732,570 in 2016, of which 1,466,161 were business-to-business clients and 5,266,409 were business-to-consumer clients.

Of the total volume sold on the unregulated market, 46.8 TWh of electricity were sold to business-to-business clients (including 2.0 TWh of safeguard) and 12.5 TWh were sold to business-to-consumer clients in 2017, compared to 37.0TWh of electricity sold to business-to-business clients (including 2.0 TWh of safeguard) and 11.3 TWh sold to business-to-consumer clients in 2016.

According to the Authority for Electricity, Gas and Water, 2017 energy consumption on the regulated market amounted to approximately 50 TWh net of network losses, compared to approximately 53 TWh net of network losses in 2016. In 2017, ENEL sold 44.0 TWh to 18.9 million clients on the regulated market, compared to 46 TWh sold to 20.0 million clients in 2016.

The Italian Natural Gas Market

In the retail market, in 2017, ENEL sold 2,910 million cubic metres of gas to business-to-consumer clients and 1,901 million cubic metres of gas to business-to-business, compared to 2,815 million cubic metres of gas sold to business-to-consumer clients and 1,776 million cubic metres of gas to la business-to-business clients in 2016.

Iberia

The Group's installed capacity in Spain and Portugal amounted to 22.7 GW as of 31 December 2017, compared to 22.7 GW as of 31 December 2016. In the year then ended, its production amounted to 78.6TWh of energy and its sales amounted to 96.5 TWh, compared to 72.3 TWh of energy produced and 93.5 TWh sold in 2016. The main operators in the Iberian electricity industry are Endesa, Iberdrola, EDP and Gas Natural SDG.

South America

As of 31 December 2017, the Group's installed capacity in South America was equal to 20.5, compared to 18.9 GW in 2016. In 2017, production amounted to 64.6 TWh and sales to final customers amounted to 74.7, compared to 62.2 TWh produced and 63.1 TWh sold to final customers in 2016.

This region has reacted relatively well to the current economic crisis, due to the success of economic policies implemented in recent years. With respect to the electricity market, there is a need to increase generation capacity. The expectations for the development of the markets in this region, in terms of medium- and long-term growth in electricity demand and sales are sufficient to justify continued investment in the region. The relevant regulatory frameworks are generally modern, transparent and stable.

As of 31 December 2017, the Group had a total installed capacity in Argentina of 4.4 GW, which remained unchanged from 2016. As of 31 December 2017, it held a 12.5 per cent. share of the electricity generation market. In the distribution sector, the Group controls Edesur (Buenos Aires), a company with 2.5 million clients that distributed 17.7 TWh of energy in 2017.

As of 31 December 2017, the Group had a total installed capacity in Brazil of 3.0 GW, compared to 1.6 GW in 2016. As of 31 December 2017, it held a 1 per cent. share of the electricity generation market as it was in 2016. In the distribution sector, the Group controls Rio de Janeiro-based Ampla Investimentos ("**Ampla**"), which has 3.0 million clients, Coelce, which has 4.0 million clients, and since February 2017 CELG-D in the region of Goias (with 2.9 million clients). Total energy distributed in 2017 was 34.9 TWh, compared to 22.8 TWh in 2016.

As of 31 December 2017, the Group had a total installed capacity in Chile of 7.5 GW, compared to 7.4 GW in 2016. As of 31 December 2017, it held a 32.1 per cent. share of the electricity generation market, compared to 35 per cent in 2016. In the distribution sector, the Group serves 1.9 million clients and distributed 16.3 TWh of energy in 2017.

As of 31 December 2017, the Group had a total installed capacity in Colombia of 3.5 GW, compared to 3.5 GW in 2016. As of 31 December 2017, it held a 20.66 per cent. share of the electricity generation market. In the distribution sector, Enel controls Codensa (Bogotá), a company that has 3.3 million clients and distributed 13.8 TWh of energy in 2017.

As of 31 December 2017, the Group had a total installed capacity in Peru of 2.2 GW, compared to 1.9 GW in 2016. As of 31 December 2017, it held a 16 per cent. share in the electricity generation market, compared to 16 per cent in 2016. In the distribution sector, Enel controls Edelnor (Lima), a company that has 1.4 million clients and distributed 7.9 TWh of electricity in 2017.

Eastern Europe

Russia

As of 31 December 2017, the Group's installed capacity in Russia amounted to approximately 8.9 GW, compared to 8.9 GW in 2016. Its net production amounted to 39.8 TWh of energy, compared to 41.1 TWh in 2016.

Romania

In 2017, the Group sold 10.3TWh of electricity in Romania compared to 7.7 TWh in 2016. According to ENEL's estimates, the total market share held by the Group in terms of sales of electricity in Romania was 21.26 per cent. in 2017.

ENEL has three separate distribution companies (ENEL Distributie Banat S.A., ENEL Distributie Dobrogea S.A. and ENEL Distributie Muntenia S.A.) and two supply companies (Enel Energie S.A. and Enel Energie Muntenia S.A.) in Romania. Its interests in the country also extend to generation from renewable resources, and the acquisition or construction of generation plants, in general.

Renewable Energy markets

Within the renewable energy sector, which will continue to have an important role in ENEL's future, the growth of the Group will be executed through the technologies described herein.

Renewable energies confirm their trend of growth in all the technologies and geographical areas and, as in developing countries, such growth is usually associated with economic growth and does not derive solely from compliance with environmental protection regulations.

The model of development of the renewable energies in ENEL is based on a diversified approach from both a technological and geographical perspective which is possible because of the flexibility in the allocation of investments which are approved on the basis of profitability only.

In many countries where the Group operates or is developing its activities there have been new regulations in favour of new investments including the revision of the majorities of the so-called "feed-in" tariffs (currently, the most common incentive instrument) and bidding procedures for new plants, for the development of new capacities.

Properties, plants and Equipment

The Group owns and leases a large number of office buildings and warehouse spaces throughout Italy and in the foreign countries in which it operates. The Group owns substantially all of the plants, machinery and equipment used to carry out its production activities.

As of 31 December 2017, no creditors or other third parties had any significant rights over or in respect of any of the property, plants or equipment of the Group.

Employees

As of 31 December 2017, the Group employed a total of 62,900 employees, of which 31,114 were employed in Italy and 31,786 were employed abroad. The following table sets forth the location and number of the Group's employees as of 31 December 2017 and 31 December 2016, directly extracted from the Group's consolidated financial statements, not taking into consideration the effect of the application of IFRS 11.

	Year ended on 31 December	
	2017	**2016**
Employees in Italy	31,114	31,956
Employees outside of Italy	31,786	30,124
Total employees	62,900	62,080

The amount of the liability entered in the Group's 2017 Audited Consolidated Financial Statements for employees' benefits and other similar obligations related to employees was equal to €2,407 million.

Litigation

In the ordinary course of its business the Group is subject to various civil and administrative proceedings, as well as certain arbitral and criminal proceedings.

ENEL records provisions in its consolidated balance sheet to cover probable liabilities whenever ENEL's internal and external counsel advise it that an adverse outcome is likely in a given litigation and a reasonable estimate of the amount of the loss can be made. Such provisions amounted to € 931 million as of 31 December 2017.

For a discussion of contingent liabilities and assets, see Note 49 to the 2017 Audited Consolidated Financial Statements, incorporated by reference hereto (see "Documents Incorporated by Reference").

ENEL does not believe that any active or pending litigation is likely to have a material adverse effect on the financial condition or results of operations of the Group. However, see "Risk Factors–Risks Related to the Group–ENEL is subject to a large variety of litigation and regulatory proceedings and cannot offer assurances regarding the outcomes of any particular legal proceedings".

Regulation

The Group operates in highly regulated environment. An overview of such laws and regulations is available at pages 102-127 of the Report on operations included in ENEL's annual report for the financial year ended 31

December 2017 (section "Regulatory and rate issues") incorporated by reference hereto (see "Documents Incorporated by Reference").

Although this overview contains all the information that as at the date of this Offering Circular ENEL considers material in the context of the issue of the Notes, it is not an exhaustive account of all applicable laws and regulations. Prospective investors and/or their advisers should make their own analysis of the legislation and regulations applicable to the Group and of the impact they may have on the Group and any investment in the Notes and should not rely on this overview only. See also "*Risk Factors— The Group is subject to different regulatory regimes in all the countries in which it operates. These regulatory regimes are complex and their changes could potentially affect the financial results of the Group" above.*

Recent innovation activities and projects

Open innovability

In order to facilitate new uses of energy, new ways of managing it and making it accessible to ever more people in a sustainable way, it is necessary to speed up innovation in the energy field. Enel has made Open Innovation and digitalisation the pillars of its industrial strategy, in order to grow in a rapidly changing context, guaranteeing high standards of safety, business continuity and operational efficiency. Innovation linked to sustainability translates into "Innovability", which creates value for the company and for all its stakeholders and allows new opportunities to be taken and more advanced solutions to be found to offer an outstanding service to customers, favouring access to energy, social development, while respecting the environment and the communities where Enel operates. Enel is starting a transformation process to make its industrial production and services not only automated but also interconnected and smart (Enel 4.0). Enel is in fact a platform company of electricity networks which can facilitate new platform models by expanding its skills also to the management of data networks, thus facilitating the activation of businesses linked to innovative hi-tech sectors such as e-mobility, minigrids, e-home, connectivity, storage, etc. Within the Group there are approximately 300 active innovation projects covering the whole value chain in the various geographical areas. Most of these projects have required the activation of partnerships with other leading players in the sectors or the contribution of start-ups which have developed solutions which are still not on the market. These collaborations take place within the ecosystem of Open Innovation which the Group has been operating for over two years. In 2016, 28 global partnerships were started, bringing to 114 the innovation partnership agreements both globally and locally, and the portfolio holds 80 projects covering start-ups and Business and Market units. During the last year, approximately 350 start-ups were introduced to the relevant Business Lines, 27 collaborative projects were launched, and relations were consolidated with venture capital funds, accelerators and crowdfunding platforms. In addition, there are 3 innovation hubs (Israel, Brazil, Chile) in the regions with the highest level of innovation, to enable involvement in the most advanced ecosystems in the world and to select the best start-ups with which to launch innovative projects. In particular, in 2016 an innovation hub was opened in Tel Aviv, followed in March 2017 by another in the Silicon Valley. The Group's medium/long-term innovation strategy, the approval and monitoring of projects, the selection of start-ups with a high impact on the business, and the approval of key partnerships are the main duties of the Group's Innovation Committee, which consists of the Chief Executive Officer and the heads of the main corporate divisions.

In line with the Open Power principles, the innovation strategy therefore envisages the involvement of all the staff at Enel. The participation of employees in the innovation process is encouraged at every level, from the simple proposal of innovative ideas for crowdsourcing to the participation in corporate entrepreneurship initiatives, such as the Enel Innovation World Cup and the Inspire Empreendedores Program, both launched during 2015 and which continued throughout 2016. The latter, in particular, is promoted by the Brazilian subsidiary Prátil and saw the participation of 114 people, who put forward over 80 projects. Currently four business initiatives are at the incubator and market test stage. In the Innovation World Cup, instead, over 800 participants put forward approximately one hundred innovative business solutions which were analysed and

selected by the countries. The 22 most promising proposals were rewarded with financing and the possibility of dedicating up to a maximum of 50 per cent. of working hours to develop the initiatives proposed. Innovation also means the ability to experience and learn from inevitable failures. For this reason, Enel launched the My Best Failure Project, an online platform which lets everyone share their "best" failures and what they learnt from the experience, thus creating a common knowledge base to drive innovation, and encouraging everyone to experiment and try something new. In 2016, over 90 examples from people around the world were published. In addition, Enel opened up to external crowdsourcing, drawing on expertise from various countries to solve in 2016 seven technical challenges with solutions which are currently being tested. Enel also set up an in-house weekly newsletter, Innovation Intelligence, which covers the world of cross-sector innovation, looking at the sectors of competence, competitors, start-ups, SMEs, universities and research centres. It has a readership of 8 thousand people in the Group across all countries.

E-Mobility

In a rapidly evolving context the car has become the frontier of innovation. Electric power and connectivity make cars interesting for both utilities and for telecommunication companies, and no longer only for traditional manufacturers. Enel has undertaken various initiatives in Europe and South America on e-mobility, and up to 2016, 36 partnership agreements were active, including the alliance with Nissan signed during COP21 in Paris and the signing in June 2016 of a global framework cooperation agreement with the Chinese company BYD, a leader in the construction of electric vehicles and lithium batteries, for the development at global level of common projects on electric mobility and energy storage. The spread of recharging infrastructure is one of the key elements for the dissemination of electric mobility. Up to 2016, there were 3,200 recharging stations using Enel technology (public and private recharging points). In Italy, with the EVA+ Project, by 2019, 180 fast recharging points will be installed along the motorway corridors established by the European Commission, while in Spain the installation of fast recharging points for e-busses has started. e-mobility is also an opportunity in the field of support services, such as the innovative use of cars as "mobile batteries" to provide services to the network (Vehicle-to-Grid – V2G). Aside from in Denmark, Enel is testing V2G in the United Kingdom where it has installed the first 10 bidirectional rechargers, as well as in Germany where it is being approved as an aggregator to provide balancing services to the network, having already launched a pilot project with Nissan and a German start-up (The Mobility House) which works in the storage and electric mobility business. V2G is an example of Open Innovation, since it arises from the union of Enel's experience in the field of infrastructure and systems to manage e-mobility with Nissan's as the manufacturer of the e-NV200 Van and LEAF, the bestselling electric car in the world, together with the Californian start-up Nuvve, which provides the V2G aggregation software and with which Enel signed a collaboration agreement at the start of 2016. Enel was the first company in the world to design, develop and launch V2G recharging infrastructure. Thanks to the Enel rechargers, the energy accumulated by Nissan LEAFs is managed intelligently, on the basis of the real needs of the network, and the owners of electric vehicles become real protagonists on the energy market, providing services to regulate the network in order to facilitate the penetration of renewables. V2G allows owners of vehicles and energy consumers to use their cars as "four-wheel mobile power plants", with which to accumulate and return to the grid unused energy. By coordinating with other manufacturers, in particular with Mitsubishi, Enel has encouraged the adoption of changes to the CHAdeMO protocol which have been incorporated into the standard protocol, which today enable the V2G functions. Subsequently, Enel launched a collaboration with Nissan with which, at the start of 2015, the Nikola Project was launched in Denmark, with the aim of verifying the means of offering grid regulation services through the aggregation of V2G rechargers. In some countries where the Group is present various local initiatives have been introduced such as car sharing projects (for example, in Italy at the campus of Roma 3 University), with integrated offers reserved for employees (for example, in Italy, Spain, Chile) and for retail customers.

IIot, Industrial Internet of Things

IIoT is a recent neologism which represents the new paradigm of smart industry. The online interconnection of devices is what is making the physical world a network of information, thus becoming increasingly common in work and everyday life. Connectivity is the factor which facilitates IoT applications in all ecosystems, and in future years a significant increase is expected, thus in its turn causing an increase in energy consumption. Enel is developing industrial IoT solutions in some manufacturing companies which in the future could come to market. These solutions enable the activation of services linked to predictive diagnostics, workforce management, the retroaction of machines and, not least, safety in plant and worksite operations. This is what is happening at the thermoelectric power plants of Torrevaldaliga Nord, Brindisi (Italy), and Besós (Spain), thanks to the strong drive towards digitalisation which allows the set-up of services linked to IoT, and thus, through increasingly sophisticated analyses, the improvement of the process for managing and monitoring the plant. The complete digitalisation of the distribution network, which integrates new Internet of Things and Big Data functions into technologies which are already operational, is one of Enel's goals. A digital network enables control of the various primary and secondary cabins, minimisation of service problems and a significant reduction in the time taken to repair breakdowns that may occur on the network. The introduction of smart meters has transformed secondary cabins into real communication hubs, which are spread over the local area.

E-Home

The e-home is, by definition, a smart home, which, through an integrated system, improves the comfort, safety and consumption of the people who live in it. Enel has started 6 collaborations with start-ups, with the aim of testing new solutions that can offer customers innovative services linked to the control and increased efficiency of consumption, personal safety and management of the home. There are also 16 current partnership agreements and the promotion of various initiatives for the markets of countries such as Italy, Spain, Chile and South Africa. These initiatives include mainly services for energy management, safety, and security. Examples are the initiatives already launched in Italy with the e-goodlife system or in Spain with the Nexo system, both conceived to provide services linked to the smart management of the home, such as the monitoring of consumption, the remote management of devices and the safe management of residences. In addition, the partnership work continues with the main manufacturers worldwide of domestic storage systems, with the aim of enhancing the product portfolio and encouraging competition among the key players. Storage solutions have an essential role for the development of renewables and electric mobility, sectors in which Enel is a global leader. For some time Enel has had global collaboration agreements with the most accredited and competitive manufacturers on the market: Tesla, BYD, LG Chem, and Aton Storage. The battery made by Aton was included among the new technologies which Enel presented during the Formula E events which took place in Marrakesh on November 12, 2016, and at the Capital Markets Day in London on November 22.

Microgrid & Minigrid

The development of microgrids is a solution with great potential for use in rural areas far from the main urban centres or in areas with limited electrification in emerging countries, thus facilitating the proven link between the availability of energy and economic growth. Microgrids enable the management of operations in areas where the electricity network is absent (offgrid) or not robust enough (limited grid). Enel has developed microgrids above all in South America, for example in Ollagüe (Chile), with a hybrid system which includes photovoltaic production, storage and diesel-fueled generators, with the aim of providing electricity to a village of 200 inhabitants. In India, the population and demand for electricity are growing continuously, despite the fact that over 270 million Indians still do not have access to energy owing to the lack of reliable network infrastructure. In order to solve this problem, the Indian Government is opening up the market also to players other than the current distributors. In particular, a regulation is envisaged which enables minigrid operators to sell energy in a market which is already broadly serviced by traditional operators. Enel is defining with an operator who has long experience in the area a plan to electrify villages and to acquire customers. It is an innovative business model which requires competence throughout the value chain: production, distribution and sales. Every

minigrid enables the supply of energy to two towers for telecommunications and to a nearby village, with approximately 300 residential users and about 30 small businesses. The generation of energy is guaranteed by a 100 KW photovoltaic plant with batteries for storage, a back-up diesel powered generator and 2-3 km of power lines.

MANAGEMENT

Corporate governance rules for Italian companies whose shares are listed on the Italian Stock Exchange, such as ENEL, are contained in the Italian Civil Code, in the Consolidated Financial Act, CONSOB Regulation No. 11971 (the "**Regulation 11971**") and the self-regulatory code of corporate governance promoted by Borsa Italiana S.p.A. (the "**Corporate Governance Code**" (*Codice di Autodisciplina*)).

ENEL has adopted a "traditional" system of corporate governance, based on a conventional organisational model involving shareholders' meetings, a board of directors, a board of statutory auditors and independent auditors.

Pursuant to its by-laws, the management of ENEL is entrusted to a collegial body made up of no fewer than 3 and no more than 9 members, appointed by an ordinary Shareholders' Meeting (collectively the "**Board of Directors**" and each member so appointed a "**Director**").

Directors are appointed for a term not exceeding three financial years and may be reappointed. For the appointment of the Board of Directors, ENEL's by-laws provide for a slate voting system, aimed at ensuring the presence on the Board of Directors of members appointed by minority shareholders (totalling three-tenths of the Directors to be elected).

The Board of Directors has the widest possible powers to perform the ordinary and extraordinary tasks involved in managing ENEL. It is authorised to take all the steps that it deems appropriate in order to achieve ENEL's aims and corporate objectives, with the sole exception of the powers expressly reserved by law and by ENEL's by-laws to Shareholders' Meetings. In addition, ENEL's by-laws confer upon the Board of Directors the power to, *inter alia*, resolve upon the following matters: (a) mergers and demergers with subsidiaries, where permitted by applicable laws; (b) decrease of share capital, in case of shareholder withdrawal; and (c) adjustments of the by-laws in order to comply with applicable regulations.

Pursuant to ENEL's by-laws, the Board of Statutory Auditors (*collegio sindacale*) is composed of three auditors and three alternate auditors, each of which shall meet the requirements provided for by applicable law and ENEL's by-laws (collectively, the "**Board of Statutory Auditors**"). The members of the Board of Statutory Auditors are appointed by the ordinary Shareholders' Meeting for three years and can be reappointed. For the appointment of the Board of Statutory Auditors, ENEL's by-laws provide for a slate voting system which aims to ensure the presence on the Board of a regular auditor (who is entitled to the office of chairman) and an alternate auditor (who will take the office of chairman if the incumbent leaves before the end of his term) designated by minority shareholders.

The Board of Statutory Auditors is responsible for monitoring (i) the Issuer's compliance with the law and by-laws, as well as compliance with proper management principles in carrying out the Issuer's activities; (ii) the process of financial disclosure and the adequacy of the Issuer's organisational structure, internal auditing system, and administration and accounting system; (iii) the audit of the stand-alone and the consolidated financial statements and the independence of the external auditing firm; and, lastly, (iv) how the corporate governance rules provided by the Corporate Governance Code are implemented.

ENEL's by-laws are in compliance with applicable laws and regulations aimed at ensuring the gender balance within the Board of Directors and the Board of Statutory Auditors.

Board of Directors

As of the date of this Offering Circular, ENEL's Board of Directors is composed of nine members, appointed by the Shareholders' Meeting on 4 May 2017. The Board of directors' term will expire on the date of the Shareholders' Meeting called to approve ENEL's financial statements for the year ending 31 December 2019.

The names of the members of the Board of Directors are set forth in the following table.

Name	Position	Place and Date of Birth
Maria Patrizia Grieco[1]	Chairman	Milan, 1952
Francesco Starace[3]	Chief Executive Officer	Rome, 1955
Alfredo Antoniozzi[2]	Director	Cosenza, 1956
Alberto Bianchi[2]	Director	Pistoia, 1954
Paola Girdinio[2]	Director	Genova, 1956
Alberto Pera[2]	Director	Albisola Superiore (Savona), 1949
Anna Chiara Svelto[2]	Director	Milan, 1968
Angelo Taraborelli[2]	Director	Guardiagrele (Chieti), 1948
Cesare Calari[2]	Director	Bologna, 1954

Notes:

(3) Non-executive and Independent director pursuant to the Consolidated Financial Act.

(4) Non-executive and Independent director pursuant to the Consolidated Financial Act and to the Corporate Governance Code.

(5) Executive director.

The business address of the Board of Directors' members is ENEL's registered office (being ENEL — Società per Azioni, Viale Regina Margherita 137, 00198 Rome, Italy).

The management competence and experience of each director is briefly summarised below:

Maria Patrizia Grieco

Chairman of the Board of Directors of ENEL since May 2014.

Maria Patrizia Grieco has been the Chairman of the board of directors of Enel since May 2014. After graduating in law at the University of Milan, she started her career in 1977 at Italtel, where in 1994 she became chief of the Legal and General Affairs directorate. In 1999 she was appointed General Manager to re-organize and reposition the company, in 2002 she became Chief Executive Officer. Subsequently, she held the positions of Chief Executive Officer of Siemens Informatica, Partner of Value Partners and Chief Executive Officer of the Group Value Team (today NTT Data). From 2008 to 2013, she was Chief Executive Officer of Olivetti , where she also held the role of Chairman from 2011. She has been a director of Fiat Industrial and CIR and she is currently on the boards of Anima Holding, Ferrari and Amplifon. Mrs. Grieco is also a member of the steering committee of Assonime and of the board of directors of Bocconi University. Maria Patrizia Grieco was appointed Chairman of the Italian Corporate Governance Committee in 2017. The purpose of the Committee is the promotion of good corporate governance practices of Italian listed companies.

Francesco Starace

Francesco Starace is Chief Executive Officer and General Manager of Enel S.p.A. since May 2014. Mr. Starace joined the Enel Group in 2000, holding several top executive positions including Head of Business Power (from July 2002 to October 2005) and Managing Director of the Market Division (from November 2005 to September 2008). From 2008 to 2014, he was Chief Executive Officer and General Manager of Enel Green Power, the Group's renewable power generation subsidiary and a leading player in the global renewables industry. In November 2010, Mr. Starace led the Initial Public Offering (IPO) of the company, listing it on the Milan and

Madrid stock exchanges with a market capitalisation of €8 billion. Mr. Starace began his career in construction management of power generation plants, first at General Electric Group, then at ABB Group and subsequently at Alstom Power Corporation, where he was Head of worldwide gas turbines sales. Mr. Starace's solid international experience includes periods spent working in the United States, Saudi Arabia, Egypt and Bulgaria. Since June 2014, he is a member of the Advisory Board of the United Nations Sustainable Energy 4 All initiative. In May 2015, he joined to the Board of Directors of the United Nations Global Compact. From January 2016 until January 2018 he was co-chair of the World Economic Forum's Energy Utilities and Energy Technologies Community. In October 2016 he was nominated co-chair of the B20 Climate & Resource Efficiency Task Force. In June 2017, he was elected President of the European electricity industry union Eurelectric. The European Commission appointed him Member of the "Multi-stakeholder Platform on the Implementation of the Sustainable Development Goals in the EU" in September 2017. He graduated in Nuclear Engineering from the Polytechnic University of Milan. He is married and has two sons, he is a keen cyclist, a supporter of A.S. Roma football club and has a passion for poetry.

Alfredo Antoniozzi

Alfredo Antoniozzi was born in Cosenza in 1956, he graduated in law at the University "La Sapienza" of Rome in 1980 and then he achieved a specialisation in labour law, practicing his activity in a law firm. From 1981 to 1990 he was City Councilman at the Municipality of Rome, taking on the office as Counsellor for the Educational Politics; later, he held the office of Counsellor for General Affairs appointed to the Institutional and International Relations of Rome. From 1990 to 2004 he was Region Councilman at the Lazio Region, where he assumed the office as Counsellor for Transport. Furthermore, from 2008 to 2012 he held the office as Counsellor for Heritage and Special Projects at the Municipality of Rome. From 2004 to 2014 he was Member of the European Parliament, where he was a member of the Justice Commission, Legal Commission and Constitutional Affairs Commission. During the same period he also took part in the Delegations for European relationships with the United States of America and the Arabic Peninsula and Central America, as well as he took part in the Delegation at Parliamentary Committee on relationships between EU-Mexico. Member of the Board of Directors of Enel since May 2015.

Alberto Bianchi

Alberto Bianchi was born in Pistoia in 1954, after the graduation in law and becoming a lawyer, he started to practice the profession of lawyer in 1986 in administrative, commercial, corporate and bankruptcy fields. In this field, initially he has carried out its activity in the law firm of Professor Alberto Predieri (from 1983 to 2001); to the death of the owner (August 2001) when he founded the law firm Bianchi and Associates, with main office in Florence and subsidiaries offices in Rome and Milan. From 2001 to 2007, he was liquidator of EFIM (body of loan for the manufacturing industries); after the suppression of the abovementioned body, he was appointed (in July 2007) by the Minister of Economy and Finance as commissioner "*ad acta*" for the compulsory winding up of the companies managed by Ligresta, (companies of the Fintecna Group), office that he practices as of today. He was also a member of the liquidator board of Finanziaria Ernesto Breda (from 1994 to 2001), a director of Rai New Media, chairman of Firenze Fiera (from 2002 to 2006) and of Dada (internet company listed on the Stock Exchange of Milan from 2011 to 2013). Currently he is chairman of the board of directors of "Edizioni di Storia e Letteratura", as well as director and accounting auditor of several associations and foundations. From March 2016 he is member of the Steering Committee at Cassa di Risparmio Foundation in Florence. Member of the Board of Directors of Enel since May 2014.

Cesare Calari

Cesare Calari was born in 1954 in Bologna, in 1977 he graduated in Law at the University of Bologna and in 1979 he earned a Master of Arts at the School of Advanced International Studies of Johns Hopkins University (Washington DC). After a short period spent working Bank of Italy (1980- 1981), in 1981 he joined the World Bank Group, where from 1982 to 2001 he held positions of increasing responsibility within the International

Finance Corporation, an affiliate of the World Bank Group whose aim is to support the private sector in developing countries. Among the positions held within the International Finance Corporation, it's worth to mention that of Head of the Sub-Saharan Africa department (from 1997 to 2000) and that of Head of the global financial markets group (from 2000 to 2001). From 2001 to 2006 he was Vice President of the World Bank, responsible for the Bank's operations and strategies in the financial sector, for its work on international financial architecture and for anti-money laundering; during this period, he was also member of the Financial Stability Board (formerly Financial Stability Forum) and Chairman of CGAP (Consultative Group to Assist the Poor), a trust fund for the promotion of microfinance. Since October 2006 he has been partner and managing director of Encourage Capital (formerly Wolfensohn Fund Management), a U.S. company managing private equity investments with high social and environmental impact, and member of the investment committee of Wolfensohn Capital Partners, a private equity fund specialized in emerging markets. Covering such roles, he has gained a wide managerial and strategic experience in the financial services sector, as well as a broad knowledge of corporate and project finance and issues related to corporate governance and regulation of the financial sector worldwide. He has been member of the boards of directors of companies operating in different businesses, such as the Czech Zivnostenska Banka (from 1992 to 1995), the Chilean Moneda Asset Management (from 2001 to 2005), the Italian Assicurazioni Generali (from 2010 to 2013) and Terna (from 2014 to 2017), the Polish International Bank in Poland (from 1991 to 1994) and Meritum Bank (from 2011 to 2013), the Turkish Global Ports Holding (from 2013 to 2016) and the Hungarian Nomura Magyar (from 1991 to 1994). In addition, he has lectured as an adjunct professor of International Finance at Johns Hopkins University, SAIS, in Washington. Member of the Board of Directors of Enel since May 2017.

Paola Girdinio

Paola Girdinio was born in Genova in 1956 and she graduated in physics science at the University of Genova, in which she was at the beginning researcher (from 1983 to 1987), then she became, first, associate professor (from 1987 to 2000) and then full professor (from 2000 as of today) of electro technology in the engineering department. At the same University of Genova she was also headmaster of the faculty of electrical engineering (from 2001 to 2007), member of the executive board of the centre of the permanent training (from 2006 to 2008), chief of the department of electrical engineering (from 2007 to 2008), headmaster of the faculty of engineering (from 2008 to 2012) and member of the board of directors of the University (from 2012 to 2016). She is the author of several scientific publications on national and international magazines, in which she specialised in electromagnetic events and the related industrial compatibility. Member of the board of directors of Ansaldo STS (from 2011 to 2014) and of Ansaldo Energia (from 2014 to 2016), of the "Distretto ligure delle tecnologie marine" (from 2010 to 2016) and Banca Carige (from 2016 to June 2017), now she is in charge of the same office at the company D'Appolonia of the Rina Group (from 2011). She has been also member of the regency board of Genova of the Bank of Italy (from 2011 to 2016) and she is currently president of the scientific committee for the project "smart city" made by Comune di Genova (from 2011), and a member of the scientific committee of Eurispes (from 2013). From 2015 she is the chairman of the National Observatory for the Cyber Security Resilience and Business Continuity of Electric Systems to which belong certain of the most important national companies operating in this field. She is member of Enel's Board of Directors since May 2014.

Alberto Pera

Alberto Pera was born in Albisola Superiore (Savona) in 1949, he graduated in economics at the University "La Sapienza" of Rome and in law at the University of Macerata, he became lawyer and he earned a master's degree of science in economics at the London School of Economics. After a period as a researcher at the Faculty of Economics, University of Rome (1974 – 1978), he started his career as chief of the analysis of the monetary markets at the Banca Nazionale del Lavoro (from 1978 to 1979). He has also been an economist at the division of the international markets of capitals of the International Monetary Fund (from 1980 to 1985). Chief of the economics studies of IRI (from 1985 to 1990, in which he also studied the items related to the privatisations of

the companies controlled by IRI and he studied the liberalisation of the markets), he was also advisor of the Minister of Industry for the industrial policies of competition (from 1986 to 1990, minding the first Italian antitrust law); in this period he was a member of the board of directors of Italcable (STET Group, from 1986 to 1990) and chairman of Seleco (1988 – 1990). From 1987 to 1991 he was a professor of economy of public enterprises at the "Catholic" University in Milan. First secretary of the Antitrust Authority (from 1990 to 2000), he has also represented the abovementioned Authority at the meetings of the general managers of the competition of the European Union members. From 2001 to 2014 he has been a partner at the Gianni, Origoni, Grippo, Cappelli & Partners Law Firm, in which he has founded the antitrust and regulation department and in which he is of counsel from January 2015. He is currently chairman of the board of directors of Bancapulia (from September 2016) and has been member of the board of directors of the parent company Veneto Banca (from August 2016 until June 2017). Member of the Board of Directors of Enel since May 2014.

Anna Chiara Svelto

Anna Chiara Svelto was born in 1968 in Milan and graduated in law at the University of Milan, she became a lawyer in September 1995. From March 1996 to February 1998 she worked at the legal affairs directorate of Edison, becoming later chief of the legal and corporate affairs directorate of Shell Italia from March 1998 to September 2000. Then she joined the Pirelli Group, in which she worked until May 2016, holding several managerial positions in the parent company, and specifically acting as chief of corporate affairs and compliance department, as well as secretary of the board of directors and secretary of the advisory committees instituted inside the board of directors. From April 2013 to February 2014 she was director and member of the control and risk and corporate governance committee of Prelios, while from April 2016 she is independent director and member of the remuneration committee of ASTM. From June 2016 she joined UBI Banca, as chief general counsel. Member of the Board of Directors of ENEL since May 2014.

Angelo Taraborelli

Angelo Taraborrelli was born Guardiagrele (Chieti) in 1948, after the graduation with honours in Law at the University of Siena in 1971, he Mr Taraborelli obtained a master degree in hydrocarbon business at the High School of Hydrocarbon "Enrico Mattei." He began his professional activity at Eni S.p.A. in 1973, where he held various management offices, up to the role of Director of Planning and Control of Saipem. Then he held the office of the holding's deputy Head of Strategic control and Up-stream development and Gas (in 1996) and, subsequently (in 1998), the office of deputy head of Planning and Industrial Control. Subsequently he held the office of deputy Chairman of Snamprogetti (from 2001 until 2002) and has been chief executive officer for AgipPetroli's business (2002). From the beginning of 2003, after the incorporation of the aforementioned company in the holding, he was deputy general manager of the marketing area at the Refining & Marketing division. From 2004 until 2007 he was general manager of Eni with responsibility for the Refining & Marketing Division. Until September 2007, he was director of Galp (a Portuguese oil company), deputy chairman of Unione Petrolifera (association of the oil companies operating in Italy), director of Eni Foundation and chairman of Eni Trading & Shipping. From 2007 until 2009 he held the office of chief executive officer and general manager of Syndial, Eni's company operating in chemicals and environmental intervention fields. In 2009 he left Eni in order to carry out consultancy in oil industry matters; then he was appointed as distinguished associate of Energy Market Consultants (consultancy firm in oil industry matters with registered office in London) in 2010. Starting from the academic year 2015-2016 he has lectured in "Energy and Environmental Policies" at LUISS Guido Carli University of Rome. Member of the Board of Directors of ENEL since May 2011.

Conflicts of Interest of the members of the Board of Directors

At the date hereof, none of the members of the Board of Directors has any private interests in conflict with the duties arising from his or her office or position within the Group.

Provisions in the by-laws regarding the integrity requirements of the members of the Board of Directors

In the Extraordinary session of the Shareholders' Meeting held on 22 May 2014, the meeting approved the proposal of the Shareholder, Ministry for the Economy and Finance, presented pursuant to Article 2367 of the Italian Civil Code, to insert in the corporate by-laws a provision concerning integrity requirements and related causes of ineligibility and disqualification from office of the members of the Board of Directors and the consequent by-laws amendments. Such provision was then partially modified by the resolution of the Extraordinary Shareholders' Meeting held on 28 May 2015.

Board of Statutory Auditors

At the date hereof, ENEL's Board of Statutory Auditors, appointed by the Shareholders' Meeting on 26 May 2016, is composed of three statutory members, whose names and positions are set forth in the following table, and three alternate auditors. The terms of the members of the Board of Statutory Auditors will expire on the date of the Shareholders' Meeting called to approve ENEL's financial statements for the year ending 31 December 2018.

Name	Position	Place and Date of Birth
Duca Sergio	Chairman	Milan, 1947
Guglielmetti Romina	Statutory Auditor	Piacenza, 1973
Mazzei Roberto	Statutory Auditor	Lamezia Terme, 1962

The business address of the Board of Statutory Auditors' members is ENEL's registered office (being ENEL — Società per Azioni, Viale Regina Margherita 137, 00198, Rome, Italy).

The competence and experience of each statutory auditor are briefly summarised below.

Sergio Duca

Chairman of ENEL's Board of Statutory auditors since April 2010.

Sergio Duca was born in Milan in 1947 and graduated with honors in Economics and Business from the "Bocconi" University in Milan. A certified chartered accountant and auditor, as well as auditor authorized by the U.K. Department of Trade and Industry, he acquired broad experience through the PricewaterhouseCoopers network as the external auditor of important Italian listed companies, including Fiat, Telecom Italia, and Sanpaolo IMI. He was the chairman of PricewaterhouseCoopers S.p.A. from 1997 until July 2007, when he resigned from his office and ceased to be a shareholder of that firm because he had reached the age limit provided for by the bylaws. After serving as, among other things, member of the Edison Foundation's advisory board and the Bocconi University's development committee, as well as chairman of the Bocconi Alumni Association's board of auditors and a member of the board of auditors of the ANDAF (Italian Association of Chief Financial Officers), he was chairman of the board of statutory auditors (and then regular auditor) of Exor until January 2016 and of GTech until April 2015, chairman of the board of auditors of Compagnia di San Paolo and of Silvio Tronchetti Provera Foundation, as well as chairman of the board of statutory auditors of Tosetti Value SIM, Chairman of the board of directors of Orizzonte SGR until October 2016, he was also an independent director of Autostrade Milano-Torino and Sella Gestione SGR. Member of the Ned Community, the Italian association of non-executive directors, he currently holds high offices on the boards of directors and the boards of statutory auditors of important Italian and foreign companies, associations, and foundations, serving as chairman of the board of auditors of the Foundation for the school of the Compagnia di San Paolo and ISPI (Institute for the Study of International Politics), as well as member of the board of directors and chairman and financial expert of the audit committee of Ferrari, member of the board of directors as well as of

the audit, risk management and corporate governance committees of the Turkish listed company Tofaş, member of the board of statutory auditors of Basic Net and member of the board of auditors of the Intesa San Paolo Foundation.

Romina Guglielmetti

Member of ENEL's Board of Statutory Auditors since May 2016.

Romina Guglielmetti was born in Piacenza in 1973 and, after the graduation in law and becoming a lawyer, she started to practice the profession of lawyer. She was senior associate of Bonelli Erede law firm and of counsel of Marchetti notary office; she cooperated from 2007 to 2013 with the Santa Maria law firm (in which she was also partner), and she is currently founding partner of Starclex – Guglielmetti associated law firm. During her professional activity she has in particular deepened the subjects of corporate governance, corporate law and financial intermediaries. For years she specialized in corporate governance of, amongst others, listed and public companies, with specific regard to the profiles of internal controls, gender diversity and succession plans. She is an associate of NedCommunity (the Italian association of non-executive directors) and PWA (Professional Women Association. She was an advisor of the Ministry of Equal Opportunity from 2013 to 2015 in the context of the first application of the Law no. 120/2011 on the gender quotas. She is currently member of the board of directors of important companies, also listed, holding in particular the office of director (and, usually, also of member of the committees with consultative and proposing functions established within the same management bodies) of Tod's, Servizi Italia, Compass Bank, Pininfarina, MBFacta and ACF Fiorentina. She is member of the Steering Committee of Nedcommunity and teaches in courses and seminars. She lectures at LUISS Guido Carli University of Rome.

Roberto Mazzei

Member of ENEL's Board of Statutory Auditors since May 2016.

Roberto Mazzei was born in Lamezia Terme in 1962 and graduated in 1986 in business administration at the "Bocconi" University of Milan. Then he continued his academic activity at the same university, where he was professor of the department of corporate and project finance at the management school from 1988 to 2006 and, subsequently, full professor. He is currently associate professor of corporate finance at the University of Sassari, while he was researcher at the Cattolica University of Milan. He is author of several scientific publications on the subject of corporate finance and from 1999 he is also chartered accountant and auditor, activity in which context he provides in particular advise on valuation of companies, intangible assets and impairment. During the nineties he dealt with consulting projects for the World Bank and for the European Bank for Reconstruction and Development in relation to reconstruction measures in certain Eastern-Europe Countries. In 1995 he was one of the founding partner of Medinvest, a company that during the following years provided financial advice in several relevant extraordinary financial transactions involving some listed companies; the activity of Medinvest, starting from 2000, developed also in the field of "merchant banking" with the incorporation of Medinvest International, of which Professor Mazzei is still the managing shareholder. At the end of 2009 the activity of financial advice of Medinvest was transferred to Centrobanca. Furthermore, during the period 2004-2007 he monitored, with Pirelli Re and Lehman, the incorporation of the real estate fund Diomira and the following acquisition of the real estate portfolios of ENPAM and UBI Banca. From 2010 to 2014 he was partner and chairman of Principia SGR, one of the main Italian venture capital companies, that he left at the beginning of 2015. He held and currently holds several offices on the board of directors and on the board of statutory auditors of important companies, also listed, belonging to private or public groups. In particular he was chairman of the board of directors of the Istituto Poligrafico e Zecca dello Stato (from 2009 to 2011), director of Alenia Aeronautica (from 2003 to 2012), founding shareholder and (from 2006 to 2009) director of Banzai, director of Ansaldo Breda (from 2012 to 2013), as well as statutory auditor of Snam (from 2006 to 2012) and Eni Power (from 2006 to 2009). He is currently chairman of the board of

directors of GWM Capital Management and director of Bridge Management and Ki Group (companies listed on AIM Italia market), Finanziaria Tosinvest, Im3D (technological start-up in diagnosis in medical imaging), as well as chairman of the board of statutory auditors of Biancamano (company listed on the MTA of Borsa Italiana).

Conflicts of Interest of the members of the Board of Statutory Auditors

At the date hereof, none of the members of the Board of Statutory Auditors has any private interests in conflict with the duties arising from his or her office or position within the Group.

Board Committees

Establishment of the Control and Risk Committee, the Nomination and Compensation Committee, the Related Parties Committee and the Corporate Governance Committee

In accordance with the provisions of the Corporate Governance Code (*Codice di Autodisciplina*), ENEL's Board of Directors has resolved upon the establishment of the following four committees:

- nomination and compensation committee;
- control and risk committee;
- corporate governance and sustainability committee; and
- related parties committee.

Special organisational regulations approved by the Board of Directors govern the composition, tasks and functioning of the committees.

According to the regulations here above, each committee consists of at least three directors who are appointed by the Board of Directors, which appoints one of them as chairman. In particular:

- the nomination and compensation committee, recommended by the Corporate Governance Code, is composed of at least three non-executive Directors, the majority of whom (including the Chairman) are independent pursuant to the Corporate Governance Code;
- the control and risk committee, recommended by the Corporate Governance Code is made up of at least three non-executive Directors, the majority of whom (including the Chairman) are independent pursuant to the Corporate Governance Code;
- the related parties committee, established pursuant to Consob's Resolution no. 17721 of 12 March 2010 concerning transactions with related parties, is made up of at least three Directors who qualify as independent pursuant to the Corporate Governance Code; and
- the corporate governance and sustainability committee, made up of at least three Directors, the majority of whom qualify as independent pursuant to the Corporate Governance Code.

In carrying out their duties, the committees above are empowered to access the information and corporate departments necessary to perform their respective tasks and may avail themselves of external consultants at the Issuer's expense subject to the limits of the budget approved for each committee by the board of directors (except for the related parties committee that is not subject to budget limits in retaining external consultants). In this regard, it should be noted that in the event that the nomination and compensation committee decides to avail itself of external consultants in order to obtain information on market practices concerning remuneration policies, it previously verifies that the consultant is not in any situation which may effectively compromise his independence of judgement, while the related parties committee ascertains the independence and the absence

of conflicts of interest, as well as the consultant's professional competence and skills in relation to the subjects of the transactions in which respect the committee shall issue its opinion.

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

The chairman of the Board of Statutory Auditors, or another designated auditor, attends the meetings of each committee (the other regular statutory auditors are also entitled to attend) and, upon invitation by the chairman of the relevant committee, meetings may also be attended by other members of the board of directors or representatives of the company's functions or third parties whose presence may support the performance of the committee's duties. The meetings of the control and risk committee are also normally attended by the head of the "Audit" function, and the meetings of the nomination and compensation committee are also normally attended by the head of the "Human Resources and Organisation" function; no directors may attend those meetings of the nomination and compensation committee that are called to resolve upon proposals regarding their own compensation, to be submitted to the Board of Directors, except in the case of proposals concerning all the members of the committees established within the Board of Directors.

Control and Risk Committee

The control and risk committee has the task of supporting, through an adequate review process, the assessments and decisions on the part of the Board of Directors regarding the internal control and risk management system and the approval of periodic financial reports.

Specifically, the control and risk committee is entrusted with the following consultative and proposing tasks:

(i) supporting the Board of Directors, by formulating specific opinions, in connection with the performance of its tasks on internal control and risk management matters;

(ii) assessing, together with the executive in charge of preparing the corporate accounting documents and after consulting with the auditing firm and the Board of Statutory Auditors, the proper application of accounting principles and their uniformity for purposes of preparing the periodic financial reports;

(iii) expressing opinions on specific aspects regarding the identification of the Issuer's and the Group's main risks;

(iv) reviewing periodic reports concerning assessments on the internal control and risk management system, as well as the other reports prepared by the Audit Department that are particularly significant;

(v) monitoring the independence, adequacy, effectiveness and efficiency of the "Audit" function;

(vi) performing the additional tasks assigned to the committee by the Board of Directors, with particular regard to (a) reviewing the contents of the sustainability report that are relevant for purposes of the internal control and risk management system, issuing in such regard a prior opinion to the Board of Directors called to approve such report, and (b) reviewing, together with the Corporate Governance and Sustainability Committee, the main corporate rules and procedures related to the internal control and risk management system which are relevant for stakeholders, with particular reference to the Compliance Programme prepared pursuant to Legislative Decree No. 231/2001, the Code of Ethics, the "Zero Tolerance for Corruption" Plan and the Human Rights Policies, submitting such documents to the Board of Directors for approval and assessing any subsequent amendments or supplements to the same; and

(vii) reporting to the Board of directors at least once every six months on the work performed and on the adequacy of the internal control and risk management system; and

(viii) carrying out any preliminary activity to support the board of directors in its evaluations and decisions regarding the management of risks arising from events that are potentially damaging in relation to which the board has become aware of.

The committee may also ask the "Audit" function to perform checks on specific operating areas, giving simultaneous notice to the chairman of the Board of statutory auditors and, except where the subject matter of the request specifically concerns such persons' activity, to the chairman of the board of directors and the director in charge of the internal control and risk management system.

At the date hereof, such committee is composed of Angelo Taraborrelli (Chairman), Paola Girdinio, Alberto Pera and Anna Chiara Svelto.

Nomination and Compensation Committee

The current nomination and compensation committee is made up entirely of Directors who qualify as independent pursuant to the Corporate Governance Code.

The nomination and compensation committee is responsible for supporting the Board of directors, through proper enquiry, the assessments and decisions of the Board on the size and composition of the board, as well as the compensation of the executive directors and of the executives with strategic responsibilities. Specifically, the nomination and compensation committee is entrusted with the following consultative and proposing tasks:

- formulating opinions to the Board of directors on the size and composition of the Board and expressing recommendations on the professional profiles whose participation on the Board would be deemed advisable;
- expressing recommendations to the Board of Directors on the contents of the policy on the maximum number of offices within boards of directors and control of other companies of significant size which could be considered compatible with the effective performance of the office of Director of the Issuer;
- expressing recommendations to the Board of Directors on controversial issues related to the application of the restriction on competition imposed upon directors pursuant to article 2390 of the Italian Civil Code if the Shareholders' Meeting – for organisational reasons – has authorized, on a general and preliminary basis, exemptions from such restriction;
- proposing candidates for the role of Director to the Board of Directors, taking into account suggestions that may be made by shareholders:
    - in the case of co-optation, should it be necessary, to replace independent directors;
    - if, in the event of the renewal of the Board of Directors, it is envisaged that it will not be possible to draw the required number of Directors from the lists submitted by the shareholders, so that the outgoing Board may, in this case, provide its own nominations to be submitted to the Shareholders' Meeting;
    - if, in the case of a renewal of the Board of Directors, the outgoing board decides to avail itself of the right, provided under the bylaws, to submit its own slate;
- in cooperation with the Corporate Governance and Sustainability Committee, assisting the board of directors in drafting a contingency plan, which shall provide for the steps to be taken to ensure that the Issuer's activities are regularly managed in the event of early termination of the chief executive officer;
- in the event of early termination of the chief executive officer, proposing to the board of directors the new chief executive officer in accordance with the Corporate Governance and Sustainability Committee,

taking also into consideration any indications provided by those shareholders that submitted the slate from which the outgoing chief executive office was drawn;

- submitting proposals for the compensation of the directors and key executives to the Board of Directors, periodically evaluating the adequacy, overall consistency and actual application of the policy adopted, also on the basis of the information provided by the chief executive officer concerning the implementation of such policy with respect to the executives with strategic responsibilities;
- submitting to the Board of Directors proposals for, or expressing opinions on, the compensation of the executive directors and the other directors who hold particular offices, as well as the identification performance targets related to the variable component of such compensation, monitoring the implementation of the decisions adopted by the Board and verifying, in particular, the actual achievement of performance targets;
- examining in advance the annual remuneration report to be made available to the public in view of the Shareholder's Meeting convened for the approval of the annual financial statements.

As part of its duties, the nomination and compensation committee also plays a central role in elaborating and monitoring the performance of incentive systems (including stock-based plans, if any), addressed to the management and conceived as instruments aimed at attracting and motivating resources with appropriate expertise and experience, developing their sense of belonging and ensuring their constant, enduring effort to create value. The committee can also assist the chief executive officer and the corporate functions concerned with regard to making the best use of managerial resources, finding talent and promoting related initiatives with university institutions.

At the date hereof, the nomination and compensation committee is composed of Alberto Bianchi (Chairman), Paola Girdinio, Alberto Pera and Cesare Calari.

Related Parties Committee

According to ENEL's procedure for transactions with related parties (see below under the paragraph "*Transactions with Related Parties*") and to its own organisational regulations, the related parties committee has been assigned with the task of issuing reasoned opinions on the interests of ENEL (as well as those of ENEL's directly or indirectly controlled subsidiaries that may be involved from time to time) in the completion of transactions with related parties, expressing an assessment on the advantageousness and substantial fairness of the relevant conditions after receiving timely and adequate information in advance. In connection with transactions of major importance (as defined in the aforementioned procedure), such committee may also request information and make comments to the chief executive officer and those persons in charge of the negotiations or the inquiry on matters related to the information received. Lastly, the committee decides upon those cases, submitted to its attention by the advisory board established pursuant to the same procedure, in which the identification of a related party or the ordinary nature of a transaction is disputed.

At the date hereof, the committee is composed of Anna Chiara Svelto (Chairman), Alfredo Antoniozzi, Alberto Bianchi and Cesare Calari.

Corporate Governance and Sustainability Committee

The current corporate governance and sustainability committee is made up entirely of directors who qualify as independent pursuant to the Consolidated Financial Act and the Directors, Alfredo Antoniozzi and Angelo Taraborrelli, also qualify as independent pursuant to the Corporate Governance Code.

The committee assists with preliminary functions, both proposing and consultative in nature, the Board of Directors on its assessments and decisions related to the corporate governance of the Issuer and the Group and

on sustainability issues. In this regard, the corporate governance and sustainability committee has the following specific tasks:

- monitoring the evolution of the legal framework, as well as national and international best practices in relation to corporate governance, updating the Board of Directors in case of significant changes;
- verifying that the corporate governance system adopted by the Issuer and the Group is compliant with applicable laws, recommendations set forth under the Corporate Governance Code and national and international best practices;
- submitting proposals for the review of the aforementioned corporate governance system to the Board of Directors if is deemed necessary or appropriate;
- preparing the Board review process, by submitting to the Board of Directors' proposals for the grant of the mandate to a firm specialized in the sector, identifying the matters to be assessed and defining the modalities and timeframes to be followed in such regard;
- supporting the board of directors, together with the nomination and compensation committee, in preparing a contingency plan providing the activities to be carried out in order to guarantee the proper management of the Issuer in case of early cessation of the chief executive officer before the expiry of the ordinary term of office (the so-called "crisis management" case);
- in the event of early termination of the chief executive officer, proposing to the board of directors the new chief executive officer in accordance with the nomination and compensation committee, taking also into consideration any indications provided by those shareholders that submitted the slate from which the outgoing chief executive office was drawn;
- examining, in advance, the annual report on corporate governance to be published with the documentation connected with the annual financial statements;
- monitoring on sustainability-related issues in connection with the Issuer's business and the interaction dynamics between the latter and its stakeholders;
- examining the guidelines set forth under the sustainability plan and the implementation modalities of the sustainability policy;
- monitoring the inclusion of the Issuer in the main sustainability indexes, as well as its participation to the most relevant international events on this matter;
- examining the general structure of the sustainability report and the structure of its contents, as well as the completeness and transparency of the disclosure provided through such report, issuing in such regard a prior opinion to the board of directors called upon to approve such document;
- examining the main corporate rules and procedures that might be relevant for stakeholders – together with the control and risk committee whenever such rules and procedures are related to the internal control and risk management system – and submitting these documents for approval to the board of directors, evaluating whether they should subsequently be amended or supplemented; and
- performing the additional tasks assigned to it by the Board of Directors.

At the date hereof, such committee is composed of Patrizia Grieco (Chairman), Alfredo Antoniozzi and Angelo Taraborrelli.

Principal Officers

The following table sets forth the Group's officers with strategic responsibilities and their positions as of the date of this Offering Circular.

Name	Position
Francesco Venturini	Head, Global Enel X business line
Livio Gallo	Head, Global Infrastructure and Networks business line
Enrico Viale.....	Head, Global Thermal Generation business line
Claudio Machetti.....	Head, Global Trading business line
Antonio Cammisecra.....	Head, Global Renewable Energies business line
Salvatore Bernabei……..	Head, Global Procurement service function
Carlo Tamburi	Head, Country Italy
José Bogas Gálvez.....	Head, Iberia region
Luca D'Agnese.....	Head, South America region
Roberto Deambrogio	Head, Europe and North Africa region
Alberto De Paoli.....	Head, Administration, Finance and Control function
Francesca Di Carlo	Head, Human Resources and Organisation function

Francesco Venturini

Head of Global E-Solutions business line and CEO of Enel X

Born in New York (USA) in 1968, Mr. Venturini graduated cum laude in Economics from the University "La Sapienza" of Rome, Italy where he also served as assistant professor of Banking Strategies and Techniques during the academic year 1991-1992. Mr. Venturini is a London Business School alumnus and in 2015 he has been awarded an MBA at the MIT Sloan Business School. At the onset of his career Mr. Venturini served as Financial Controller for Elsag Bailey Process Automation, a Finmeccanica group company, taking part in its listing on the NYSE. He later became Chief Financial Officer for several companies of the Elsag Bailey Process Automation and Hartmann & Braun groups in both the United States and Brazil. He joined the Enel Group in 1997 as Head of Administration and Management Control at Enel S.p.A., contributing to the company listing on the New York and Milan Stock Exchanges. Mr. Venturini later became Head of Internal Audit within Enel's Distribution and Market Division, and subsequently, Head of Sales Administration within the same division. In 2009, he was appointed Head of Finance in Enel Green Power. Afterwards, he worked at Enel Green Power North America, first taking on the role of Head of Business Development and later, in 2011, as Head of the North America Area. In May 2014, he was appointed Chief Executive Officer and General Manager of Enel Green Power. He was appointed Enel's Head of Global e-Solutions in May 2017 and CEO of Enel X in November 2017.

Livio Gallo

Head of Global Infrastructure and Networks business line

Livio Gallo was appointed Head of the Enel Group's Global Infrastructure and Networks Business Line in July 2014. He is also currently Chairman of the Board of Directors at both Enel Distribución Chile (one of Enel's South American subsidiaries) and Enel Sole, as well as being a Board Member at Endesa SA and CESI SpA. Mr. Gallo joined Enel in 1999 as Head of Sales Area for Eurogen, Elettrogen and Interpower, generation companies (GenCos) created as spin-offs of Enel that had a total capacity of 15 gigawatts and were sold by Enel

as part of the liberalisation of the Italian energy market. After taking part in the sale of the GenCos, Mr. Gallo became Head of Enel Distribuzione's Commercial Department in 2002. In 2005 he was appointed Head of Enel's Italian Infrastructure and Networks Division and CEO of Enel Distribuzione, maintaining his position in the former role until moving onto his current position. From 2005 to 2011 Mr. Gallo was also CEO of Deval, managing electrical distribution in the Valle D'Aosta region, and from 2006 to 2013 he was Chairman of Enel Rete Gas. Outside the Enel Group, from 2004 to 2010 he was member of the European Technology Platform for Smart Grids, and then Chairman and founding member of the European Distribution System Operators for Smart Grids association, of which he currently Deputy Chairman. Since 2006 he has also been a member of the Executive Committee of Italian Electrotechnical Committee (CEI). Prior to arriving at Enel, Mr. Gallo was Elsag Bailey Process Automation's Area Vice President for Western Europe and Africa and a member of its Executive Committee. He has also been CEO and a board member at a number of businesses both in Italy and abroad.

Enrico Viale

Head of Global Thermal Generation business line

Enrico Viale was appointed the Enel Group's Head of Global Generation in July 2014 and Head of Global Thermal Generation in April 2016. After nine years at Ansaldo Energia and eight years at ABB in Italy and Switzerland, Mr. Viale joined Enel in 2003 when he was named Country Manager of Southeastern Europe and CEO of Enel Maritza East 3, where he headed up a number of development projects and operational activities in conventional and renewable energy generation, as well as in distribution, in Bulgaria, Rumania and Greece. Between 2008 and 2014 he was in Russia, first as Chief Operating Officer, managing Enel's interests in OGK-5 and Rusenergosbyt and supporting SeverEnergia's upstream gas operations, before becoming Country Manager and CEO of Enel Russia. Married with two children, Mr. Viale has a degree in Engineering from Turin Polytechnic, which he followed up with post-graduate studies in the United States, earning himself an MBA at the Santa Clara University's School of Business.

Claudio Marchetti

Head, Global Trading business line

Claudio Machetti was named Head of the new Enel Group's Global Trading Business Line in May 2017 (formerly Head of Global Trading and UpStream Gas Business Line since March 2016). Mr. Machetti joined the Enel Group in 2000 when he was made Head of its Finance Area, and in 2005 he was named Financial Director, a role he held until 2009. Before taking up his current position he was Director of the Risk Management Department. He began his career at Banco di Roma in 1983, and became an executive in the bank's Central Finance Department before being named Deputy Director of Financial Analysis in 1990. He was subsequently Head of Capital Markets Area and Head of Finance at the Italian state railway company Ferrovie dello Stato Italiano (FS), Chief Financial Officer for FS subsidiary Fercredit and a board member at several finance and insurance companies. Mr. Machetti has been a board member at Endesa, Terna and Wind, as well as at a number of Enel Group companies. He was also Chairman of Fondenel and Fopen, Enel's two employee pension funds. He graduated with a degree in Statistics from the University of Rome La Sapienza.

Antonio Cammisescra

Head of Global Renewable Energies business line

Born in Naples (Italy) in 1970, Antonio Cammisecra graduated cum laude in Mechanical Engineering from the University of Naples “Federico II" in 1996. In 2004 he obtained Executive MBA from Bocconi University. He joined the International Department of Enel Group in 1999. He then spent some years as Business Development Manager in South America, working in several countries of Central America (Mexico, Guatemala, Costa Rica, El Salvador, Nicaragua, Panama) and South America (Brazil, Chile). In 2009 he was appointed Head of

Business Development Italy for Enel Green Power, later in 2012 Head of Operations and Maintenance Italy Hydro, Wind & Solar. In 2013, he became Head of Global Business Development, leading a team of more than 200 people, working in over 20 countries across 5 continents. In May 2017, he was appointed Head of North and Central America, Sub-Saharian Africa and Asia and Chief Executive Officer of Enel Green Power. The company is fully committed to energy production from renewable energy sources and it is recognized as one of the best-positioned and more successful operator in the renewable energy sector at the worldwide level.

Salvatore Bernabei

Head of Global Procurement service function

Salvatore Bernabei was appointed Enel's Head of Global Procurement in May 2017. Mr. Bernabei holds a degree in Industrial Engineering from the University of Rome Tor Vergata and an MBA from the Milan Polytechnic. He participated in an INSEAD International Executive Program in Singapore and Paris, and the Leadership for Energy Management Program at the SDA Bocconi School of Management (Milan) and IESE (Barcelona). Prior to his appointment as Head of Global Procurement, Mr. Bernabei was Head of Renewable Energies Latin America. Before that, he held a number of positions at Enel Green Power, the most recent of which include Country Manager of Chile and the Andean Countries, Head of Operations and Maintenance for Iberia, and covered several roles in Engineering and Construction and Safety and Environment in Iberia, Latin America and Europe. For Enel Produzione he also held the position of Project Director Assistant within the Torre Valdaliga Nord Project. Before joining Enel in 1999 as Logistics Manager for Enel Distribuzione, Mr. Bernabei also worked in the Galgano & Associati companies as a Junior Consultant and in Alcoa CMSA, where he began his career in 1997.

Carlo Tamburi

Head of Country Italy

Since July 2014, Carlo Tamburi has been the Italy Director of the Enel Group, Chief Executive Officer and Chairman of Enel Italia S.r.l. Born in Rome in 1959, he graduated in Statistical Science at the Sapienza University of Rome. He is married and has two children. He began his professional career in 1983 at Citibank in Milan, where he worked in International Finance and Corporate Finance for multinational clients. In 1990 he joined the Iri Group, first at the Cofiri Finance Company, then at the Finance department of Via Veneto, as Head of Large Public Company Privatisation Processes. The 1990s represented the consolidation of his training in the management of the dynamics of a large industrial conglomerate with an extensive portfolio of diversified investments, from industry and banking to the world of services. In 2000, he became General Manager of the Treasury department of the Italian Ministry of the Economy and Finance, with responsibility for the Finance and Privatisation department, serving as a Director of Finmeccanica, Alitalia, Wind, Consap and Enel. He was also Chairman of the Tirrenia di Navigazione shipping company. He joined Enel in 2002, where he initially took charge of the Mergers and Acquisitions department (2002-2005), capitalising on his experience in privatisation and corporate restructuring gained at IRI and the Italian Treasury to refocus the Enel Group's business on the electricity and gas market. He was later appointed Director of Purchasing, Services, General Affairs and Real Estate (2005-2007) and in 2008 he became Director of the International Division until 2014, the year in which Enel introduced its new organisational structure. His eight years at the head of the International Division included some important milestones for Enel: the entry into the Russian market with the acquisition of the listed company OGK 5, the construction and management of Slovakian nuclear power plants, the development of the retail market in Romania, the partnership with EDF in France for the construction of the Flamanville nuclear power plant, the management of partnerships with the governments in Eastern Europe, and sales in Bulgaria, Greece and Belgium, to name just a few. Carlo Tamburi currently holds the following positions: Member of the Board of Directors of the MAXXI Foundation, of the Energy Technical Committee of Confindustria, of the Advisory Board of Confimprese, of the Council of the Civita Association and of the

Board of Directors of the Roman Polyphonic Choir of Oratorio del Gonfalone, as well as being a member of the Board of Directors of the Civitas Lateranensis Foundation, the General Council of the Aspen Institute Italy and Ambassador of the Dynamo Camp Onlus Association.

José Bogas Gálvez

Head of Iberia region

José Gálvez Bogas was appointed Director of the Enel Group for Iberia, a role created as part of the reorganisation of the Group's structure, in July 2014. He joined Endesa in 1982 and held a number of positions within the Spanish group, starting as Head of Market Studies in the Planning Department. Two years later he was appointed Head of Commercial Relations and, between 1988 and 1997, he was responsible for Energy Control and Management. Between 1997 and 1998 he was General Manager and Head of Generation, before becoming Head of the Electricity business until 2004. From 2004 to 2014 he was Chief Operating Officer for Spain and Portugal. In his professional career he served as technical economic advisor at the Energy Directorate General of the Spanish Ministry of Industry and Energy, an analyst of ERIA systems and a system engineer at Dimetronic's Engineering division. He is currently also CEO of Endesa and chairman of Elcogas, director of Endesa Generación Portugal, of Enel Green Power Spain and of the Compañía Operadora of the Mercado Español de la Electricidad S.A. In the past he has been part of organisations and industry associations such as UNESA, INSEAD and others. In 2010 he received the Javier Benjumea Engineering Award.

Luca D'Agnese

Head of South America region

Luca D'Agnese, who was previously the Enel Group's Head of Region Eastern Europe, was appointed Head of South America in January 2015. In the past he had also spent three years as the Group's Country Manager in Romania. Before joining Enel, Mr. D'Agnese worked Hewlett Packard and McKinsey & Company, and he was named CEO of Italy's national energy network management company GTRN in 2003. After that, he took up the role of Director of Operations at Terna, which after its merger with GTRN now manages Italy's electricity grid. Mr. D'Agnese graduated from the Scuola Normale Superiore di Pisa in 1986 with a degree in Physics. In 1990 he obtained a Master's Degree in Business Administration at INSEAD business school.

Roberto Deambrogio

Head of Europe and North Africa region

Roberto Deambrogio, former Head of the Enel Group for Eastern Europe, has been appointed Head for Europe and North Africa as of April 2016. He comes from Enel Green Power, where since 2010 he has been in charge of activities in Italy and Europe, also with responsibility for South Africa and Morocco. He has been with the Enel Group since 2005. Initially he covered the role of assistant to the CEO for international activities, and from 2006 to 2008 he was responsible for the development of renewable energies as part of the International Division, before moving to Enel Green Power, where from 2009 to 2010 he was responsible for business development. Before joining Enel, he worked at Pirelli and in Bain & Company – from 1998 to 2000 and again from 2002 to 2005 - where he worked on strategic consulting, following numerous multinational operators in the industry and working for various company offices in Europe and Latin America. During 2001 he worked in Merrill Lynch's London office in the investment banking division. He holds a degree in economic and social studies from the Bocconi University, Milan, as well as an MBA from the Columbia Business School, New York.

Alberto De Paoli

Head of Administration, Finance and Control function

Alberto De Paoli was appointed Chief Financial Officer in November 2014. Mr. De Paoli joined the Enel Group in 2008 as Chief Financial Officer for Enel Green Power, the Group's renewable power generation subsidiary

and a leading player in the global renewable energy industry, a position he held until 2012. As EGP CFO he led the start-up and listing of the business on the stock exchange. He then moved on to become Head of Group Strategy, a role he covered until being named the Group's CFO. Between 1993 and 2008 Mr. De Paoli worked in the telecommunications sector, first at Telecom Italia, then Wind Telecomunicazioni and finally Tiscali, where his roles included Head of Planning and Control, Chief Financial Officer, Head of Strategy, Mergers and Acquisitions and Business Development.

Francesca Di Carlo

Head of Human Resources and Organisation function

Francesca Di Carlo has been the Enel Group's Head of Human Resources and Organisation since July 2014. Mrs Di Carlo joined Enel in September 2006 as Head of Corporate Strategy, before becoming Director of the Group Audit Department in January 2008. Her professional career began at the UBS Group in 1987, where she specialised in corporate finance operations at both Italian businesses and international groups. She also covered a wide range of roles at the Telecom Italia Group, including Head of Investor Relations for Telecom Italia and Tim, Head of Financial Planning and Head of Corporate Development and Mergers & Acquisitions. Among the projects she headed up were the completion of the group's international portfolio divestment programme, the demerger and sale of Seat - PG through one of Europe's largest Leveraged Buyouts and Telecom Italia's European broadband activity. As Chairman of Stream, she was responsible for completing the merger with Tele +, becoming a Director of Sky Italy as a representative of Telecom Italia. She was also Chairwoman of Telespazio, where she looks after the business' sale to the Finmeccanica Group. In 2001 she won the Women and Finance edition of the M. Bellisario award.

.

Remuneration

The following charts set forth compensation paid in 2017, on an accrual basis, to the Directors, to the Regular Statutory Auditors, to the General Manager and to the Executives with strategic responsibilities of the Issuer.

First name and last name	Office	Period during which office was held	Fixed compensation	Compensation for participation in committees	Non-equity variable compensation - Bonuses and other incentives	Non-monetary benefits	Other compensation	Total
				Euro				
(I) Compensation of the company that drafts the financial statements								
Maria Patrizia Grieco [1]	Chairman	01/2017-12/2017	377,978 [a]	-	-	9,031 [b]	-	387,009
Francesco Starace [2]	CEO/GM	01/2017-12/2017	1,366,689 [a]	-	2,855,712 [b]	68,207 [c]	161,700 [d]	4,452,308
Alfredo Antoniozzi [3]	Director	01/2017-12/2017	80,000 [a]	47,398 [b]	-	-	-	127,398
Alberto Bianchi [4]	Director	01/2017-12/2017	80,000 [a]	55,247 [b]	-	-	-	135,247
Cesare	Director	05/2017-12/2017	52,822 [a]	29,808 [b]	-	-	-	82,630

Calari [5]								
Paola Girdinio [6]	Director	01/2017-12/2017	80,000 [a]	58,398 [b]	-	-	-	138,398
Alberto Pera [7]	Director	01/2017-12/2017	80,000 [a]	57,398 [b]	-	-	-	137,398
Anna Chiara Svelto [8]	Director	01/2017-12/2017	80,000 [a]	63,850 [b]	-	-	-	143,850
Angelo Taraborrelli [9]	Director	01/2017-12/2017	80,000 [a]	63,247 [b]	-	-	-	143,247
Alessandro Banchi [10]	Ceased Director	01/2017-05/2017	27,178 [a]	20,987 [b]	-	-	-	48,165
Sergio Duca [11]	Chairman of the Board of Statutory Auditors	01/2017-12/2017	85,000 [a]	-	-	-	-	85,000
Romina Guglielmetti [12]	Regular Statutory Auditor	01/2017-12/2017	75,000 [a]	-	-	-	-	75,000
Roberto Mazzei [13]	Regular Statutory Auditor	01/2017-12/2017	75,000 [a]	-	-	-	-	75,000
(I) Sub-total			**2,539,667**	**396,333**	**2,855,712**	**77,238**	**161,700**	**6,030,650**
(II) Compensation from subsidiaries and affiliated companies								
Maria Patrizia Grieco [14]	Director Endesa S.A.	04/2017-12/2017	141,271 [a]	-	-	-	-	141,271
(II) Sub-total			**141,271**					**141,271**
(III) Total			**2,680,938**	**396,333**	**2,855,712**	**77,238**	**161,700**	**6,171,921**

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, upon proposal submitted by the Nomination and Compensation Committee, after having received the Related Parties Committee's opinion and having heard the Board of Statutory Auditors. The measure of such remuneration is the one determined by the Board of Directors for the mandate 2014/2016, with reference to the office held from January 1, 2017 and May 3, 2017, and the one determined for the mandate 2017/2019, with reference to the role held from May 4, 2017 and December 31, 2017. Such remuneration includes the compensation approved for the members of the Board of Directors by the ordinary Shareholders' Meeting, 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. Such compensation also includes for the participation in the boards of directors of non- listed Enel's subsidiaries and/or affiliates, 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, upon proposal submitted by the Nomination and Compensation Committee, after having received the Related Parties Committee's opinion and having heard the Board of Statutory Auditors, of which Euro 640,740 pertains to the office of Chief Executive Officer and Euro 725,949 pertains to the office of General Manager. The measure of such remuneration is the one determined by the Board of Directors for the mandate 2014/2016, with reference to the role held from January 1, 2017 and May 4, 2017, and the one determined for the mandate 2017/2019, with reference to the role held from May 5, 2017 and December 31, 2017. Such remuneration includes the compensation approved for the members of the Board of Directors by the ordinary Shareholders' Meeting, as well as the compensation 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 828,000 (highlighted in the chart) and for the office of General Manager equal to Euro 936,000 (highlighted in the chart), established by the Board of Directors, upon proposal submitted by the Nomination and Compensation Committee, following the verification performed, at the meeting held on March 22, 2018, on the level of achievement of 2017 annual, objective and specific targets, that had been assigned to the person involved by the Board itself; (ii) long-term component relating to: (a) the 2015 LTI Plan of Enel S.p.A. equal to Euro 1,663,200, of which 30% equal to Euro 498,960 (highlighted in the chart) payable in 2018, and the remaining 70% equal to Euro 1,164,240 (which will be highlighted in the chart of the remuneration report describing the compensation paid in 2018) deferred to 2019; (b) with reference to the 2014 LTI Plan to be paid *pro rata temporis* based on the effective term of the directorship and executive relationship with Enel S.p.A. during the financial year 2014 equal to Euro 846,789 of which 30% equal to Euro 254,037 (already highlighted in the analogous chart of the remuneration report describing the compensation paid in 2016) has been paid in 2017 and the remaining 70%, equal to Euro 592,752 (highlighted in the chart), payable in 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 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 directorship and executive relationship with Enel Green Power S.p.A. during 2014, equal to Euro 299,016, of which 30% equal to Euro 89,704 paid in 2017 and the remaining 70% equal to Euro 209,312 payable in 2018. Such amounts are not highlighted in this chart, but in the one below referred to the Executives with strategic responsibilities, as they result from the role held by Francesco Starace in Enel Green Power S.p.A. before his election as Chief Executive Officer and General Manager of Enel S.p.A.

(c) Benefits related to: (i) the company car awarded for mixed use (personal and business) for the directorship 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 2017, in exchange for the right (option) granted to Enel for the activation of a non-competition agreement.

(3) Alfredo Antoniozzi – Independent director

(a) Fixed remuneration approved in the same measure by the ordinary Shareholders' Meeting held on May 22, 2014, with reference to the office held from January 1, 2017 and May 3, 2017, and by the ordinary Shareholders' Meeting held on May 4, 2017, with reference to the role held from May 4, 2017 and December 31, 2017.

(b) Compensations, including the related attendance fees, for participation in the Corporate Governance and Sustainability Committee (for an amount of Euro 25,699) and for participation in the Related Parties Committee (for an amount of Euro 21,699).

(4) Alberto Bianchi – Independent director

(a) Fixed remuneration approved in the same measure by the ordinary Shareholders' Meeting held on May 22, 2014, with reference to the office held from January 1, 2017 and May 3, 2017, and by the ordinary Shareholders' Meeting held on May 4, 2017, with reference to the role held from May 4, 2017 and December 31, 2017.

(b) Compensations, including the related attendance fees, for participation in the Related Parties Committee, (for an amount of Euro 25,096 as chairman until May 4, 2017 and as member of the same Committee starting from June 15, 2017), for participation in the Corporate Governance and Sustainability Committee (for an amount of Euro 9,795 until May 4, 2017) and for participation in the Nomination and Compensation Committee (for an amount of Euro 20,356 as chairman starting from June 15, 2017).

(5) Cesare Calari – Independent director

(a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 4, 2017, paid *pro rata temporis* as of the date of the acceptance of the office.

(b) Compensations, including the related attendance fees, for participation in the Nomination and Compensation Committee (for an amount of Euro 14,904), and in the Related Parties Committee (for an amount of Euro 14,904).

(6) Paola Girdinio – Independent director

(a) Fixed remuneration approved in the same measure by the ordinary Shareholders' Meeting held on May 22, 2014, with reference to the office held from January 1, 2017 and May 3, 2017, and by the ordinary Shareholders' Meeting held on May 4, 2017, with reference to the role held from May 4, 2017 and December 31, 2017.

(b) Compensations, including the related attendance fees, for participation in the Nomination and Compensation Committee (for an amount of Euro 25,699) and in the Control and Risk Committee (for an amount of Euro 32,699).

(7) Alberto Pera – Independent director

(a) Fixed remuneration approved in the same measure by the ordinary Shareholders' Meeting held on May 22, 2014, with reference to the office held from January 1, 2017 and May 3, 2017, and by the ordinary Shareholders' Meeting held on May 4, 2017, with reference to the role held from May 4, 2017 and December 31, 2017.

(b) Compensations, including the related attendance fees, for participation on the Nomination and Compensation Committee (for an amount of Euro 24,699) and in the Control and Risk Committee (for an amount of Euro 32,699).

(8) Anna Chiara Svelto – Independent director

(a) Fixed remuneration approved in the same measure by the ordinary Shareholders' Meeting held on May 22, 2014, with reference to the office held from January 1, 2017 and May 3, 2017, and by the ordinary Shareholders' Meeting held on May 4, 2017, with reference to the role held from May 4, 2017 and December 31, 2017.

(b) Compensations, including the related attendance fees, for participation on the Nomination and Compensation Committee (for an amount of Euro 10,795 until May 4, 2017) and in the Control and Risk Committee (for an amount of Euro 32,699) and for participation on the Related Parties Committee (for an amount of Euro 20,356 as chairman starting from until June 15, 2017).

(9) Angelo Taraborrelli – Independent director

(a) Fixed remuneration approved in the same measure by the ordinary Shareholders' Meeting held on May 22, 2014, with reference to the office held from January 1, 2017 and May 3, 2017, and by the ordinary Shareholders' Meeting held on May 4, 2017, with reference to the role held from May 4, 2017 and December 31, 2017.

(b) Compensations, including the related attendance fees, for participation in the Control and Risk Committee (for an amount of Euro 41,548 as chairman until May 4, 2017 and starting from June 15, 2017 as member of the same Committee), in the Related Parties Committee (for an amount of Euro 6,795 until May 4, 2017) and in Corporate Governance and Sustainability Committee (for an amount of Euro 14,904 starting from until June 15, 2017).

(10) Alessandro Banchi – Ceased Independent director

(a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 22, 2014, paid *pro rata temporis* until the date of termination of the office.

(b) Compensations, including the related attendance fees, for participation until the date of termination of the office in the Nomination and Compensation Committee as chairman (for an amount of Euro 14,192) and for participation in the Related Parties Committee (for an amount of Euro 6,795).

(11) Sergio Duca – Chairman of the Board of Statutory Auditors

(a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 26, 2016.

(12) Romina Guglielmetti – Regular Statutory Auditor

(a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 26, 2016.

(13) Roberto Mazzei – Regular Statutory Auditor

(a) Fixed remuneration approved by the ordinary Shareholders' Meeting held on May 26, 2016.

(14) Maria Patrizia Grieco – Director of Endesa S.A.

(a) Fixed remuneration paid *pro rata temporis* as of the date of appointment on April 26, 2017 and including the attendance fees for the participation in the meetings.

Office	Fixed compensation	Non-equity variable compensation -Bonuses and other incentives	Non-monetary benefits	Other compensation	Total
		Euro			
(I) Compensation of the company that drafts the financial statements					
Executives with strategic responsibilities (1)	4,011,930	6,471,282	373,442 (2)	326,331	**11,182,985**
(II) Compensation from subsidiaries and affiliated companies					
Executives with strategic responsibilities (1)	1,880,357	3,234,840 (3)	499,455 (2)	-	**5,614,652**
(III) Total	**5,892,287**	**9,706,122**	**872,897(2)**	**326,331**	**16,797,637**

Notes:

(1) The data set forth in the chart include all persons who, during the financial year 2017, held the role of Executive with Strategic Responsibilities (for an overall number of 12 positions).

(2) 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).

(3) Amount including due sums related to the LTI Plan 2014 of the subsidiary company Enel Green Power S.p.A. for the office of Chief Executive Officer/General Manager held until May 22, 2014 in the same company by the current Chief Executive Officer/General Manager of Enel S.p.A.; such due sums, calculated pro rata temporis based on the effective term of the directorship and executive relationship with Enel Green Power S.p.A. during 2014, are equal to Euro 299,016, of which 30% equal to Euro 89,704 (already highlighted in the analogous chart of the remuneration report describing the compensation paid to the Executives with strategic responsibilities in 2016) paid in 2017 and the remaining 70% equal to Euro 209,312 (highlighted in the chart) payable in 2018.

Severance payments

At the date of this Offering Circular, employment contracts entered into with members of the corporate, management or supervisory bodies of ENEL or its subsidiaries that provide for severance payments do not exist, except in respect of Francesco Starace, the Chief Executive Officer and General Manager of ENEL.

Corporate agreements provide that Mr. Starace is to be paid, in the case of termination of the management employment relationship subsequent to termination of his directorship relationship due to a justified resignation pursuant to Article 2119 of the Italian Civil Code or a revocation or non-renewal of the directorship relationship and or dismissal without just cause pursuant to Article 2119 of the Italian Civil Code, an indemnification equal to two years of annual fixed compensation for each of the chief executive officer and general manager relationships, for an overall amount of Euro 2,490,000. The receipt of such indemnification is deemed to substitute for notice requirements and imply the general manager's waiver of rights under the collective labour contract for corporate officers. The indemnification will not be due if, after the termination of the directorship relationship (and the consequent termination of the executive relationship), the Mr. Sarace will be hired or appointed in a similar or higher position in a state-owned company. No termination indemnity is provided in favor of the Chief Executive Officer/General Manager for the case of changes in Enel's ownership structure (so-called "change of control").

Current shareholdings of directors and officers

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.

Last Name and First Name	Office	Company in which shares are held	Number of shares held at the end of 2016	Number of shares purchased in 2017	Number of shares sold in 2017	Number of shares held at the end of 2017	Title of possession
Euro							
Members of the Board of Directors							
Starace Francesco	Chief Executive Officer/ General Manager	Enel S.p.A.	119,620 (1)	194,003	-	313,623 (2)	Ownership
		Endesa S.A.	10	-	-	10	Ownership
Calari Cesare	Director	Enel S.p.A.	4,104	-	-	4,104	Ownership
Girdinio Paola	Director	Enel S.p.A.	784 (3)	-	-	784 (3)	Ownership
Members of the Board of Statutory Auditors							
Tono Alfonso	Alternate Auditor	Enel S.p.A.	507	-	-	507	Ownership
Tutino Franco	Alternate Auditor	Enel S.p.A.	262 (4)	-	-	262 (4)	Ownership
Executives with strategic responsibilities							
No.12 positions	Executives with strategic responsibilities	Enel S.p.A.	297, 665 (5) (*)	-	124,804	172,861	Ownership
		Endesa S.A.	7,384 (*)	-	2,500	4,884	Ownership

(1) Shareholding entirely held by his spouse.

(2) Of which 194,003 personally and 119,620 by his spouse.

(3) Of which 392 personally and 392 by his spouse.

(4) Shareholding entirely held by his spouse.

(5) Of which 293,333 personally and 4,332 by the spouse.

(*) It should be noted that the number of the shares is referred to the participations held at the end of 2016 by those who during 2017 have been Executives with strategic responsibilities.

Other Corporate Governance Matters

Implementation of Corporate Governance Rules

The corporate governance structure in place at ENEL and in the group of companies that it controls reflects the principles set forth in the Corporate Governance Code, as well as the recommendations made in this regard by CONSOB and, more generally, international best practice.

In addition to establishing the above-described committees, ENEL has, among other things, identified an officer responsible for relationships with institutional investors and other shareholders and, as already mentioned, has adopted an internal procedure for the discipline of transactions with related parties.

Adoption of a Compliance Programme

In July 2002, the Board of Directors approved a compliance programme pursuant to the requirements of Legislative Decree No. 231 of 8 June 2001, which introduced into the Italian legal system a regime of administrative (but, in fact, criminal) liability with respect to companies for several kinds of crimes committed by the directors, executives, or employees in the interest of or for the benefit of the companies themselves. Such compliance programme, which was regularly updated, is consistent with the guidelines on the subject established by industry associations and represents another step towards strictness, transparency and a sense of responsibility in both internal relations and those with the external world. At the same time, the compliance programme offers shareholders adequate assurance of efficient and fair management.

Executive in Charge of preparing the Corporate Accounting Documents

Pursuant to the provisions of Article 154-*bis*, paragraph 1, of the Consolidated Financial Act, and the by-laws, the Board of Directors, after receiving the opinion of the Board of Statutory Auditors, is required to appoint an "executive in charge of preparing the corporate accounting documents".

This role is currently held by Alberto De Paoli, head of the Issuer's Administration, Finance and Control function, who fulfils (as ascertained by the Board of Directors on 4 November 2014) the relevant professional requirements set forth under the Consolidated Financial Act and the by-laws.

The duty of such executive is to establish appropriate administrative and accounting procedures for the preparation of the financial statements of ENEL and the Group's consolidated financial statements, and all other financial documents.

PRINCIPAL SHAREHOLDERS

As of the date of this Offering Circular, the principal shareholder of ENEL is the Ministry of Economy and Finance of the Republic of Italy (the "**MEF**") which owns 23.585 per cent. of ENEL's shares. The following table sets forth the number of shares and the percentage of the principal shareholders.

	Share Ownership	
	(Number)	**(per cent.)**
Name		
The Ministry of Economy and Finance of the Republic of Italy…….	2,397,856,331	23.585
BlackRock Inc. (shares held as "*gestione non discrezionale del risparmio*")……..	570,891,262	5.615

As of the date of this Offering Circular, based on the shareholders' register and the notices submitted to CONSOB and received by ENEL pursuant to Article 120 of the Consolidated Financial Act, as well as other available information, no shareholders other than the MEF (with 23.585 per cent. of the share capital) and BlackRock Inc. (with 5.615 per cent. of the share capital, which comprises certain subsidiaries which own ENEL's shares on the basis of its collective, non-discretionary asset management activities (*gestione non discrezionale del risparmio*)) held more than 3 per cent. of the total share capital of ENEL. Pursuant to Article 3 of Decree Law No. 332/1994 (converted with amendments into Law No. 474/1994, as further amended) and as set forth in ENEL's by-laws, no person, other than an Italian governmental entity, may hold more than 3 per cent. of the share capital of ENEL. Voting rights attributable to shares held in excess of the aforesaid limit shall not be exercised.

As of the date of this Offering Circular, ENEL is subject to the *de facto* control of the MEF, which has sufficient votes to exercise a dominant influence at ENEL's ordinary shareholders' meetings, pursuant to Article 93 of the Consolidated Financial Act. Pursuant to Article 19, paragraph 6, of Decree Law No. 78/2009 (subsequently converted into Law No. 102/2009), the discipline concerning management and co-ordination of companies outlined in Article 2497 of the Italian Civil Code is not applicable to the MEF.

TRANSACTIONS WITH RELATED PARTIES

The relationships between the Group and its related parties primarily consist of business transactions relating to the sale and purchase of products and the provision of services. They fall within the ordinary activities carried out by the Group.

A procedure has been implemented within the Group, adopted by the board of directors in compliance with CONSOB regulation, aimed at governing the approval and conclusion of related party transactions carried out by Enel, either directly or through its subsidiaries, in order to ensure the transparency and fairness of such transactions from both a substantive and formal standpoint; such procedure is available on the Issuer's website.

Such procedure was approved by the Board of Directors in November 2010, pursuant to Article 2391-bis of the Italian Civil Code and to Consob's Resolution No. 17721/2010 (as amended by Consob's Resolution No. 19974/2017), and subsequently amended by the same Board of Directors in June 2011, in December 2012 and, lastly, in January 2014.

For more details on the transactions with related parties, see Note 47 to the 2017 Audited Consolidated Financial Statements.

TERMS AND CONDITIONS OF THE NC2023 SECURITIES

The following is the text of the Terms and Conditions of the NC2023 Securities which (subject to modification) will be endorsed on each NC2023 Security in definitive form (if issued).

Text set out within the Terms and Conditions of the NC2023 Securities in italics is provided for information only and does not form part of the Terms and Conditions of the NC2023 Securities.

The €750,019,000 5.5 Year Non-Call Capital Securities due 24 November 2078 (the "**Securities**", which expression shall in these Conditions, unless the context otherwise requires, include any further securities issued pursuant to Condition 15 and forming a single series with the Securities) of Enel S.p.A. (the "**Issuer**") are constituted by a Trust Deed dated 24 May 2018 (the "**Trust Deed**") made between the Issuer and BNY Mellon Corporate Trustee Services Limited (the "**Trustee**", which expression shall include its successor(s)) as trustee for the holders of the Securities (the "**Securityholders**") and the holders of the interest coupons appertaining to the Securities (the "**Couponholders**" and the "**Coupons**" respectively, which expressions shall, unless the context otherwise requires, include the talons for further interest coupons (the "**Talons**") and the holders of the Talons).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 24 May 2018 (the "**Agency Agreement**") made between the Issuer, The Bank of New York Mellon, London Branch, as principal paying agent (the "**Principal Paying Agent**") and agent bank (the "**Agent Bank**") (which shall be responsible for making certain determinations, as described in these Terms and Conditions) and the Trustee are available for inspection during normal business hours by the Securityholders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Securities at One Canada Square, London E14 5AL, and at the specified office of each of the Paying Agents. The Securityholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the provisions of the Agency Agreement applicable to them.

1 Form, Denomination and Title

1.1 Form and Denomination

The Securities are in bearer form, serially numbered, in the denominations of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000, with Coupons and one Talon attached on issue.

1.2 Title

Title to the Securities and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Security or Coupon as the absolute owner for all purposes (whether or not the Security or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Security or Coupon or any notice of previous loss or theft of the Security or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2 Definitions and Interpretation

As used in these Conditions:

An "**Accounting Event**" shall occur if as a result of a change in the accounting practices or principles applicable to the Issuer, which currently are the international accounting standards (International Accounting Standards — IAS and International Financial Reporting Standards — IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), adopted by the European Union pursuant to Regulation (EC) 1606/2002 ("**IFRS**"), which becomes effective after the Issue Date, the obligations of the Issuer in respect of the Securities can no longer be recorded as a "financial liability", in accordance with accounting practices or principles applicable to the Issuer at the time of the next Financial Statements, and a recognised accountancy firm of international standing, acting upon instructions of the Issuer, has delivered an opinion, letter or report addressed to the Issuer to that effect, and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

"**Accrual Period**" has the meaning given to it in Condition 4.1(c).

"**Additional Amounts**" has the meaning given to it in Condition 8.1.

"**Arrears of Interest**" has the meaning given to it in Condition 4.2(a).

"**Business Day**" means a day which is both a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Milan and a TARGET2 Settlement Day.

"**Calculation Amount**" has the meaning given to it in Condition 4.1(c).

"**Call Date**" has the meaning given to it in Condition 6.2.

"**Code**" has the meaning given to it in Condition 8.1.

"**Decree No. 239**" means Italian Legislative Decree No. 239 of 1 April 1996, as amended.

"**Deferral Notice**" has the meaning given to it in Condition 4.2(a).

"**Deferred Interest Payment**" has the meaning given to it in Condition 4.2(a).

"**Determination Period**" has the meaning given to it in Condition 4.1(c).

"**Early Redemption Date**" means the date of redemption of the Securities pursuant to Conditions 6.3 to 6.7.

"**Early Redemption Price**" will be the amount determined by the Agent Bank on the Redemption Calculation Date as follows:

(A) in the case of a Withholding Tax Event or a Substantial Repurchase Event at any time, 100 per cent. of the principal amount of the Securities then outstanding; or

(B) in the case of an Accounting Event, a Rating Methodology Event or a Tax Deductibility Event, either:

  (i) 101 per cent. of the principal amount of the Securities then outstanding if the Early Redemption Date falls prior to 24 August 2023 (being the date falling three months prior to the First Reset Date); or

  (ii) 100 per cent. of the principal amount of the Securities then outstanding if the Early Redemption Date falls on or after 24 August 2023 (being the date falling three months prior to the First Reset Date),

and in each case together with any accrued interest to, but excluding, the relevant Early Redemption Date and any outstanding Arrears of Interest.

"**equity credit**" shall include such other nomenclature as any Rating Agency may use from time to time to describe the degree to which an instrument exhibits the characteristics of an ordinary share.

"**EUR 5 year Swap Rate**" has the meaning given to it in Condition 4.1(b).

"**EUR 5 year Swap Rate Quotation**" means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the relevant Reset Interest Determination Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis) or, if the 6-month EURIBOR rate is no longer being calculated or administered as at the relevant Reset Interest Determination Date, any alternative rate which has replaced the Euro Interbank Offered Rate (EURIBOR) in customary market usage for the purposes of determining floating rates of interest in respect of euro-denominated securities, as notified by the Issuer to the Agent Bank, and promptly thereafter by the Issuer to the Securityholders in accordance with Condition 12 (*Notices*), provided however that if there is no clear market consensus as to whether any rate has replaced EURIBOR in customary market usage, the Issuer will appoint, in its sole discretion and at its own expense, an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets (the "**IFA**") to determine an appropriate alternative rate, and the decision of the IFA will be binding on the Issuer, the Agent Bank and the Securityholders;

"**EUR Reset Reference Bank Rate**" means the percentage rate determined by the Agent Bank on the basis of the EUR 5 year Swap Rate Quotations provided by the EUR Reset Reference Banks to the Issuer and notified to the Agent Bank at approximately 11:00 a.m. (CET) on the relevant Reset Interest Determination Date.

"**EUR Reset Reference Banks**" means five major banks in the Euro-zone interbank market selected by the Issuer.

"**EUR Reset Screen Page**" means the Thomson Reuters screen "ICESWAP2" (or such other page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace Reuters providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the EUR 5 Year Swap Rate).

"**EURIBOR**" means the Euro-zone interbank offered rate.

"**Euronext Dublin**" means the Irish Stock Exchange plc trading as Euronext Dublin.

"**Event of Default**" has the meaning given to it in Condition 10.1.

"**Exchanged Securities**" has the meaning given to it in Condition 7.1.

"**FATCA Withholding**" has the meaning given to it in Condition 8.1.

"**Financial Statements**" means either of:

(A) audited annual consolidated financial statements of the Issuer; or

(B) unaudited condensed consolidated half-year financial statements of the Issuer which are subject to a formal ''review'' from an independent auditor,

in each case prepared in accordance with IFRS or any successor accounting standards applicable to the Issuer.

"**First Reset Date**" means 24 November 2023.

"**Fitch**" means Fitch Ratings Limited.

"**Group**" means the Issuer and its Subsidiaries from time to time.

"**Interest Payment Date**" means 24 November in each year.

"**Interest Period**" means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date, ending on the Maturity Date.

"**Insolvency Proceedings**" means any insolvency proceedings (*procedura concorsuale*) or proceedings equivalent or analogous thereto under the laws of any applicable jurisdiction, including, but not limited to, bankruptcy (*fallimento*), composition with creditors (*concordato preventivo*) (including *pre concordato* pursuant to Article 161(6) of the Italian Bankruptcy Law), forced administrative liquidation (*liquidazione coatta amministrativa*), extraordinary administration (*amministrazione straordinaria*) and extraordinary administration of large companies in insolvency (*amministrazione straordinaria delle grandi imprese in stato di insolvenza*), debt restructuring agreements (*accordo di ristrutturazione*) pursuant to Article 182-bis of the Italian Bankruptcy Law (including the procedure described under Article 182-bis(6) of the Italian Bankruptcy Law), the undertaking of any court approved restructuring with creditors or the making of any application (or filing of documents with a court) for the appointment of an administrator or other receiver (*curatore*), manager administrator (*commissario straordinario o liquidatore*) or other similar official under any applicable law.

"**Issue Date**" means 24 May 2018.

"**Italian Bankruptcy Law**" means Royal Decree No. 267 of 1942, as amended from time to time.

"**Junior Securities**" means:

(A) the ordinary shares (*azioni ordinarie*) of the Issuer;

(B) any other class of the Issuer's share capital (including savings shares (*azioni di risparmio*) and preferred shares (*azioni privilegiate*)); and

(C)

(i) any securities of the Issuer (including *strumenti finanziari* issued under Article 2346 of the Italian Civil Code); and

(ii) any securities issued by a company other than the Issuer which have the benefit of a guarantee or similar instrument from the Issuer,

which securities (in the case of (C)(i)) or guarantee or similar instrument (in the case of (C)(ii)) rank or are expressed to rank *pari passu* with the claims described under (A) and (B) above and/or junior to the Securities.

A "**Mandatory Arrears of Interest Settlement Event**" shall have occurred if:

(A) a dividend (either interim or final) or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Junior Securities, except where such dividend, distribution or payment was contractually required to be declared, paid or made under the terms of such Junior Securities; or

(B) a dividend (either interim or final) or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Parity Securities, except where such dividend, distribution or payment was contractually required to be declared, paid or made under the terms of such Parity Securities; or

(C) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Junior Securities, except where (x) such repurchase, purchase, redemption or acquisition was undertaken in connection with the satisfaction by the Issuer or any Subsidiary of its respective obligations under (i) any share buy-back programme existing at the Issue Date or (ii) any stock option plan or free share allocation plan reserved for directors, officers and/or employees of the Issuer or any associated hedging transaction or (y) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Junior Securities; or

(D) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Parity Securities, except where (x) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Parity Securities or (y) such repurchase, purchase, redemption or acquisition is effected as a public tender offer or public exchange offer at a purchase price per security which is below its par value.

"**Mandatory Settlement Date**" means the earliest of:

(A) the fifth Business Day following the date on which a Mandatory Arrears of Interest Settlement Event occurs;

(B) following any Deferred Interest Payment, on the next scheduled Interest Payment Date on which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period;

(C) the date on which the Securities are redeemed or repaid in accordance with Condition 6; and

(D) the date on which an order is made or a resolution is passed for the commencement of any Insolvency Proceedings in respect of the Issuer, or the date on which the Issuer takes any corporate action for the purposes of opening, or initiates or consents to, Insolvency Proceedings in respect of itself.

"**Maturity Date**" means 24 November 2078.

"**Parity Securities**" means:

(A) any securities or other instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* with the Issuer's obligations under the Securities and includes the Issuer's £500,000,000 Capital Securities due 2076 (ISIN: XS1014987355); the Issuer's €1,000,000,000 Capital Securities due 2075 (ISIN: XS1014997073), the Issuer's €1,250,000,000 Capital Securities due 2074 (ISIN: XS0954675129), the Issuer's £400,000,000 Capital Securities due 2075 (ISIN: XS0954674825); the Issuer's U.S.$1,250,000,000 Capital Securities due 2073 (ISIN: X Securities IT0004961808 N Securities IT0004961816 — X Receipt US29265WAA62 N Receipt US29265WAB46) and the €750,000,000 8.5 Year Non-Call Capital Securities due 24 November 2081 (ISIN: XS1713463559); and

(B) any securities or other instruments issued by a company other than the Issuer which have the benefit of a guarantee or similar instrument from the Issuer, which guarantee or similar instrument ranks or is expressed to rank *pari passu* with the Issuer's obligations under the Securities.

"**Prevailing Interest Rate**" means the rate of interest payable on the Securities applicable from time to time pursuant to Condition 4.

"**Rating Agency**" means any of Moody's Investors Service Limited, S&P, Fitch and any other rating agency substituted for any of them by the Issuer with the prior written approval of the Trustee and, in each case, any of their respective successors to the rating business thereof.

"**Rating Agency Confirmation**" means a written confirmation from a Rating Agency which has assigned ratings to the Issuer on a basis sponsored by the Issuer which is either received by the Issuer directly from the relevant Rating Agency or indirectly via publication by such Rating Agency.

A "**Rating Methodology Event**" shall be deemed to have occurred if the Issuer has received a Rating Agency Confirmation stating that, due to an amendment, clarification or change in the "equity credit" criteria of such Rating Agency, which amendment, clarification or change has occurred after the Issue Date (or if later, occurred after the date on which the Securities are assigned equity credit by a Rating Agency for the first time), the Securities are eligible for a level of equity credit that is lower than the level or equivalent level of equity credit assigned to the Securities by such Rating Agency on the Issue Date (or if "equity credit" is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which "equity credit" is assigned by such Rating Agency for the first time).

"**Redemption Calculation Date**" means the fourth Business Day prior to the relevant Early Redemption Date.

"**Relevant Date**" means the date on which any payment first becomes due but, if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Securityholders by the Issuer in accordance with Condition 12.

"**Reset Date**" means the First Reset Date and each date falling on the fifth anniversary thereafter.

"**Reset Interest Determination Date**" means, in respect of any Reset Period, the day falling two Business Days prior to the beginning of the relevant Reset Period.

"**Reset Period**" means each period from and including the First Reset Date to but excluding the next following Reset Date and thereafter from and including each Reset Date to but excluding the next following Reset Date.

"**S&P**" means S&P Global Ratings.

"**Subsidiary**" means any entity which is a subsidiary (*società controllata*) of the Issuer within the meaning of Article 2359 of the Italian Civil Code and Article 93 of Legislative Decree No. 58 of 24 February 1998, as amended.

A "**Substantial Repurchase Event**" shall be deemed to have occurred if, prior to the giving of the relevant notice of redemption, at least 80 per cent. of the aggregate principal amount of the Securities issued on the Issue Date has been purchased by or on behalf of the Issuer or a Subsidiary and has been cancelled.

"**TARGET2 Settlement Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

A "**Tax Deductibility Event**" shall be deemed to have occurred if, as a result of a Tax Law Change, payments of interest by the Issuer in respect of the Securities are no longer, or within 90 calendar days of the date of any opinion provided pursuant to Condition 6.4(b)(ii) will no longer be, deductible in whole or in part for Italian corporate income tax purposes, and the Issuer cannot avoid the foregoing by taking reasonable measures available to it. For the avoidance of doubt, a Tax Deductibility Event shall not occur if payments of interest by the Issuer in respect of the Securities are not deductible in whole or in part for Italian corporate income tax purposes solely as a result of general tax deductibility limits set forth by Article 96 of Italian Presidential Decree No. 917 of 22 December 1986, as amended as at (and on the basis of the general tax deductibility limits calculated in the manner applicable as at) the Issue Date.

"**Tax Jurisdiction**" means the Republic of Italy and/or such other taxing jurisdiction to which the Issuer becomes subject or any political subdivision or any authority thereof or therein having power to tax.

"**Tax Law Change**" means (i) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of a Tax Jurisdiction affecting taxation, (ii) any governmental action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such governmental action that differs from the previously generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, which amendment, clarification, change or governmental action is effective, on or after the Issue Date.

"**Taxes**" means any present or future taxes or duties, assessments or governmental charges of whatever nature.

"**Varied Securities**" has the meaning given to it in Condition 7.1.

A "**Withholding Tax Event**" shall be deemed to have occurred if, following the Issue Date:

(A) as a result of a Tax Law Change, the Issuer has or will become obliged to pay Additional Amounts in respect of the Securities and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(B) a person into which the Issuer is merged or to whom it has conveyed, transferred or leased all or substantially all of its assets and who has been substituted in place of the Issuer as principal debtor under the Securities is required to pay Additional Amounts in respect of the Securities and such obligation cannot be avoided by such person taking reasonable measures available to it, unless the sole purpose of such a merger, conveyance, transfer or lease would be to permit the Issuer to redeem the Securities.

3 Status and Subordination

3.1 Status

The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank and will at all times rank *pari passu* without any preference among themselves and with Parity Securities. The Securities constitute *obbligazioni* pursuant to Articles 2410 *et seq*. of the Italian Civil Code. The obligations of the Issuer in respect of the Securities and the Coupons are subordinated as described in Condition 3.2.

3.2 Subordination

The obligations of the Issuer to make payment in respect of principal and interest on the Securities and the Coupons, including its obligations in respect of any Arrears of Interest, will, in the event of the winding-up, insolvency, dissolution or liquidation of the Issuer, rank:

(a) senior only to the Issuer's payment obligations in respect of any Junior Securities;

(b) *pari passu* among themselves and with the Issuer's payment obligations in respect of any Parity Securities; and

(c) junior to all other payment obligations of the Issuer, present and future, whether subordinated (including any claims pursuant to Article 2411, first paragraph, of the Italian Civil Code) or unsubordinated,

in each case except as otherwise required by mandatory provisions of applicable law.

Nothing in this Condition 3.2 shall affect or prejudice the payment of costs, charges, expenses, liabilities or remuneration of the Trustee or Agents or the rights and remedies of the Trustee or the Agents in respect thereof.

3.3 No Set-off

To the extent and in the manner permitted by applicable law, no Securityholder or Couponholder may exercise, claim or plead any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising from, the Securities or the Coupons and each Securityholder and Couponholder will, by virtue of his holding of any Security or Coupon, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention. The Issuer may not set off any claims it may have against the Securityholders against any of its obligations under the Securities or the Coupons.

4 Interest and Interest Deferral

4.1 Interest

(a) Interest Rates and Interest Payment Dates

Unless previously redeemed or repurchased and cancelled in accordance with these Conditions and subject to the further provisions of this Condition 4, the Securities will bear interest on their principal amount as follows:

(i) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 2.500 per cent. per annum, payable annually in arrear on each Interest Payment Date, except that the first payment of interest, to be made on 24 November 2018 (the "**First Interest Payment Date**"), will be in respect of the period from and including 24 May 2018 to but excluding 24 November 2018; and

(ii) from (and including) the First Reset Date to (but excluding) the Maturity Date, at, in respect of each Reset Period, the relevant EUR 5 year Swap Rate plus:

(A) in respect of the Reset Period commencing on the First Reset Date to but excluding 24 November 2028, 2.096 per cent. per annum;

(B) in respect of the Reset Periods commencing on 24 November 2028, 24 November 2033 and 24 November 2038, 2.346 per cent. per annum; and

(C) in respect of any other Reset Period after 24 November 2038, 3.096 per cent. per annum;

all as determined by the Agent Bank for annual payment in arrear on each Interest Payment Date, commencing on 24 November 2018.

(b) Determination of EUR 5 year Swap Rate

(i) For the purposes of these Conditions, the relevant "**EUR 5 year Swap Rate**", in respect of a Reset Period, shall be the annual mid-swap rate as displayed on the EUR Reset Screen Page as at 11:00 a.m. (CET) on the relevant Reset Interest Determination Date.

(ii) If the relevant EUR 5 year Swap Rate does not appear on the EUR Reset Screen Page on the relevant Reset Interest Determination Date, the Issuer shall request each of the EUR Reset Reference Banks to provide it with its EUR 5 year Swap Rate Quotation (such EUR 5 year Swap Rate Quotation to be notified by the Issuer to the Agent Bank) and the Agent Bank will determine the EUR 5 year Swap Rate as the EUR Reset Reference Bank Rate on the relevant Reset Interest Determination Date.

(iii) If at least three quotations are provided by the EUR Reset Reference Banks, the EUR 5 year Swap Rate will be determined by the Agent Bank on the basis of the arithmetic mean of the quotations

provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

(iv) If only two quotations are provided, the EUR 5 year Swap Rate will be the arithmetic mean of the quotations provided.

(v) If only one quotation is provided, the EUR Reset Reference Banks Rate will be the quotation provided.

(vi) If no quotations are provided (including, without limitation, where the IFA is unable to determine an appropriate alternative rate for the purposes of the definition of EUR 5 year Swap Rate Quotation), the EUR Reset Reference Bank Rate for the relevant period will be equal to the last available EUR 5 year mid swap rate for euro swap transactions, expressed as an annual rate, on the EUR Reset Screen Page.

(c) Calculation of Interest

The interest payable on each Security on any Interest Payment Date shall be calculated per €1,000 in principal amount of the Securities (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the Prevailing Interest Rate for the Interest Period ending immediately prior to such Interest Payment Date, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards), save that the amount of interest payable on the First Interest Payment Date shall be €12.60 per Calculation Amount.

The day-count fraction will be calculated on the following basis:

(a) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the day-count fraction will be the number of days in the Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(b) if the Accrual Period is longer than one Determination Period, the day-count fraction will be the sum of:

(i) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(ii) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (a) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Accrual Period**" means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

"**Determination Period**" means the period from and including 24 November in any year to but excluding the next 24 November.

4.2 Interest Deferral

Subject to the provisions of the following paragraphs, on each Interest Payment Date, the Issuer shall pay interest on the Securities accrued to (but excluding) that date in respect of the Interest Period ending immediately prior to such Interest Payment Date.

(a) Optional Interest Deferral

The Issuer may, at its sole discretion, elect to defer in whole, but not in part, any payment of interest accrued on the Securities in respect of any Interest Period (a "**Deferred Interest Payment**") by giving notice (a "**Deferral Notice**") of such election to the Securityholders in accordance with Condition 12 and to the Trustee and the Principal Paying Agent at least five, but not more than 30, Business Days prior to the relevant Interest Payment Date. If the Issuer makes such an election, the Issuer shall have no obligation to make such payment and any such non-payment of interest shall not constitute a default of the Issuer or any other breach of obligations under the Securities or for any other purpose.

Any Deferred Interest Payment will be deferred and shall constitute "**Arrears of Interest**". Any Arrears of Interest will remain outstanding until paid in full by the Issuer, but Arrears of Interest shall not itself bear interest.

(b) Optional Settlement of Arrears of Interest

The Issuer may pay outstanding Arrears of Interest (in whole but not in part) at any time upon giving not less than 10 and not more than 15 Business Days' notice to the Securityholders in accordance with Condition 12 (which notice shall be irrevocable and will oblige the Issuer to pay the relevant Arrears of Interest on the payment date specified in such notice) and to the Trustee and the Principal Paying Agent at least five, but not more than 30, Business Days prior to the relevant due date for payment.

(c) Mandatory Settlement of Arrears of Interest

All (but not some only) of any outstanding Arrears of Interest from time to time in respect of all Securities for the time being outstanding shall become due and payable in full and shall be paid by the Issuer on the first occurring Mandatory Settlement Date.

Notice of the occurrence of any Mandatory Settlement Date shall be given to the Securityholders in accordance with Condition 12 and to the Trustee and the Principal Paying Agent at least five, but not more than 30, Business Days prior to the relevant due date for payment.

If a Mandatory Settlement Date does not occur prior to the calendar day which is the fifth anniversary of the Interest Payment Date on which the relevant Deferred Interest Payment was first deferred, it is the intention, though not an obligation, of the Issuer to pay all outstanding Arrears of Interest (in whole but not in part) on the next following Interest Payment Date.

(d) Notification of Mandatory Settlement Date

Upon the occurrence of a Mandatory Settlement Date, the Issuer shall promptly deliver to the Trustee a certificate signed by two duly authorised representatives of the Issuer confirming the occurrence thereof upon which the Trustee may rely absolutely without liability to any person for so doing.

4.3 Accrual of Interest

The Securities will cease to bear interest from (and including) the calendar day on which they are due for redemption. If the Issuer fails to redeem the Securities upon due presentation and surrender thereof when due, interest will continue to accrue as provided in the Trust Deed.

5 Payment and Exchanges of Talons

Provisions for payments in respect of Global Securities are set out under "Summary of Provisions Relating to the Securities while represented by the Global Securities" below.

5.1 Payments in respect of Securities

Payments of principal and interest in respect of each Security will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Security, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

5.2 Method of Payment

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

5.3 Missing Unmatured Coupons

Upon the date on which any Security becomes due and repayable, all unmatured Coupons appertaining to the Security (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

5.4 Payments subject to Applicable Laws

Payments will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer or its agents agree to be subject and, save as provided in Condition 8 below, the Issuer will not be liable for any Taxes imposed or levied by such laws, regulations or agreements.

5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Security or Coupon for payment only on a Presentation Date and shall not be entitled to any further interest or other payment if a Presentation Date is after the due date for payment of any amount in respect of any Security or Coupon.

"**Presentation Date**" means a day which (subject to Condition 9):

(a) is or falls after the relevant due date for payment of any amount in respect of any Security or Coupon;

(b) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent at which the Security or Coupon is presented for payment; and

(c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

5.6 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

5.7 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

(a) there will at all times be a Principal Paying Agent;

(b) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated; and

(c) there will at all times be an Agent Bank.

Notice of any termination or appointment and of any changes in specified offices will be given to the Securityholders promptly by the Issuer in accordance with Condition 12.

6 Redemption and Purchase

6.1 Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Securities on the Maturity Date at their principal amount together with any interest accrued to (but excluding) the Maturity Date and any outstanding Arrears of Interest.

6.2 Optional Redemption

The Issuer may redeem all of the Securities (but not some only) on any date during the period commencing on (and including) 24 August 2023 and ending on (and including) the First Reset Date or upon any Interest Payment Date thereafter (each such date, a "**Call Date**"), in each case at their principal amount together with any accrued interest up to (but excluding) the relevant Call Date and any outstanding Arrears of Interest, on giving not less than 30 and not more than 60 calendar days' notice to the Securityholders in accordance with Condition 12.

6.3 Early Redemption following a Withholding Tax Event

(a) If a Withholding Tax Event occurs, the Issuer may redeem all (but not some only) of the Securities at any time at the applicable Early Redemption Price upon giving not less than 30 and not more than 60 calendar days' notice to the Trustee and the Securityholders in accordance with Condition 12, provided that no such notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Securities then due.

(b) Prior to giving a notice to the Securityholders pursuant to this Condition 6.3, the Issuer will deliver to the Trustee in a form and with content reasonably satisfactory to the Trustee:

(i) a certificate signed by two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 6.3 have been satisfied; and

(ii) an opinion of independent legal or tax advisers, appointed by the Issuer at its own expense, of recognised standing in the jurisdiction of incorporation of the Issuer to the effect that the Issuer has or will become obliged to pay Additional Amounts as a result of (in the case of paragraph (A) of the definition of Withholding Tax Event) a Tax Law Change or (in the case of paragraph (B) of the definition of Withholding Tax Event) the relevant merger, conveyance, transfer or lease,

and the Trustee shall be entitled to accept and rely on the above certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above and the facts set out therein in which event the same shall be conclusive and binding on the Securityholders and the Couponholders.

6.4 Early Redemption following a Tax Deductibility Event

(a) If a Tax Deductibility Event occurs, the Issuer may redeem all (but not some only) of the Securities at any time at the applicable Early Redemption Price upon giving not less than 30 and not more than 60 calendar days' notice of redemption to the Trustee and the Securityholders in accordance with Condition 12.

(b) Prior to giving a notice to the Securityholders pursuant to this Condition 6.4, the Issuer will deliver to the Trustee in a form and with content reasonably satisfactory to the Trustee:

(i) a certificate signed by two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 6.4 have been satisfied; and

(ii) an opinion of an independent legal or tax adviser, appointed by the Issuer at its own expense, of recognised standing in the jurisdiction of incorporation of the Issuer to the effect that payments of interest by the Issuer in respect of the Securities are no longer, or within 90 calendar days of the date of that opinion will no longer be, deductible in whole or in part for Italian corporate income tax purposes as a result of a Tax Law Change,

and the Trustee shall be entitled to accept and rely on the above certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above and the facts set out therein in which event the same shall be conclusive and binding on the Securityholders and the Couponholders.

6.5 Early Redemption following a Rating Methodology Event

(a) If a Rating Methodology Event occurs, the Issuer may redeem all (but not some only) of the Securities at any time at the applicable Early Redemption Price upon giving not less than 30 and not more than 60 calendar days' notice of redemption to the Trustee and the Securityholders in accordance with Condition 12.

(b) Prior to giving a notice to the Securityholders pursuant to this Condition 6.5, the Issuer will deliver to the Trustee in a form and with content reasonably satisfactory to the Trustee:

(i) a certificate signed by two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 6.5 have been satisfied; and

(ii) a copy of the Rating Agency Confirmation relating to the applicable Rating Methodology Event unless the delivery of such Rating Agency Confirmation would constitute a breach of the terms on which such confirmation is delivered to the Issuer,

and the Trustee shall be entitled to accept and rely on the above certificate and, if applicable, copy of the Rating Agency Confirmation as sufficient evidence of the satisfaction of the conditions precedent set out above and the facts set out therein, in which event the same shall be conclusive and binding on the Securityholders and the Couponholders.

6.6 Early Redemption upon the occurrence of an Accounting Event

(a) If an Accounting Event occurs, the Issuer may redeem all (but not some only) of the Securities at any time at the applicable Early Redemption Price upon giving not less than 30 and not more than 60 calendar days' notice of redemption to the Trustee and the Securityholders in accordance with Condition 12.

(b) Prior to giving a notice to the Securityholders pursuant to this Condition 6.6, the Issuer will deliver to the Trustee in a form and with content reasonably satisfactory to the Trustee:

(i) a certificate signed by two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 6.6 have been satisfied; and

(ii) a copy of the opinion, letter or report of a recognised accountancy firm of international standing, appointed by the Issuer at its own expense, as set forth in the definition of "Accounting Event",

and the Trustee shall be entitled to accept and rely on the above certificate and opinion, letter or report as sufficient evidence of the satisfaction of the conditions precedent set out above and the facts set out therein, in which event the same shall be conclusive and binding on the Securityholders and the Couponholders.

6.7 Purchases and Substantial Repurchase Event

The Issuer or any Subsidiary may at any time purchase Securities (provided that all unmatured Coupons appertaining to the Securities are purchased with the Securities) in any manner and at any price. Such Securities may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

If a Substantial Repurchase Event occurs, the Issuer may redeem all (but not some only) of the outstanding Securities at any time at the applicable Early Redemption Price, subject to the Issuer having given the Trustee and the Securityholders not less than 30 and not more than 60 calendar days' notice in accordance with Condition 12.

6.8 Cancellations

All Securities which are redeemed or exchanged pursuant to Condition 7 (*Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation*) will forthwith be cancelled, together with all unmatured Coupons attached to the Securities or surrendered with the Securities at the time of redemption. All Securities so cancelled and any Securities purchased and cancelled pursuant to Condition 6.7 above shall be forwarded to the Principal Paying Agent and accordingly may not be held, reissued or resold.

6.9 Notices Final

A notice of redemption given pursuant to any of Conditions 6.2, 6.3, 6.4, 6.5, 6.6 or 6.7 shall be irrevocable and upon the expiry of any such notice, the Issuer shall be bound to redeem the Securities in accordance with the terms of the relevant Condition.

The following does not form a part of the terms of the Securities:

The Issuer intends (without thereby assuming a legal obligation) that it will redeem or repurchase the Securities only to the extent that the part of the aggregate principal amount of the Securities to be redeemed or repurchased which was assigned "equity credit" (or such similar nomenclature used by S&P from time to time) at the time of the issuance of the Securities does not exceed such part of the net proceeds received by the Issuer or any Subsidiary of the Issuer prior to the date of such redemption or

repurchase from the sale or issuance of securities by the Issuer or such Subsidiary to third party purchasers (other than group entities of the Issuer) which is assigned by S&P "equity credit" (or such similar nomenclature used by S&P from time to time) at the time of sale or issuance of such securities (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), unless:

(i) the rating assigned by S&P to the Issuer is at least "BBB+" (or such similar nomenclature then used by S&P) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or

(ii) in the case of a repurchase, such repurchase is of less than (a) 10 per cent. of the aggregate principal amount of the Securities originally issued in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the Securities originally issued in any period of 10 consecutive years, or

(iii) the Securities are redeemed pursuant to a Tax Deductibility Event or a Withholding Tax Event, or an Accounting Event or a Substantial Repurchase Event or a Rating Methodology Event which results from an amendment, clarification or change in the "equity credit" criteria by S&P; or

(iv) the Securities are not assigned an "equity credit" by S&P (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or

(v) in the case of a repurchase, such repurchase relates to an aggregate principal amount of Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer's hybrid capital to which S&P then assigns equity content under its prevailing methodology; or

(vi) such redemption or repurchase occurs on or after the Reset Date falling on 24 November 2043.

7 Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation

7.1 If the Issuer determines that a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or an Accounting Event has occurred and is continuing, and has provided the Trustee with the relevant certificate and opinion, or in the case of Condition 6.5 only, the Rating Agency Confirmation, pursuant to Condition 6.3, 6.4, 6.5 or 6.6 (as applicable), then the Issuer may, subject to Condition 7.2 below (without any requirement for the consent or approval of the Securityholders or Couponholders), subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to herein that the provisions of this Condition 7 have been complied with and having given not less than 30 nor more than 60 Business Days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 12 (Notices), to the Securityholders (which notice shall be irrevocable), as an alternative to an early redemption of the Securities at any time:

(i) exchange the Securities (the "**Exchanged Securities**"), or

(ii) vary the terms of the Securities (the "**Varied Securities**"),

so that:

(A) in the case of a Tax Deductibility Event, the Issuer is entitled to claim a deduction or a higher deduction (as the case may be) in respect of interest paid when computing its tax liabilities for Italian corporation income tax purposes as compared with the entitlement (in the case of the Issuer) after the occurrence of the relevant Tax Deductibility Event,

(B) in the case of a Withholding Tax Event, in making any payments in respect of the Exchanged Securities or Varied Securities the Issuer is only required to pay lesser or no Additional Amounts in respect of the Exchanged Securities or Varied Securities,

(C) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) will be recorded as a "financial liability" in accordance with accounting practices or principles applicable to the Issuer at the time of the next Financial Statements of the Issuer, or

(D) in the case of a Rating Methodology Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is assigned "equity credit" by the relevant Rating Agency that is equal to or greater than that which was assigned to the Securities on the Issue Date (or if "equity credit" is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which "equity credit" is assigned by such Rating Agency for the first time),

and the Trustee shall, subject to the following provisions of this Condition 7, and subject to the receipt by it of the certificate by two duly authorised representatives of the Issuer referred to in Condition 7.2 below, agree to such exchange or variation.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, exchange the Securities in accordance with this Condition 7 and cancel such Exchanged Securities.

The Trustee shall (at the expense of the Issuer) enter into a supplemental trust deed and/or supplemental agency agreement with the Issuer (including indemnities satisfactory to the Trustee) solely in order to effect the exchange of the Securities, or the variation of the terms of the Securities, provided that the Trustee shall not be obliged to enter into such supplemental trust deed and/or supplemental agency agreement if the terms of the Exchanged Securities or the Varied Securities would impose, in the Trustee's opinion, more onerous obligations upon it or expose it to liabilities or reduce its protections. If the Trustee does not enter into such supplemental trust deed and/or supplemental agency agreement (and the Trustee shall have no liability or responsibility to any person if it does not do so), the Issuer may redeem the Securities as provided in Condition 6 (Redemption and Purchase).

7.2 Any such exchange or variation shall be subject to the following conditions:

(i) for as long as the Securities are listed on any stock exchange, the Issuer complying with the rules of the relevant stock exchange (or any other relevant authority) on which the Securities are for the time being admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged Securities or Varied Securities continue to be admitted to trading on the same stock exchange as the Securities were admitted to trading immediately prior to the relevant exchange or variation;

(ii) the Issuer paying any outstanding Arrears of Interest in full prior to such exchange or variation or providing for the accrual of an amount equal to the Arrears of Interest under the terms of the Exchanged Securities or the Varied Securities (as applicable);

(iii) the Exchanged Securities or Varied Securities shall: (A) rank at least pari passu with the ranking of the Securities prior to the exchange or variation, and (B) benefit from the same interest rates and the same Interest Payment Dates, the same First Reset Date and early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right), a maturity date which shall not be longer than the maturity date of the Issuer as provided from time to time under the relevant by-laws, the same rights to accrued

interest or Arrears of Interest and any other amounts payable under the Securities which, in each case, has accrued to the Securityholders and has not been paid, the same rights to principal and interest, and, if publicly rated by a Rating Agency which has provided a solicited rating at the invitation or with the consent of the Issuer, immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by each such Rating Agency, as compared with the relevant solicited rating(s) immediately prior to such exchange or variation (as determined by the Issuer using reasonable measures available to it including discussions with the Rating Agencies to the extent practicable) (C) not contain terms providing for the mandatory deferral or cancellation of interest and (D) not contain terms providing for loss absorption through principal write-down or conversion to shares;

(iv) the terms of the exchange or variation, in the sole opinion of the Issuer (acting reasonably) not being prejudicial to the interests of the investors in the Securities, including compliance with (iii) above, as certified to the Trustee by two duly authorised representatives of the Issuer, having consulted in good faith with an independent financial institution of international repute or an independent financial adviser experienced in the international capital markets, and any such certificate shall be final and binding on all parties;

(v) the preconditions to exchange or variation set out in the Trust Deed having been satisfied, including the issue of legal opinions addressed to the Trustee (in form and substance satisfactory to the Trustee) (copies of which shall be made available to the Securityholders at the specified offices of the Trustee during usual office hours) from one or more international law firms of good reputation selected by the Issuer and confirming (x) that the Issuer has capacity to assume all rights, duties and obligations under the Exchanged Securities or Varied Securities (as the case may be) and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Securities or Varied Securities;

(vi) the delivery to the Trustee of a certificate signed by two duly authorised representatives of the Issuer certifying each of the points set out in paragraphs (i) to (v) above.

The Trustee may rely absolutely upon and shall be entitled to accept such certificates and any such opinions, as are referred to in this Condition 7, without any liability to any person for so doing and without any further inquiry as sufficient evidence of the satisfaction of the criteria set out in such paragraphs, in which event it shall be conclusive and binding on the Securityholders and the Couponholders.

8 Taxation

8.1 Payment without Withholding

All payments of principal and interest in respect of the Securities and Coupons by the Issuer will be made without withholding or deduction for or on account of any Taxes imposed or levied by or on behalf of any Tax Jurisdiction, unless such withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received by the Securityholders and Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Securities or, as the case may be, Coupons in the absence of such withholding or deduction; except that no Additional Amounts shall be payable:

(a) in respect of any Security or Coupon presented for payment

(i) in any Tax Jurisdiction; or

(ii) by or on behalf of a holder who is liable for such Taxes in respect of such Security or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Security or Coupon; or

(iii) by or on behalf of a holder who would be able to avoid such withholding or deduction by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so; or

(iv) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Presentation Date (as defined in Condition 5); or

(b) in relation to any payment or deduction on account of *imposta sostitutiva* pursuant to Decree No. 239 as amended and/or supplemented or, for the avoidance of doubt, Italian Legislative Decree No. 461 of 21 November 1997 as amended and supplemented and in all circumstances in which the procedures set forth in Decree No. 239 in order to benefit from a tax exemption have not been met or complied with; or

(c) where such withholding or deduction is required to be made pursuant to Law Decree 30 September 1983, No. 512 converted into law with amendments by Law 25 November 1983, No. 649, as amended and supplemented; or

(d) in the event of payment by the Issuer to a non-Italian resident holder, to the extent that the holder is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities.

Notwithstanding anything to the contrary contained herein, the Issuer (and any other person making payments on behalf of the Issuer) shall be entitled to withhold and deduct any amounts required to be deducted or withheld pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to (i) Sections 1471 through 1474 of the Code, or (ii) any regulations thereunder or official interpretations thereof, or (iii) an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or (iv) any law implementing such an intergovernmental agreement (any such withholding or deduction, a "**FATCA Withholding**"), and no person shall be required to pay any additional amounts in respect of FATCA Withholding.

8.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Securities shall be deemed also to refer to any Additional Amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

9 Prescription

The Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within periods of 10 years (in the case of principal) and 5 years (in the case of interest) from the Relevant Date in respect of the Securities or, as the case may be, the Coupons, subject to the provisions of Condition 5. There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this Condition or Condition 5.

10 Events of Default and Enforcement

10.1 Events of Default

If any of the following events (each an "**Event of Default**") occurs, then the Issuer shall, without notice from the Trustee, be deemed to be in default under the Trust Deed, the Securities and the Coupons and the Trustee at its sole discretion may (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) and subject to Condition 10.3 (i) in the case of sub-paragraph (a) below, institute steps in order to obtain a judgment against the Issuer for any amounts due in respect of the Securities, including the institution of Insolvency Proceedings against the Issuer and (ii) in the case of each of sub-paragraphs (a) and (b) below, file a proof of claim and participate in any Insolvency Proceedings or proceedings for the liquidation, dissolution or winding-up of the Issuer (in which Insolvency Proceedings, liquidation, dissolution or winding-up the Securities shall immediately become due and payable at their principal amount together with any accrued but unpaid interest up to (but excluding) the date on which the Securities become so due and payable and any outstanding Arrears of Interest):

(a) default is made by the Issuer in the payment of any interest which is due and payable in respect of the Securities and the default continues for a period of 30 days or more; or

(b) a judgment is given for the voluntary or judicial winding up, dissolution or liquidation of the Issuer or restructuring of the Issuer's liabilities pursuant to any Insolvency Proceedings or under any applicable bankruptcy or insolvency law or if the Issuer is liquidated for any other reason (otherwise than for the purpose of a solvent amalgamation, merger or reconstruction under which the assets and liabilities of the Issuer are assumed by the entity resulting from such amalgamation, merger or reconstruction and such entity assumes the obligations of the Issuer in respect of the Securities and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the Trustee confirming the same prior to the effective date of such amalgamation, merger or reconstruction).

10.2 Enforcement in respect of non-payment of principal

If default is made by the Issuer in the payment of any principal which has become due and payable in respect of the Securities in accordance with these Conditions and the default continues for a period of 10 days or more, the Trustee at its sole discretion and subject to Condition 10.3 may (subject to its being indemnified and/or secured and/or prefunded to its satisfaction), institute steps in order to obtain a judgment against the Issuer for any amounts due in respect of the Securities, including the institution of Insolvency Proceedings against the Issuer or the filing of a proof of claim and participation in any Insolvency Proceedings or proceedings for the liquidation, dissolution or winding-up of the Issuer (in which Insolvency Proceedings, liquidation, dissolution or winding-up the Securities shall immediately be due and payable at their principal amount together with any accrued but unpaid interest up to (but excluding) the date on which the Securities become so due and payable and any outstanding Arrears of Interest).

10.3 Enforcement by the Trustee

(a) Subject to sub-paragraph (b) below, the Trustee may at its discretion and without further notice, take such steps, actions or proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Securities and the Coupons, but in no event shall the Issuer, by virtue of the initiation of any such steps, actions or proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(b) The Trustee shall not be bound to take any action referred to in Conditions 10.1, 10.2 or 10.3(a) above or any other action or steps under or pursuant to the Trust Deed, the Securities or the Coupons unless (a)

it has been so directed by an extraordinary resolution of the Securityholders or so requested in writing by the holders of at least one-quarter in principal amount of the Securities then outstanding and (b) it has been indemnified and/or secured and/or prefunded to its satisfaction.

10.4 Enforcement by the Securityholders

No Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute any Insolvency Proceedings against the Issuer or to file a proof of claim and participate in any Insolvency Proceedings or institute proceedings for the liquidation, dissolution or winding-up of the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing, in which case the Securityholder or Couponholder shall have only such rights against the Issuer as those which the Trustee would have been entitled to exercise pursuant to this Condition 10.

10.5 Limitation on remedies

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee, the Securityholders and the Couponholders, whether for the recovery of amounts due in respect of the Securities or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities, the Coupons and the Trust Deed.

11 Replacement of Securities and Coupons

Should any Security or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Securities or Coupons must be surrendered before replacements will be issued.

12 Notices

All notices regarding the Securities will be deemed to be validly given (a) if published in a leading English language daily newspaper of general circulation in London and Ireland (it is expected that such publication will be made in the *Financial Times* in London and the *Irish Times* in Ireland) and (b) if and for so long as the Securities are admitted to trading on, and listed on the Euronext Dublin, on the Euronext Dublin's website, www.ise.ie. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Securities are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notices given to the Securityholders in accordance with this paragraph.

13 Meetings of Securityholders, Modification, Waiver, Authorisation, Determination and Substitution of the Issuer

13.1 Meetings of Securityholders

The Trust Deed contains provisions consistent with the laws, legislation, rules and regulations of the Republic of Italy (including without limitation Legislative Decree No. 58 of 24 February 1998, as amended) for convening meetings of the Securityholders to consider any matter affecting their interests, including any modifications of the Conditions or of any provisions of the Trust Deed.

According to the laws, legislation, rules and regulations of the Republic of Italy, such meetings will be validly held as a single call meeting or, if the Issuer's by-laws provide for multiple calls, as a multiple call meeting, if (i) in the case of a single call meeting, there are one or more persons present, being or representing Securityholders holding at least one-fifth of the aggregate nominal amount of the Securities, for the time being outstanding, or such a higher quorum as may be provided for in the Issuer's by-laws, or (ii) in the case of a multiple call meeting, (a) there are one or more persons present being or representing Securityholders holding not less than one-half of the aggregate nominal amount of the Securities, for the time being outstanding; (b) in case of an adjourned meeting, there are one or more persons present being or representing Securityholders holding more than one-third of the aggregate nominal amount of the Securities for the time being outstanding; and (c) in the case of any further adjourned meeting, there are one or more persons present being or representing Securityholders holding at least one- fifth of the aggregate nominal amount of the Securities for the time being outstanding, provided that the Issuer's by-laws may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for a higher quorum.

The majority to pass a resolution at any meeting (including, where applicable, an adjourned meeting) will be at least two-thirds of the aggregate nominal amount of the outstanding Securities represented at the meeting; provided however that (A) certain proposals, as set out in Article 2415 of the Italian Civil Code (including, for the avoidance of doubt, (a) any modification of the method of calculating the amount payable or modification of the date of maturity or redemption or any date for payment of interest or, where applicable, of the method of calculating the date of payment in respect of any principal or interest in respect of the Securities or change of the subordination provisions of the Trust Deed and (b) any alteration of the currency in which payments under the Securities are to be made or the denomination of the Securities) may only be sanctioned by a resolution passed at a meeting of the Securityholders by the higher of (i) one or more persons holding or representing not less than one half of the aggregate nominal amount of the outstanding Securities, and (ii) one or more persons holding or representing not less than two thirds of the Securities represented at the meeting and (B) the Issuer's by-laws may in each case (to the extent permitted under applicable Italian law) provide for higher majorities.

Resolutions passed at any meeting of the Securityholders shall be binding on all Securityholders, whether or not they are present at the meeting, and on all Couponholders. In accordance with the Italian Civil Code, a *rappresentante comune*, being a joint representative of Securityholders, may be appointed in accordance with Article 2417 of the Italian Civil Code in order to represent the Securityholders' interest hereunder and to give execution to the resolutions of the meeting of the Securityholders.

13.2 Substitution of the Issuer

(a) The Trustee may, without the consent of the Securityholders or the Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition 13.2) as the principal debtor under the Securities, Coupons and the Trust Deed of another company, being any entity that will succeed to, or to which the Issuer (or those of any previous substitute under this Condition 13.2) will transfer, all or substantially all of its assets and business (or any previous substitute under this Condition 13.2) by operation of law, contract or otherwise, subject to (i) the Trustee being satisfied that such substitution does not result in the substituted issuer having an entitlement, as at the date on which such substitution becomes effective, to redeem the Securities pursuant to Conditions 6.3, 6.4, 6.5 or 6.6, and (ii) certain other conditions set out in the Trust Deed being satisfied.

(b) The Issuer has covenanted in the Trust Deed that, for so long as the Securities remain outstanding, it will not consolidate or merge with another company or firm or sell or lease all or substantially all of its assets to another company unless (i) if the Issuer merges out of existence or sells or leases all or substantially all of its assets, the other company assumes all the then-existing obligations of the Issuer (including,

without limitation, all obligations under the Securities and the Trust Deed), either by law or contractual arrangements and (ii) certain other conditions set out in the Trust Deed are complied with.

(c) As long as the Securities are admitted to trading on the regulated market of Euronext Dublin and/or listed on the official list of Euronext Dublin, in the case of such a substitution, the Issuer will give notice of any substitution pursuant to Condition 13.2(a) above to Euronext Dublin and, as soon as reasonably practicable but in any event not later than 30 calendar days after the execution of such documents required by, and the compliance with such other requirements of, the Trust Deed in connection with the substitution, notice of such substitution will be given to the Securityholders by the Issuer in a form previously approved by the Trustee in accordance with Condition 12, in which event the substitution shall be conclusive and binding on the Securityholders and the Couponholders.

13.3 Waiver, authorisation, determination and exercise by the Trustee of discretions etc.

The Trustee may agree, without the consent of the Securityholders or Couponholders, to any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Securities or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Securityholders so to do or may agree, without any such consent as aforesaid, to any modification which is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct an error which is manifest). Any such modification, waiver, authorisation or determination shall be binding on the Securityholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification shall be notified to the Securityholders in accordance with Condition 12 as soon as practicable thereafter.

13.4 Trustee to have Regard to Interests of Securityholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Securityholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Securityholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Securityholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Securityholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Securityholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

14 Indemnification of the Trustee and its Contracting with the Issuer

14.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

14.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any Subsidiary and to act as trustee for the holders of

any other securities issued or guaranteed by, or relating to, the Issuer and/or any Subsidiary, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Securityholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15 Further Issues

The Issuer is at liberty from time to time without the consent of the Securityholders or Couponholders to create and issue further securities or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding securities or bonds of any series (including the Securities) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further securities or bonds which are to form a single series with the outstanding securities or bonds of any series (including the Securities) constituted by the Trust Deed or any supplemental deed shall, and any other further securities or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Securityholders and the holders of securities or bonds of other series in certain circumstances where the Trustee so decides.

16 Governing Law and Submission to Jurisdiction

16.1 Governing Law

The Trust Deed, the Securities and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Securities and the Coupons are governed by, and shall be construed in accordance with, English law, except for Conditions 3.1 and 3.2, which shall each be governed by Italian law. Condition 13.1 and the provisions of the Trust Deed concerning the meeting of Securityholders and the appointment of the *rappresentante comune* in respect of the Securities are subject to compliance with Italian law.

16.2 Jurisdiction of English Courts

The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee, the Securityholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Securities or the Coupons (including any disputes relating to any non- contractual obligations which may arise out of or in connection with the Trust Deed, the Securities or the Coupons) and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Issuer has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

16.3 Appointment of Process Agent

The Issuer has, in the Trust Deed, irrevocably and unconditionally appointed Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7AN, United Kingdom as its agent for service of process and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

17 Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any of these Conditions or any other term of this Security, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TERMS AND CONDITIONS OF THE NC2026 SECURITIES

The following is the text of the Terms and Conditions of the NC2026 Securities which (subject to modification) will be endorsed on each NC2026 Security in definitive form (if issued).

Text set out within the Terms and Conditions of the NC2026 Securities in italics is provided for information only and does not form part of the Terms and Conditions of the NC2026 Securities.

The €750,000,000 8.5 Year Non-Call Capital Securities due 24 November 2081 (the "**Securities**", which expression shall in these Conditions, unless the context otherwise requires, include any further securities issued pursuant to Condition 15 and forming a single series with the Securities) of Enel S.p.A. (the "**Issuer**") are constituted by a Trust Deed dated 24 May 2018 (the "**Trust Deed**") made between the Issuer and BNY Mellon Corporate Trustee Services Limited (the "**Trustee**", which expression shall include its successor(s)) as trustee for the holders of the Securities (the "**Securityholders**") and the holders of the interest coupons appertaining to the Securities (the "**Couponholders**" and the "**Coupons**" respectively, which expressions shall, unless the context otherwise requires, include the talons for further interest coupons (the "**Talons**") and the holders of the Talons).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 24 May 2018 (the "**Agency Agreement**") made between the Issuer, The Bank of New York Mellon, London Branch, as principal paying agent (the "**Principal Paying Agent**") and agent bank (the "**Agent Bank**") (which shall be responsible for making certain determinations, as described in these Terms and Conditions) and the Trustee are available for inspection during normal business hours by the Securityholders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Securities at One Canada Square, London E14 5AL, and at the specified office of each of the Paying Agents. The Securityholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the provisions of the Agency Agreement applicable to them.

1 Form, Denomination and Title

1.1 Form and Denomination

The Securities are in bearer form, serially numbered, in the denominations of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000, with Coupons and one Talon attached on issue.

1.2 Title

Title to the Securities and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Security or Coupon as the absolute owner for all purposes (whether or not the Security or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Security or Coupon or any notice of previous loss or theft of the Security or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2 Definitions and Interpretation

As used in these Conditions:

An "**Accounting Event**" shall occur if as a result of a change in the accounting practices or principles applicable to the Issuer, which currently are the international accounting standards (International Accounting Standards — IAS and International Financial Reporting Standards — IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), adopted by the European Union pursuant to Regulation (EC) 1606/2002 ("**IFRS**"), which becomes effective after the Issue Date, the obligations of the Issuer in respect of the Securities can no longer be recorded as a "financial liability", in accordance with accounting practices or principles applicable to the Issuer at the time of the next Financial Statements, and a recognised accountancy firm of international standing, acting upon instructions of the Issuer, has delivered an opinion, letter or report addressed to the Issuer to that effect, and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

"**Accrual Period**" has the meaning given to it in Condition 4.1(c).

"**Additional Amounts**" has the meaning given to it in Condition 8.1.

"**Arrears of Interest**" has the meaning given to it in Condition 4.2(a).

"**Business Day**" means a day which is both a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Milan and a TARGET2 Settlement Day.

"**Calculation Amount**" has the meaning given to it in Condition 4.1(c).

"**Call Date**" has the meaning given to it in Condition 6.2.

"**Code**" has the meaning given to it in Condition 8.1.

"**Decree No. 239**" means Italian Legislative Decree No. 239 of 1 April 1996, as amended.

"**Deferral Notice**" has the meaning given to it in Condition 4.2(a).

"**Deferred Interest Payment**" has the meaning given to it in Condition 4.2(a).

"**Determination Period**" has the meaning given to it in Condition 4.1(c).

"**Early Redemption Date**" means the date of redemption of the Securities pursuant to Conditions 6.3 to 6.7.

"**Early Redemption Price**" will be the amount determined by the Agent Bank on the Redemption Calculation Date as follows:

(A) in the case of a Withholding Tax Event or a Substantial Repurchase Event at any time, 100 per cent. of the principal amount of the Securities then outstanding; or

(B) in the case of an Accounting Event, a Rating Methodology Event or a Tax Deductibility Event, either:

  (i) 101 per cent. of the principal amount of the Securities then outstanding if the Early Redemption Date falls prior to 24 August 2026 (being the date falling three months prior to the First Reset Date); or

  (ii) 100 per cent. of the principal amount of the Securities then outstanding if the Early Redemption Date falls on or after 24 August 2026 (being the date falling three months prior to the First Reset Date),

and in each case together with any accrued interest to, but excluding, the relevant Early Redemption Date and any outstanding Arrears of Interest.

"**equity credit**" shall include such other nomenclature as any Rating Agency may use from time to time to describe the degree to which an instrument exhibits the characteristics of an ordinary share.

"**EUR 5 year Swap Rate**" has the meaning given to it in Condition 4.1(b).

"**EUR 5 year Swap Rate Quotation**" means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the relevant Reset Interest Determination Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis) or, if the 6-month EURIBOR rate is no longer being calculated or administered as at the relevant Reset Interest Determination Date, any alternative rate which has replaced the Euro Interbank Offered Rate (EURIBOR) in customary market usage for the purposes of determining floating rates of interest in respect of euro-denominated securities, as notified by the Issuer to the Agent Bank, and promptly thereafter by the Issuer to the Securityholders in accordance with Condition 12 (*Notices*), provided however that if there is no clear market consensus as to whether any rate has replaced EURIBOR in customary market usage, the Issuer will appoint, in its sole discretion and at its own expense, an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets (the "**IFA**") to determine an appropriate alternative rate, and the decision of the IFA will be binding on the Issuer, the Agent Bank and the Securityholders;

"**EUR Reset Reference Bank Rate**" means the percentage rate determined by the Agent Bank on the basis of the EUR 5 year Swap Rate Quotations provided by the EUR Reset Reference Banks to the Issuer and notified to the Agent Bank at approximately 11:00 a.m. (CET) on the relevant Reset Interest Determination Date.

"**EUR Reset Reference Banks**" means five major banks in the Euro-zone interbank market selected by the Issuer.

"**EUR Reset Screen Page**" means the Thomson Reuters screen "ICESWAP2" (or such other page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace Reuters providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the EUR 5 Year Swap Rate).

"**EURIBOR**" means the Euro-zone interbank offered rate.

"**Euronext Dublin**" means the Irish Stock Exchange plc trading as Euronext Dublin.

"**Event of Default**" has the meaning given to it in Condition 10.1.

"**Exchanged Securities**" has the meaning given to it in Condition 7.1.

"**FATCA Withholding**" has the meaning given to it in Condition 8.1.

"**Financial Statements**" means either of:

(A) audited annual consolidated financial statements of the Issuer; or

(B) unaudited condensed consolidated half-year financial statements of the Issuer which are subject to a formal ''review'' from an independent auditor,

in each case prepared in accordance with IFRS or any successor accounting standards applicable to the Issuer.

"**First Reset Date**" means 24 November 2026.

"**Fitch**" means Fitch Ratings Limited.

"**Group**" means the Issuer and its Subsidiaries from time to time.

"**Interest Payment Date**" means 24 November in each year.

"**Interest Period**" means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date, ending on the Maturity Date.

"**Insolvency Proceedings**" means any insolvency proceedings (*procedura concorsuale*) or proceedings equivalent or analogous thereto under the laws of any applicable jurisdiction, including, but not limited to, bankruptcy (*fallimento*), composition with creditors (*concordato preventivo*) (including *pre concordato* pursuant to Article 161(6) of the Italian Bankruptcy Law), forced administrative liquidation (*liquidazione coatta amministrativa*), extraordinary administration (*amministrazione straordinaria*) and extraordinary administration of large companies in insolvency (*amministrazione straordinaria delle grandi imprese in stato di insolvenza*), debt restructuring agreements (*accordo di ristrutturazione*) pursuant to Article 182-bis of the Italian Bankruptcy Law (including the procedure described under Article 182-bis(6) of the Italian Bankruptcy Law), the undertaking of any court approved restructuring with creditors or the making of any application (or filing of documents with a court) for the appointment of an administrator or other receiver (*curatore*), manager administrator (*commissario straordinario o liquidatore*) or other similar official under any applicable law.

"**Issue Date**" means 24 May 2018.

"**Italian Bankruptcy Law**" means Royal Decree No. 267 of 1942, as amended from time to time.

"**Junior Securities**" means:

(A) the ordinary shares (*azioni ordinarie*) of the Issuer;

(B) any other class of the Issuer's share capital (including savings shares (*azioni di risparmio*) and preferred shares (*azioni privilegiate*)); and

(C)

(i) any securities of the Issuer (including *strumenti finanziari* issued under Article 2346 of the Italian Civil Code); and

(ii) any securities issued by a company other than the Issuer which have the benefit of a guarantee or similar instrument from the Issuer,

which securities (in the case of (C)(i)) or guarantee or similar instrument (in the case of (C)(ii)) rank or are expressed to rank *pari passu* with the claims described under (A) and (B) above and/or junior to the Securities.

A "**Mandatory Arrears of Interest Settlement Event**" shall have occurred if:

(A) a dividend (either interim or final) or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Junior Securities, except where such dividend, distribution or payment was contractually required to be declared, paid or made under the terms of such Junior Securities; or

(B) a dividend (either interim or final) or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Parity Securities, except where such dividend, distribution or payment was contractually required to be declared, paid or made under the terms of such Parity Securities; or

(C) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Junior Securities, except where (x) such repurchase, purchase, redemption or acquisition was undertaken in connection with the satisfaction by the Issuer or any Subsidiary of its respective obligations under (i) any share buy-back programme existing at the Issue Date or (ii) any stock option plan or free share allocation plan reserved for directors, officers and/or employees of the Issuer or any associated hedging transaction or (y) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Junior Securities; or

(D) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Parity Securities, except where (x) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Parity Securities or (y) such repurchase, purchase, redemption or acquisition is effected as a public tender offer or public exchange offer at a purchase price per security which is below its par value.

"**Mandatory Settlement Date**" means the earliest of:

(A) the fifth Business Day following the date on which a Mandatory Arrears of Interest Settlement Event occurs;

(B) following any Deferred Interest Payment, on the next scheduled Interest Payment Date on which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period;

(C) the date on which the Securities are redeemed or repaid in accordance with Condition 6; and

(D) the date on which an order is made or a resolution is passed for the commencement of any Insolvency Proceedings in respect of the Issuer, or the date on which the Issuer takes any corporate action for the purposes of opening, or initiates or consents to, Insolvency Proceedings in respect of itself.

"**Maturity Date**" means 24 November 2081.

"**Parity Securities**" means:

(A) any securities or other instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* with the Issuer's obligations under the Securities and includes the Issuer's £500,000,000 Capital Securities due 2076 (ISIN: XS1014987355); the Issuer's €1,000,000,000 Capital Securities due 2075 (ISIN: XS1014997073), the Issuer's €1,250,000,000 Capital Securities due 2074 (ISIN: XS0954675129), the Issuer's £400,000,000 Capital Securities due 2075 (ISIN: XS0954674825); the Issuer's U.S.$1,250,000,000 Capital Securities due 2073 (ISIN: X Securities IT0004961808 N Securities IT0004961816 — X Receipt US29265WAA62 N Receipt US29265WAB46) and the €750,019,000 5.5 Year Non-Call Capital Securities due 24 November 2078 (ISIN: XS1713463716); and

(B) any securities or other instruments issued by a company other than the Issuer which have the benefit of a guarantee or similar instrument from the Issuer, which guarantee or similar instrument ranks or is expressed to rank *pari passu* with the Issuer's obligations under the Securities.

"**Prevailing Interest Rate**" means the rate of interest payable on the Securities applicable from time to time pursuant to Condition 4.

"**Rating Agency**" means any of Moody's Investors Service Limited, S&P, Fitch and any other rating agency substituted for any of them by the Issuer with the prior written approval of the Trustee and, in each case, any of their respective successors to the rating business thereof.

"**Rating Agency Confirmation**" means a written confirmation from a Rating Agency which has assigned ratings to the Issuer on a basis sponsored by the Issuer which is either received by the Issuer directly from the relevant Rating Agency or indirectly via publication by such Rating Agency.

A "**Rating Methodology Event**" shall be deemed to have occurred if the Issuer has received a Rating Agency Confirmation stating that, due to an amendment, clarification or change in the "equity credit" criteria of such Rating Agency, which amendment, clarification or change has occurred after the Issue Date (or if later, occurred after the date on which the Securities are assigned equity credit by a Rating Agency for the first time), the Securities are eligible for a level of equity credit that is lower than the level or equivalent level of equity credit assigned to the Securities by such Rating Agency on the Issue Date (or if "equity credit" is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which "equity credit" is assigned by such Rating Agency for the first time).

"**Redemption Calculation Date**" means the fourth Business Day prior to the relevant Early Redemption Date.

"**Relevant Date**" means the date on which any payment first becomes due but, if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Securityholders by the Issuer in accordance with Condition 12.

"**Reset Date**" means the First Reset Date and each date falling on the fifth anniversary thereafter.

"**Reset Interest Determination Date**" means, in respect of any Reset Period, the day falling two Business Days prior to the beginning of the relevant Reset Period.

"**Reset Period**" means each period from and including the First Reset Date to but excluding the next following Reset Date and thereafter from and including each Reset Date to but excluding the next following Reset Date.

"**S&P**" means S&P Global Ratings.

"**Subsidiary**" means any entity which is a subsidiary (*società controllata*) of the Issuer within the meaning of Article 2359 of the Italian Civil Code and Article 93 of Legislative Decree No. 58 of 24 February 1998, as amended.

A "**Substantial Repurchase Event**" shall be deemed to have occurred if, prior to the giving of the relevant notice of redemption, at least 80 per cent. of the aggregate principal amount of the Securities issued on the Issue Date has been purchased by or on behalf of the Issuer or a Subsidiary and has been cancelled.

"**TARGET2 Settlement Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

A "**Tax Deductibility Event**" shall be deemed to have occurred if, as a result of a Tax Law Change, payments of interest by the Issuer in respect of the Securities are no longer, or within 90 calendar days of the date of any opinion provided pursuant to Condition 6.4(b)(ii) will no longer be, deductible in whole or in part for Italian corporate income tax purposes, and the Issuer cannot avoid the foregoing by taking reasonable measures available to it. For the avoidance of doubt, a Tax Deductibility Event shall not occur if payments of interest by the Issuer in respect of the Securities are not deductible in whole or in part for Italian corporate income tax purposes solely as a result of general tax deductibility limits set forth by Article 96 of Italian Presidential Decree No. 917 of 22 December 1986, as amended as at (and on the basis of the general tax deductibility limits calculated in the manner applicable as at) the Issue Date.

"**Tax Jurisdiction**" means the Republic of Italy and/or such other taxing jurisdiction to which the Issuer becomes subject or any political subdivision or any authority thereof or therein having power to tax.

"**Tax Law Change**" means (i) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of a Tax Jurisdiction affecting taxation, (ii) any governmental action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such governmental action that differs from the previously generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, which amendment, clarification, change or governmental action is effective, on or after the Issue Date.

"**Taxes**" means any present or future taxes or duties, assessments or governmental charges of whatever nature.

"**Varied Securities**" has the meaning given to it in Condition 7.1.

A "**Withholding Tax Event**" shall be deemed to have occurred if, following the Issue Date:

(A) as a result of a Tax Law Change, the Issuer has or will become obliged to pay Additional Amounts in respect of the Securities and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(B) a person into which the Issuer is merged or to whom it has conveyed, transferred or leased all or substantially all of its assets and who has been substituted in place of the Issuer as principal debtor under the Securities is required to pay Additional Amounts in respect of the Securities and such obligation cannot be avoided by such person taking reasonable measures available to it, unless the sole purpose of such a merger, conveyance, transfer or lease would be to permit the Issuer to redeem the Securities.

3 Status and Subordination

3.1 Status

The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank and will at all times rank *pari passu* without any preference among themselves and with Parity Securities. The Securities constitute *obbligazioni* pursuant to Articles 2410 *et seq*. of the Italian Civil Code. The obligations of the Issuer in respect of the Securities and the Coupons are subordinated as described in Condition 3.2.

3.2 Subordination

The obligations of the Issuer to make payment in respect of principal and interest on the Securities and the Coupons, including its obligations in respect of any Arrears of Interest, will, in the event of the winding-up, insolvency, dissolution or liquidation of the Issuer, rank:

(c) senior only to the Issuer's payment obligations in respect of any Junior Securities;

(d) *pari passu* among themselves and with the Issuer's payment obligations in respect of any Parity Securities; and

(e) junior to all other payment obligations of the Issuer, present and future, whether subordinated (including any claims pursuant to Article 2411, first paragraph, of the Italian Civil Code) or unsubordinated,

in each case except as otherwise required by mandatory provisions of applicable law.

Nothing in this Condition 3.2 shall affect or prejudice the payment of costs, charges, expenses, liabilities or remuneration of the Trustee or Agents or the rights and remedies of the Trustee or the Agents in respect thereof.

3.3 No Set-off

To the extent and in the manner permitted by applicable law, no Securityholder or Couponholder may exercise, claim or plead any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising from, the Securities or the Coupons and each Securityholder and Couponholder will, by virtue of his holding of any Security or Coupon, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention. The Issuer may not set off any claims it may have against the Securityholders against any of its obligations under the Securities or the Coupons.

4 Interest and Interest Deferral

4.1 Interest

(a) Interest Rates and Interest Payment Dates

Unless previously redeemed or repurchased and cancelled in accordance with these Conditions and subject to the further provisions of this Condition 4, the Securities will bear interest on their principal amount as follows:

(i) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 3.375 per cent. per annum, payable annually in arrear on each Interest Payment Date, except that the first payment of interest, to be made on 24 November 2018 (the "**First Interest Payment Date**"), will be in respect of the period from and including 24 May 2018 to but excluding 24 November 2018; and

(ii) from (and including) the First Reset Date to (but excluding) the Maturity Date, at, in respect of each Reset Period, the relevant EUR 5 year Swap Rate plus:

(A) in respect of the Reset Period commencing on the First Reset Date to but excluding 24 November 2031, 2.580 per cent. per annum;

(B) in respect of the Reset Periods commencing on 24 November 2031, 24 November 2036 and 24 November 2041, 2.830 per cent. per annum; and

(C) in respect of any other Reset Period after 24 November 2041, 3.580 per cent. per annum;

all as determined by the Agent Bank for annual payment in arrear on each Interest Payment Date, commencing on 24 November 2018.

(b) Determination of EUR 5 year Swap Rate

(i) For the purposes of these Conditions, the relevant "**EUR 5 year Swap Rate**", in respect of a Reset Period, shall be the annual mid-swap rate as displayed on the EUR Reset Screen Page as at 11:00 a.m. (CET) on the relevant Reset Interest Determination Date.

(ii) If the relevant EUR 5 year Swap Rate does not appear on the EUR Reset Screen Page on the relevant Reset Interest Determination Date, the Issuer shall request each of the EUR Reset Reference Banks to provide it with its EUR 5 year Swap Rate Quotation (such EUR 5 year Swap Rate Quotation to be notified by the Issuer to the Agent Bank) and the Agent Bank will determine the EUR 5 year Swap Rate as the EUR Reset Reference Bank Rate on the relevant Reset Interest Determination Date.

(iii) If at least three quotations are provided by the EUR Reset Reference Banks, the EUR 5 year Swap Rate will be determined by the Agent Bank on the basis of the arithmetic mean of the quotations

provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

(iv) If only two quotations are provided, the EUR 5 year Swap Rate will be the arithmetic mean of the quotations provided.

(v) If only one quotation is provided, the EUR Reset Reference Banks Rate will be the quotation provided.

(vi) If no quotations are provided (including, without limitation, where the IFA is unable to determine an appropriate alternative rate for the purposes of the definition of EUR 5 year Swap Rate Quotation), the EUR Reset Reference Bank Rate for the relevant period will be equal to the last available EUR 5 year mid swap rate for euro swap transactions, expressed as an annual rate, on the EUR Reset Screen Page.

(c) Calculation of Interest

The interest payable on each Security on any Interest Payment Date shall be calculated per €1,000 in principal amount of the Securities (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the Prevailing Interest Rate for the Interest Period ending immediately prior to such Interest Payment Date, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards), save that the amount of interest payable on the First Interest Payment Date shall be €17.01 per Calculation Amount.

The day-count fraction will be calculated on the following basis:

(a) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the day-count fraction will be the number of days in the Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(b) if the Accrual Period is longer than one Determination Period, the day-count fraction will be the sum of:

(i) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(ii) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (a) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Accrual Period**" means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

"**Determination Period**" means the period from and including 24 November in any year to but excluding the next 24 November.

4.2 Interest Deferral

Subject to the provisions of the following paragraphs, on each Interest Payment Date, the Issuer shall pay interest on the Securities accrued to (but excluding) that date in respect of the Interest Period ending immediately prior to such Interest Payment Date.

(a) Optional Interest Deferral

The Issuer may, at its sole discretion, elect to defer in whole, but not in part, any payment of interest accrued on the Securities in respect of any Interest Period (a "**Deferred Interest Payment**") by giving notice (a "**Deferral Notice**") of such election to the Securityholders in accordance with Condition 12 and to the Trustee and the Principal Paying Agent at least five, but not more than 30, Business Days prior to the relevant Interest Payment Date. If the Issuer makes such an election, the Issuer shall have no obligation to make such payment and any such non-payment of interest shall not constitute a default of the Issuer or any other breach of obligations under the Securities or for any other purpose.

Any Deferred Interest Payment will be deferred and shall constitute "**Arrears of Interest**". Any Arrears of Interest will remain outstanding until paid in full by the Issuer, but Arrears of Interest shall not itself bear interest.

(b) Optional Settlement of Arrears of Interest

The Issuer may pay outstanding Arrears of Interest (in whole but not in part) at any time upon giving not less than 10 and not more than 15 Business Days' notice to the Securityholders in accordance with Condition 12 (which notice shall be irrevocable and will oblige the Issuer to pay the relevant Arrears of Interest on the payment date specified in such notice) and to the Trustee and the Principal Paying Agent at least five, but not more than 30, Business Days prior to the relevant due date for payment.

(c) Mandatory Settlement of Arrears of Interest

All (but not some only) of any outstanding Arrears of Interest from time to time in respect of all Securities for the time being outstanding shall become due and payable in full and shall be paid by the Issuer on the first occurring Mandatory Settlement Date.

Notice of the occurrence of any Mandatory Settlement Date shall be given to the Securityholders in accordance with Condition 12 and to the Trustee and the Principal Paying Agent at least five, but not more than 30, Business Days prior to the relevant due date for payment.

If a Mandatory Settlement Date does not occur prior to the calendar day which is the fifth anniversary of the Interest Payment Date on which the relevant Deferred Interest Payment was first deferred, it is the intention, though not an obligation, of the Issuer to pay all outstanding Arrears of Interest (in whole but not in part) on the next following Interest Payment Date.

(d) Notification of Mandatory Settlement Date

Upon the occurrence of a Mandatory Settlement Date, the Issuer shall promptly deliver to the Trustee a certificate signed by two duly authorised representatives of the Issuer confirming the occurrence thereof upon which the Trustee may rely absolutely without liability to any person for so doing.

4.3 Accrual of Interest

The Securities will cease to bear interest from (and including) the calendar day on which they are due for redemption. If the Issuer fails to redeem the Securities upon due presentation and surrender thereof when due, interest will continue to accrue as provided in the Trust Deed.

5 Payment and Exchanges of Talons

Provisions for payments in respect of Global Securities are set out under "Summary of Provisions Relating to the Securities while represented by the Global Securities" below.

5.1 Payments in respect of Securities

Payments of principal and interest in respect of each Security will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Security, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

5.2 Method of Payment

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

5.3 Missing Unmatured Coupons

Upon the date on which any Security becomes due and repayable, all unmatured Coupons appertaining to the Security (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

5.4 Payments subject to Applicable Laws

Payments will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer or its agents agree to be subject and, save as provided in Condition 8 below, the Issuer will not be liable for any Taxes imposed or levied by such laws, regulations or agreements.

5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Security or Coupon for payment only on a Presentation Date and shall not be entitled to any further interest or other payment if a Presentation Date is after the due date for payment of any amount in respect of any Security or Coupon.

"**Presentation Date**" means a day which (subject to Condition 9):

(a) is or falls after the relevant due date for payment of any amount in respect of any Security or Coupon;

(b) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent at which the Security or Coupon is presented for payment; and

(c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

5.6 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

5.7 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

(a) there will at all times be a Principal Paying Agent;

(b) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated; and

(c) there will at all times be an Agent Bank.

Notice of any termination or appointment and of any changes in specified offices will be given to the Securityholders promptly by the Issuer in accordance with Condition 12.

6 Redemption and Purchase

6.1 Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Securities on the Maturity Date at their principal amount together with any interest accrued to (but excluding) the Maturity Date and any outstanding Arrears of Interest.

6.2 Optional Redemption

The Issuer may redeem all of the Securities (but not some only) on any date during the period commencing on (and including) 24 August 2026 and ending on (and including) the First Reset Date or upon any Interest Payment Date thereafter (each such date, a "**Call Date**"), in each case at their principal amount together with any accrued interest up to (but excluding) the relevant Call Date and any outstanding Arrears of Interest, on giving not less than 30 and not more than 60 calendar days' notice to the Securityholders in accordance with Condition 12.

6.3 Early Redemption following a Withholding Tax Event

(a) If a Withholding Tax Event occurs, the Issuer may redeem all (but not some only) of the Securities at any time at the applicable Early Redemption Price upon giving not less than 30 and not more than 60 calendar days' notice to the Trustee and the Securityholders in accordance with Condition 12, provided that no such notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Securities then due.

(b) Prior to giving a notice to the Securityholders pursuant to this Condition 6.3, the Issuer will deliver to the Trustee in a form and with content reasonably satisfactory to the Trustee:

(i) a certificate signed by two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 6.3 have been satisfied; and

(ii) an opinion of independent legal or tax advisers, appointed by the Issuer at its own expense, of recognised standing in the jurisdiction of incorporation of the Issuer to the effect that the Issuer has or will become obliged to pay Additional Amounts as a result of (in the case of paragraph (A) of the definition of Withholding Tax Event) a Tax Law Change or (in the case of paragraph (B) of the definition of Withholding Tax Event) the relevant merger, conveyance, transfer or lease,

and the Trustee shall be entitled to accept and rely on the above certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above and the facts set out therein in which event the same shall be conclusive and binding on the Securityholders and the Couponholders.

6.4 Early Redemption following a Tax Deductibility Event

(a) If a Tax Deductibility Event occurs, the Issuer may redeem all (but not some only) of the Securities at any time at the applicable Early Redemption Price upon giving not less than 30 and not more than 60 calendar days' notice of redemption to the Trustee and the Securityholders in accordance with Condition 12.

(b) Prior to giving a notice to the Securityholders pursuant to this Condition 6.4, the Issuer will deliver to the Trustee in a form and with content reasonably satisfactory to the Trustee:

(i) a certificate signed by two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 6.4 have been satisfied; and

(ii) an opinion of an independent legal or tax adviser, appointed by the Issuer at its own expense, of recognised standing in the jurisdiction of incorporation of the Issuer to the effect that payments of interest by the Issuer in respect of the Securities are no longer, or within 90 calendar days of the date of that opinion will no longer be, deductible in whole or in part for Italian corporate income tax purposes as a result of a Tax Law Change,

and the Trustee shall be entitled to accept and rely on the above certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above and the facts set out therein in which event the same shall be conclusive and binding on the Securityholders and the Couponholders.

6.5 Early Redemption following a Rating Methodology Event

(a) If a Rating Methodology Event occurs, the Issuer may redeem all (but not some only) of the Securities at any time at the applicable Early Redemption Price upon giving not less than 30 and not more than 60 calendar days' notice of redemption to the Trustee and the Securityholders in accordance with Condition 12.

(b) Prior to giving a notice to the Securityholders pursuant to this Condition 6.5, the Issuer will deliver to the Trustee in a form and with content reasonably satisfactory to the Trustee:

(i) a certificate signed by two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 6.5 have been satisfied; and

(ii) a copy of the Rating Agency Confirmation relating to the applicable Rating Methodology Event unless the delivery of such Rating Agency Confirmation would constitute a breach of the terms on which such confirmation is delivered to the Issuer,

and the Trustee shall be entitled to accept and rely on the above certificate and, if applicable, copy of the Rating Agency Confirmation as sufficient evidence of the satisfaction of the conditions precedent set out above and the facts set out therein, in which event the same shall be conclusive and binding on the Securityholders and the Couponholders.

6.6 Early Redemption upon the occurrence of an Accounting Event

(a) If an Accounting Event occurs, the Issuer may redeem all (but not some only) of the Securities at any time at the applicable Early Redemption Price upon giving not less than 30 and not more than 60 calendar days' notice of redemption to the Trustee and the Securityholders in accordance with Condition 12.

(b) Prior to giving a notice to the Securityholders pursuant to this Condition 6.6, the Issuer will deliver to the Trustee in a form and with content reasonably satisfactory to the Trustee:

(i) a certificate signed by two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 6.6 have been satisfied; and

(ii) a copy of the opinion, letter or report of a recognised accountancy firm of international standing, appointed by the Issuer at its own expense, as set forth in the definition of "Accounting Event",

and the Trustee shall be entitled to accept and rely on the above certificate and opinion, letter or report as sufficient evidence of the satisfaction of the conditions precedent set out above and the facts set out therein, in which event the same shall be conclusive and binding on the Securityholders and the Couponholders.

6.7 Purchases and Substantial Repurchase Event

The Issuer or any Subsidiary may at any time purchase Securities (provided that all unmatured Coupons appertaining to the Securities are purchased with the Securities) in any manner and at any price. Such Securities may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

If a Substantial Repurchase Event occurs, the Issuer may redeem all (but not some only) of the outstanding Securities at any time at the applicable Early Redemption Price, subject to the Issuer having given the Trustee and the Securityholders not less than 30 and not more than 60 calendar days' notice in accordance with Condition 12.

6.8 Cancellations

All Securities which are redeemed or exchanged pursuant to Condition 7 (*Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation*) will forthwith be cancelled, together with all unmatured Coupons attached to the Securities or surrendered with the Securities at the time of redemption. All Securities so cancelled and any Securities purchased and cancelled pursuant to Condition 6.7 above shall be forwarded to the Principal Paying Agent and accordingly may not be held, reissued or resold.

6.9 Notices Final

A notice of redemption given pursuant to any of Conditions 6.2, 6.3, 6.4, 6.5, 6.6 or 6.7 shall be irrevocable and upon the expiry of any such notice, the Issuer shall be bound to redeem the Securities in accordance with the terms of the relevant Condition.

The following does not form a part of the terms of the Securities:

The Issuer intends (without thereby assuming a legal obligation) that it will redeem or repurchase the Securities only to the extent that the part of the aggregate principal amount of the Securities to be redeemed or repurchased which was assigned "equity credit" (or such similar nomenclature used by S&P from time to time) at the time of the issuance of the Securities does not exceed such part of the net proceeds received by the Issuer or any Subsidiary of the Issuer prior to the date of such redemption or

repurchase from the sale or issuance of securities by the Issuer or such Subsidiary to third party purchasers (other than group entities of the Issuer) which is assigned by S&P "equity credit" (or such similar nomenclature used by S&P from time to time) at the time of sale or issuance of such securities (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), unless:

(i) the rating assigned by S&P to the Issuer is at least "BBB+" (or such similar nomenclature then used by S&P) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or

(ii) in the case of a repurchase, such repurchase is of less than (a) 10 per cent. of the aggregate principal amount of the Securities originally issued in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the Securities originally issued in any period of 10 consecutive years, or

(iii) the Securities are redeemed pursuant to a Tax Deductibility Event or a Withholding Tax Event, or an Accounting Event or a Substantial Repurchase Event or a Rating Methodology Event which results from an amendment, clarification or change in the "equity credit" criteria by S&P; or

(iv) the Securities are not assigned an "equity credit" by S&P (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or

(v) in the case of a repurchase, such repurchase relates to an aggregate principal amount of Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer's hybrid capital to which S&P then assigns equity content under its prevailing methodology; or

(vi) such redemption or repurchase occurs on or after the Reset Date falling on 24 November 2046.

7 Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation

7.1 If the Issuer determines that a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or an Accounting Event has occurred and is continuing, and has provided the Trustee with the relevant certificate and opinion, or in the case of Condition 6.5 only, the Rating Agency Confirmation, pursuant to Condition 6.3, 6.4, 6.5 or 6.6 (as applicable), then the Issuer may, subject to Condition 7.2 below (without any requirement for the consent or approval of the Securityholders or Couponholders), subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to herein that the provisions of this Condition 7 have been complied with and having given not less than 30 nor more than 60 Business Days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 12 (Notices), to the Securityholders (which notice shall be irrevocable), as an alternative to an early redemption of the Securities at any time:

(i) exchange the Securities (the "**Exchanged Securities**"), or

(ii) vary the terms of the Securities (the "**Varied Securities**"),

so that:

(A) in the case of a Tax Deductibility Event, the Issuer is entitled to claim a deduction or a higher deduction (as the case may be) in respect of interest paid when computing its tax liabilities for Italian corporation income tax purposes as compared with the entitlement (in the case of the Issuer) after the occurrence of the relevant Tax Deductibility Event,

(B) in the case of a Withholding Tax Event, in making any payments in respect of the Exchanged Securities or Varied Securities the Issuer is only required to pay lesser or no Additional Amounts in respect of the Exchanged Securities or Varied Securities,

(C) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) will be recorded as a "financial liability" in accordance with accounting practices or principles applicable to the Issuer at the time of the next Financial Statements of the Issuer, or

(D) in the case of a Rating Methodology Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is assigned "equity credit" by the relevant Rating Agency that is equal to or greater than that which was assigned to the Securities on the Issue Date (or if "equity credit" is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which "equity credit" is assigned by such Rating Agency for the first time),

and the Trustee shall, subject to the following provisions of this Condition 7, and subject to the receipt by it of the certificate by two duly authorised representatives of the Issuer referred to in Condition 7.2 below, agree to such exchange or variation.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, exchange the Securities in accordance with this Condition 7 and cancel such Exchanged Securities.

The Trustee shall (at the expense of the Issuer) enter into a supplemental trust deed and/or supplemental agency agreement with the Issuer (including indemnities satisfactory to the Trustee) solely in order to effect the exchange of the Securities, or the variation of the terms of the Securities, provided that the Trustee shall not be obliged to enter into such supplemental trust deed and/or supplemental agency agreement if the terms of the Exchanged Securities or the Varied Securities would impose, in the Trustee's opinion, more onerous obligations upon it or expose it to liabilities or reduce its protections. If the Trustee does not enter into such supplemental trust deed and/or supplemental agency agreement (and the Trustee shall have no liability or responsibility to any person if it does not do so), the Issuer may redeem the Securities as provided in Condition 6 (Redemption and Purchase).

7.2 Any such exchange or variation shall be subject to the following conditions:

(i) for as long as the Securities are listed on any stock exchange, the Issuer complying with the rules of the relevant stock exchange (or any other relevant authority) on which the Securities are for the time being admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged Securities or Varied Securities continue to be admitted to trading on the same stock exchange as the Securities were admitted to trading immediately prior to the relevant exchange or variation;

(ii) the Issuer paying any outstanding Arrears of Interest in full prior to such exchange or variation or providing for the accrual of an amount equal to the Arrears of Interest under the terms of the Exchanged Securities or the Varied Securities (as applicable);

(iii) the Exchanged Securities or Varied Securities shall: (A) rank at least pari passu with the ranking of the Securities prior to the exchange or variation, and (B) benefit from the same interest rates and the same Interest Payment Dates, the same First Reset Date and early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right), a maturity date which shall not be longer than the maturity date of the Issuer as provided from time to time under the relevant by-laws, the same rights to accrued

interest or Arrears of Interest and any other amounts payable under the Securities which, in each case, has accrued to the Securityholders and has not been paid, the same rights to principal and interest, and, if publicly rated by a Rating Agency which has provided a solicited rating at the invitation or with the consent of the Issuer, immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by each such Rating Agency, as compared with the relevant solicited rating(s) immediately prior to such exchange or variation (as determined by the Issuer using reasonable measures available to it including discussions with the Rating Agencies to the extent practicable) (C) not contain terms providing for the mandatory deferral or cancellation of interest and (D) not contain terms providing for loss absorption through principal write-down or conversion to shares;

(iv) the terms of the exchange or variation, in the sole opinion of the Issuer (acting reasonably) not being prejudicial to the interests of the investors in the Securities, including compliance with (iii) above, as certified to the Trustee by two duly authorised representatives of the Issuer, having consulted in good faith with an independent financial institution of international repute or an independent financial adviser experienced in the international capital markets, and any such certificate shall be final and binding on all parties;

(v) the preconditions to exchange or variation set out in the Trust Deed having been satisfied, including the issue of legal opinions addressed to the Trustee (in form and substance satisfactory to the Trustee) (copies of which shall be made available to the Securityholders at the specified offices of the Trustee during usual office hours) from one or more international law firms of good reputation selected by the Issuer and confirming (x) that the Issuer has capacity to assume all rights, duties and obligations under the Exchanged Securities or Varied Securities (as the case may be) and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Securities or Varied Securities;

(vi) the delivery to the Trustee of a certificate signed by two duly authorised representatives of the Issuer certifying each of the points set out in paragraphs (i) to (v) above.

The Trustee may rely absolutely upon and shall be entitled to accept such certificates and any such opinions, as are referred to in this Condition 7, without any liability to any person for so doing and without any further inquiry as sufficient evidence of the satisfaction of the criteria set out in such paragraphs, in which event it shall be conclusive and binding on the Securityholders and the Couponholders.

8 Taxation

8.1 Payment without Withholding

All payments of principal and interest in respect of the Securities and Coupons by the Issuer will be made without withholding or deduction for or on account of any Taxes imposed or levied by or on behalf of any Tax Jurisdiction, unless such withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received by the Securityholders and Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Securities or, as the case may be, Coupons in the absence of such withholding or deduction; except that no Additional Amounts shall be payable:

(a) in respect of any Security or Coupon presented for payment

(i) in any Tax Jurisdiction; or

(ii) by or on behalf of a holder who is liable for such Taxes in respect of such Security or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Security or Coupon; or

(iii) by or on behalf of a holder who would be able to avoid such withholding or deduction by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so; or

(iv) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Presentation Date (as defined in Condition 5); or

(b) in relation to any payment or deduction on account of *imposta sostitutiva* pursuant to Decree No. 239 as amended and/or supplemented or, for the avoidance of doubt, Italian Legislative Decree No. 461 of 21 November 1997 as amended and supplemented and in all circumstances in which the procedures set forth in Decree No. 239 in order to benefit from a tax exemption have not been met or complied with; or

(c) where such withholding or deduction is required to be made pursuant to Law Decree 30 September 1983, No. 512 converted into law with amendments by Law 25 November 1983, No. 649, as amended and supplemented; or

(d) in the event of payment by the Issuer to a non-Italian resident holder, to the extent that the holder is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities.

Notwithstanding anything to the contrary contained herein, the Issuer (and any other person making payments on behalf of the Issuer) shall be entitled to withhold and deduct any amounts required to be deducted or withheld pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to (i) Sections 1471 through 1474 of the Code, or (ii) any regulations thereunder or official interpretations thereof, or (iii) an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or (iv) any law implementing such an intergovernmental agreement (any such withholding or deduction, a "**FATCA Withholding**"), and no person shall be required to pay any additional amounts in respect of FATCA Withholding.

8.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Securities shall be deemed also to refer to any Additional Amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

9 Prescription

The Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within periods of 10 years (in the case of principal) and 5 years (in the case of interest) from the Relevant Date in respect of the Securities or, as the case may be, the Coupons, subject to the provisions of Condition 5. There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this Condition or Condition 5.

10 Events of Default and Enforcement

10.1 Events of Default

If any of the following events (each an "**Event of Default**") occurs, then the Issuer shall, without notice from the Trustee, be deemed to be in default under the Trust Deed, the Securities and the Coupons and the Trustee at its sole discretion may (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) and subject to Condition 10.3 (i) in the case of sub-paragraph (a) below, institute steps in order to obtain a judgment against the Issuer for any amounts due in respect of the Securities, including the institution of Insolvency Proceedings against the Issuer and (ii) in the case of each of sub-paragraphs (a) and (b) below, file a proof of claim and participate in any Insolvency Proceedings or proceedings for the liquidation, dissolution or winding-up of the Issuer (in which Insolvency Proceedings, liquidation, dissolution or winding-up the Securities shall immediately become due and payable at their principal amount together with any accrued but unpaid interest up to (but excluding) the date on which the Securities become so due and payable and any outstanding Arrears of Interest):

(a) default is made by the Issuer in the payment of any interest which is due and payable in respect of the Securities and the default continues for a period of 30 days or more; or

(b) a judgment is given for the voluntary or judicial winding up, dissolution or liquidation of the Issuer or restructuring of the Issuer's liabilities pursuant to any Insolvency Proceedings or under any applicable bankruptcy or insolvency law or if the Issuer is liquidated for any other reason (otherwise than for the purpose of a solvent amalgamation, merger or reconstruction under which the assets and liabilities of the Issuer are assumed by the entity resulting from such amalgamation, merger or reconstruction and such entity assumes the obligations of the Issuer in respect of the Securities and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the Trustee confirming the same prior to the effective date of such amalgamation, merger or reconstruction).

10.2 Enforcement in respect of non-payment of principal

If default is made by the Issuer in the payment of any principal which has become due and payable in respect of the Securities in accordance with these Conditions and the default continues for a period of 10 days or more, the Trustee at its sole discretion and subject to Condition 10.3 may (subject to its being indemnified and/or secured and/or prefunded to its satisfaction), institute steps in order to obtain a judgment against the Issuer for any amounts due in respect of the Securities, including the institution of Insolvency Proceedings against the Issuer or the filing of a proof of claim and participation in any Insolvency Proceedings or proceedings for the liquidation, dissolution or winding-up of the Issuer (in which Insolvency Proceedings, liquidation, dissolution or winding-up the Securities shall immediately be due and payable at their principal amount together with any accrued but unpaid interest up to (but excluding) the date on which the Securities become so due and payable and any outstanding Arrears of Interest).

10.3 Enforcement by the Trustee

(a) Subject to sub-paragraph (b) below, the Trustee may at its discretion and without further notice, take such steps, actions or proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Securities and the Coupons, but in no event shall the Issuer, by virtue of the initiation of any such steps, actions or proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(b) The Trustee shall not be bound to take any action referred to in Conditions 10.1, 10.2 or 10.3(a) above or any other action or steps under or pursuant to the Trust Deed, the Securities or the Coupons unless (a)

it has been so directed by an extraordinary resolution of the Securityholders or so requested in writing by the holders of at least one-quarter in principal amount of the Securities then outstanding and (b) it has been indemnified and/or secured and/or prefunded to its satisfaction.

10.4 Enforcement by the Securityholders

No Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute any Insolvency Proceedings against the Issuer or to file a proof of claim and participate in any Insolvency Proceedings or institute proceedings for the liquidation, dissolution or winding-up of the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing, in which case the Securityholder or Couponholder shall have only such rights against the Issuer as those which the Trustee would have been entitled to exercise pursuant to this Condition 10.

10.5 Limitation on remedies

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee, the Securityholders and the Couponholders, whether for the recovery of amounts due in respect of the Securities or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities, the Coupons and the Trust Deed.

11 Replacement of Securities and Coupons

Should any Security or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Securities or Coupons must be surrendered before replacements will be issued.

12 Notices

All notices regarding the Securities will be deemed to be validly given (a) if published in a leading English language daily newspaper of general circulation in London and Ireland (it is expected that such publication will be made in the *Financial Times* in London and the *Irish Times* in Ireland) and (b) if and for so long as the Securities are admitted to trading on, and listed on the Euronext Dublin, on the Euronext Dublin's website, www.ise.ie. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Securities are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notices given to the Securityholders in accordance with this paragraph.

13 Meetings of Securityholders, Modification, Waiver, Authorisation, Determination and Substitution of the Issuer

13.1 Meetings of Securityholders

The Trust Deed contains provisions consistent with the laws, legislation, rules and regulations of the Republic of Italy (including without limitation Legislative Decree No. 58 of 24 February 1998, as amended) for convening meetings of the Securityholders to consider any matter affecting their interests, including any modifications of the Conditions or of any provisions of the Trust Deed.

According to the laws, legislation, rules and regulations of the Republic of Italy, such meetings will be validly held as a single call meeting or, if the Issuer's by-laws provide for multiple calls, as a multiple call meeting, if (i) in the case of a single call meeting, there are one or more persons present, being or representing Securityholders holding at least one-fifth of the aggregate nominal amount of the Securities, for the time being outstanding, or such a higher quorum as may be provided for in the Issuer's by-laws, or (ii) in the case of a multiple call meeting, (a) there are one or more persons present being or representing Securityholders holding not less than one-half of the aggregate nominal amount of the Securities, for the time being outstanding; (b) in case of an adjourned meeting, there are one or more persons present being or representing Securityholders holding more than one-third of the aggregate nominal amount of the Securities for the time being outstanding; and (c) in the case of any further adjourned meeting, there are one or more persons present being or representing Securityholders holding at least one- fifth of the aggregate nominal amount of the Securities for the time being outstanding, provided that the Issuer's by-laws may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for a higher quorum.

The majority to pass a resolution at any meeting (including, where applicable, an adjourned meeting) will be at least two-thirds of the aggregate nominal amount of the outstanding Securities represented at the meeting; provided however that (A) certain proposals, as set out in Article 2415 of the Italian Civil Code (including, for the avoidance of doubt, (a) any modification of the method of calculating the amount payable or modification of the date of maturity or redemption or any date for payment of interest or, where applicable, of the method of calculating the date of payment in respect of any principal or interest in respect of the Securities or change of the subordination provisions of the Trust Deed and (b) any alteration of the currency in which payments under the Securities are to be made or the denomination of the Securities) may only be sanctioned by a resolution passed at a meeting of the Securityholders by the higher of (i) one or more persons holding or representing not less than one half of the aggregate nominal amount of the outstanding Securities, and (ii) one or more persons holding or representing not less than two thirds of the Securities represented at the meeting and (B) the Issuer's by-laws may in each case (to the extent permitted under applicable Italian law) provide for higher majorities.

Resolutions passed at any meeting of the Securityholders shall be binding on all Securityholders, whether or not they are present at the meeting, and on all Couponholders. In accordance with the Italian Civil Code, a *rappresentante comune*, being a joint representative of Securityholders, may be appointed in accordance with Article 2417 of the Italian Civil Code in order to represent the Securityholders' interest hereunder and to give execution to the resolutions of the meeting of the Securityholders.

13.2 Substitution of the Issuer

(a) The Trustee may, without the consent of the Securityholders or the Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition 13.2) as the principal debtor under the Securities, Coupons and the Trust Deed of another company, being any entity that will succeed to, or to which the Issuer (or those of any previous substitute under this Condition 13.2) will transfer, all or substantially all of its assets and business (or any previous substitute under this Condition 13.2) by operation of law, contract or otherwise, subject to (i) the Trustee being satisfied that such substitution does not result in the substituted issuer having an entitlement, as at the date on which such substitution becomes effective, to redeem the Securities pursuant to Conditions 6.3, 6.4, 6.5 or 6.6, and (ii) certain other conditions set out in the Trust Deed being satisfied.

(b) The Issuer has covenanted in the Trust Deed that, for so long as the Securities remain outstanding, it will not consolidate or merge with another company or firm or sell or lease all or substantially all of its assets to another company unless (i) if the Issuer merges out of existence or sells or leases all or substantially all of its assets, the other company assumes all the then-existing obligations of the Issuer (including,

without limitation, all obligations under the Securities and the Trust Deed), either by law or contractual arrangements and (ii) certain other conditions set out in the Trust Deed are complied with.

(c) As long as the Securities are admitted to trading on the regulated market of Euronext Dublin and/or listed on the official list of Euronext Dublin, in the case of such a substitution, the Issuer will give notice of any substitution pursuant to Condition 13.2(a) above to Euronext Dublin and, as soon as reasonably practicable but in any event not later than 30 calendar days after the execution of such documents required by, and the compliance with such other requirements of, the Trust Deed in connection with the substitution, notice of such substitution will be given to the Securityholders by the Issuer in a form previously approved by the Trustee in accordance with Condition 12, in which event the substitution shall be conclusive and binding on the Securityholders and the Couponholders.

13.3 Waiver, authorisation, determination and exercise by the Trustee of discretions etc.

The Trustee may agree, without the consent of the Securityholders or Couponholders, to any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Securities or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Securityholders so to do or may agree, without any such consent as aforesaid, to any modification which is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct an error which is manifest). Any such modification, waiver, authorisation or determination shall be binding on the Securityholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification shall be notified to the Securityholders in accordance with Condition 12 as soon as practicable thereafter.

13.4 Trustee to have Regard to Interests of Securityholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Securityholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Securityholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Securityholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Securityholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Securityholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

14 Indemnification of the Trustee and its Contracting with the Issuer

14.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

14.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any Subsidiary and to act as trustee for the holders of

any other securities issued or guaranteed by, or relating to, the Issuer and/or any Subsidiary, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Securityholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15 Further Issues

The Issuer is at liberty from time to time without the consent of the Securityholders or Couponholders to create and issue further securities or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding securities or bonds of any series (including the Securities) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further securities or bonds which are to form a single series with the outstanding securities or bonds of any series (including the Securities) constituted by the Trust Deed or any supplemental deed shall, and any other further securities or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Securityholders and the holders of securities or bonds of other series in certain circumstances where the Trustee so decides.

16 Governing Law and Submission to Jurisdiction

16.1 Governing Law

The Trust Deed, the Securities and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Securities and the Coupons are governed by, and shall be construed in accordance with, English law, except for Conditions 3.1 and 3.2, which shall each be governed by Italian law. Condition 13.1 and the provisions of the Trust Deed concerning the meeting of Securityholders and the appointment of the *rappresentante comune* in respect of the Securities are subject to compliance with Italian law.

16.2 Jurisdiction of English Courts

The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee, the Securityholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Securities or the Coupons (including any disputes relating to any non- contractual obligations which may arise out of or in connection with the Trust Deed, the Securities or the Coupons) and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Issuer has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

16.3 Appointment of Process Agent

The Issuer has, in the Trust Deed, irrevocably and unconditionally appointed Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7AN, United Kingdom as its agent for service of process and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

17 Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any of these Conditions or any other term of this Security, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

OVERVIEW OF PROVISIONS RELATING TO THE SECURITIES WHILE REPRESENTED BY THE GLOBAL SECURITIES

The following is a summary of the provisions in relation to the relevant Securities to be contained in the relevant Trust Deed to constitute the relevant Securities, and in the Global Securities, which will apply to, and in some cases modify, the relevant Terms and Conditions of the Securities while the Securities are represented by the Global Securities.

Exchange

The Permanent Global Security will be exchangeable in whole but not in part (free of charge to the holder) for definitive Securities only:

(C) upon the happening of any of the events defined in the relevant Trust Deed as "Events of Default"; or

(D) if either Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

Thereupon the holder of the Permanent Global Security (acting on the instructions of one or more of the Accountholders (as defined below)) may give notice to the Issuer of its intention to exchange the Permanent Global Security for definitive Securities on or after the Exchange Date (as defined below).

On or after the Exchange Date, the holder of the Permanent Global Security may surrender such Permanent Global Security to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Security the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Securities (having attached to them all Coupons in respect of interest which has not already been paid on such Permanent Global Security and one Talon), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the relevant Trust Deed. On exchange of the Permanent Global Security, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any definitive Securities.

For these purposes, "**Exchange Date**" means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

Payments

On and after 3 July 2018, no payment will be made on the Temporary Global Security unless exchange for an interest in the Permanent Global Security is improperly withheld or refused.

Payments of principal and interest in respect of Securities represented by a Global Security will (subject as provided below) be made in the manner specified in Conditions 4 and 5 of the relevant Terms and Conditions of the Securities in relation to definitive Securities or otherwise against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, against surrender of such Global Security to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the relevant Securityholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the Global Security by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the relevant Securities. Payments of interest on a Temporary Global Security (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

The holder of a Global Security shall be the only person entitled to receive payments in respect of the Securities represented by such Global Security and the payment obligations of the Issuer will be discharged by payment to, or to the order of, the holder of such Global Security in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream as the beneficial holder of a particular nominal amount of Securities represented by such Global Security must look solely to Euroclear or Clearstream, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Security.

Payments on business days

In the case of all payments made in respect of a Temporary Global Security or a Permanent Global Security "**business day**" means any day on which the TARGET System is open.

Optional Redemption and Early Redemption

In order to exercise any option contained in Condition 6 of the relevant Terms and Conditions of the Securities, the Issuer shall give notice to the Securityholders and Euroclear and/or Clearstream (or procure that such notice is given on its behalf) within the time limits set out in and containing the information required by that Condition.

Notices

For so long as all of the Securities are represented by one or both of the Global Securities and such Global Security is or Global Securities are held on behalf of Euroclear and/or Clearstream, notices to Securityholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 12 of the relevant Terms and Conditions of the Securities, provided that, so long as such Securities are listed on Euronext Dublin, notice will also be given by publication on Euronext Dublin's website at www.ise.ie. Any such notice shall be deemed to have been given to the Securityholders on the day after the day on which such notice is delivered to Euroclear and/or Clearstream (as the case may be) as aforesaid.

While any of the Securities held by a Securityholder are represented by a Global Security, notices to be given by such Securityholder may be given by such Securityholder (where applicable) through Euroclear and/or Clearstream and otherwise in such manner as the Principal Paying Agent and Euroclear and Clearstream may approve for this purpose.

Accountholders

For so long as all of the Securities are represented by one or both of the Global Securities and such Global Securities is/are held on behalf of Euroclear and/or Clearstream, each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or Clearstream as the holder of a particular principal amount of the Securities (each, an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream as to the principal amount of such Securities standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Securities for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Securityholders) other than with respect to the payment of principal and interest on such principal amount of such Securities, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Security in accordance with and subject to its terms and the terms of the relevant Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, as the case may be, for its share of each payment made to the bearer of the relevant Global Security.

Prescription

Claims against the Issuer in respect of principal and interest on the Securities represented by a Global Security will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in the relevant Terms and Conditions of the Securities), subject to the provisions of Condition 9 of the relevant Terms and Conditions of the Securities.

Cancellation

Cancellation of any Security represented by a Global Security and required by the relevant Terms and Conditions of the Securities to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Security on the relevant part of the schedule thereto.

Euroclear and Clearstream

References in the Global Securities and this summary to Euroclear and/or Clearstream shall be deemed to include references to any other clearing system approved by the Trustee.

CERTAIN TAX CONSIDERATIONS

The statements herein regarding taxation are based on the laws and/or interpretations in force as of the date of this Offering Circular. The Issuer will not update this summary to reflect changes and/or interpretations. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of Securities are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Securities.

This summary is based upon the laws and/or practice in force as of the date of this Offering Circular. Tax laws and interpretations may be subject to frequent changes which could be made on a retroactive basis.

The considerations contained in this Offering Circular in relation to tax issues are made in order to support the marketing of the financial instruments herein described and cannot be considered as a legal or tax advice. Investors should consult their own tax advisors in connection with the tax regime applicable to the purchase, the ownership and the sale of the Securities.

Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the overall tax consequences under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of the Securities and receiving payments of interest, principal and/or other amounts under the Securities, including in particular the effect of any state, regional or local tax laws.

The Republic of Italy

General

Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

Tax Treatment of the Securities

Legislative Decree 1 April 1996, No. 239 ("**Decree 239**") provides for the applicable regime with respect to the tax treatment of interest, premium and other income, including the difference between the redemption amount and the issue price (hereinafter, collectively referred to as "**Interest**") from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) within the meaning of Article 44 of Italian Presidential Decree 22 December 1986, No. 917 ("**Decree 917**") issued, *inter alia*, by companies listed on an Italian regulated market.

For this purpose, pursuant to Article 44 of Decree 917, debentures similar to bonds are securities that (i) incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and (ii) do not grant to the relevant holders any right to directly or indirectly participate to the management of the issuer or of the business in relation to which they are issued or to control the same management.

Italian Resident Securityholders

In case of Securities qualifying as bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) held by an Italian resident Securityholder who is beneficial owner of the Securities and is (i) an individual not engaged in an entrepreneurial activity to which the Securities are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution (other than Italian undertakings for collective investment), or (iv) an investor exempt from Italian corporate income taxation (in each case, unless the relevant Securityholder has entrusted the management of its financial assets, including the Securities, to an

Italian authorised intermediary and has opted for the application of the *risparmio gestito* regime provided for by Article 7 of Italian Legislative Decree 21 November 1997, No. 461 – the "Risparmio Gestito" regime – see under "Capital gains tax" below), Interest relating to the Securities, accrued during the relevant holding period, are subject to a final tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent.

In the event that the Securityholders described under (i) or (iii) above are engaged in an entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* applies as a provisional tax. In such case, Interest relating to the Securities (i) will be subject to the *imposta sostitutiva* on account of income tax due and (ii) will be included in the relevant Securityholder's annual corporate taxable income to be reported in the income tax return. As a consequence, such income will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Securities may be exempt from any income taxation (including from the 26 per cent. *imposta sostitutiva*) if the Securityholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 and the Securities are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 ("**Finance Act 2017**").

Pursuant to Decree 239, *imposta sostitutiva* is generally applied by banks, *società di intermediazione mobiliare* (SIMs), fiduciary companies, *società di gestione del risparmio* (SGRs), stockbrokers and other entities identified by decrees of the Ministry of Finance who are (i) resident in Italy or permanent establishments in Italy of non-Italian resident financial intermediaries and (ii) intervene, in any way, in the collection of interest, premium and other income relating to the Securities or in the transfer of the Securities (each an "**Intermediary**").

Where an Italian resident Securityholder who is beneficial owner of the Securities is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Securities are effectively connected, and the Securities are timely deposited together with the relevant Coupons with an Intermediary, Interest from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant Securityholder's income tax return and are therefore subject to general Italian corporate income tax ("**IRES**"), currently applying at 24 per cent., and, in certain circumstances, depending on the "status" of the Securityholder, also to *imposta regionale sulle attività produttive*, the regional tax on productive activities ("**IRAP**"), generally applying at the rate of 3.9 per cent. (IRAP applies at different rates for certain categories of investors, e.g. banks, financial institutions and insurance companies and, in any case, can be increased by regional laws).

Payments of Interest in respect of the Securities made to Italian resident real estate investment funds established pursuant to Article 37 of the Consolidated Financial Act and Article 14-*bis* of Law No. 86 of 25 January 1994 ("**Real Estate Funds**") should not be subject to *imposta sostitutiva* and do not suffer any other income tax in the hands of the Real Estate Fund, provided that the Securities, together with the relevant Coupons, are timely deposited with an Intermediary. Unitholders are generally subject to a 26 per cent. withholding tax on distributions from the Real Estate Funds. Furthermore, a direct imputation system ("tax transparency") is provided for certain non-qualifying unitholders (e.g. Italian resident individuals) holding more than 5 per cent. of the units of the fund. Under Article 9 of Legislative Decree No. 44 of 4 March 2014 ("**Decree 44**"), the above regime applies also to Interest payments made to closed-ended real estate investment companies (*società di investimento a capitale fisso immobiliari*, or "**Real Estate SICAFs**") which meet the requirements expressly provided by applicable law.

If an Italian resident Securityholder is an open-ended or a closed-ended collective investment fund ("**Fund**") other than a real estate investment fund, a closed-ended investment company (*società di investimento a capitale fisso*, or "**SICAF**") other than a Real Estate SICAF or an open-ended investment company (*società di investimento a capitale variabile*, or "**SICAV**") established in Italy and either (i) the Fund, the SICAF or the SICAV or (ii) their manager is subject to supervision by the competent regulatory authority and the Securities are deposited with an authorised intermediary, Interest accrued during the holding period on the Securities will not be subject to *imposta sostitutiva*. Interest must, however, be included in the management results of the Fund, the SICAF or the SICAV accrued at the end of each tax period. The Fund, the SICAF or the SICAV will not be subject to *imposta sostitutiva*, but a withholding tax of 26 per cent. will be levied, in certain circumstances, on proceeds distributed in favour of unitholders or shareholders by the Fund, the SICAF or the SICAV.

Where an Italian resident Securityholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree 5 December 2005, No. 252) (the "**Pension Funds**") and the Securities, together with the relevant Coupons, are timely deposited with an Intermediary, Interest relating to the Securities and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an *ad hoc* 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Securities may be excluded from the taxable base of the 20 per cent. substitute tax if the Securities are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017.

Where an Italian resident Securityholder has opted for the *Risparmio Gestito* regime with respect to its investment in the Securities, such Securityholder will be subject to a 26 per cent. annual substitute tax on the increase in value of the managed assets accrued at the end of each tax year. In such case, Interest on the Securities will be included in the calculation of said annual increase in value of managed assets.

Where the Securities and the relevant Coupons are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian intermediary (or permanent establishment in Italy of foreign intermediary) that intervenes in the payment of interest to any Securityholder or by the Issuer and Securityholders who are Italian resident companies or permanent establishments in Italy of foreign corporations to which the Securities are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Non-Italian Resident Securityholders

Where a Securityholder who is the beneficial owner of the Securities is a non-Italian resident, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (i) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (ii) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (iii) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) subject to certain exceptions, an "institutional investor" which is resident or established in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence.

Please note that the currently applicable "white list" providing for countries allowing for a satisfactory exchange of information with Italy is provided for by Ministerial Decree 4 September 1996, as amended and supplemented by Ministerial Decree 23 March 2017. Pursuant to Article 11 (4) (c) of Decree 239, as amended by Article 10 of Legislative Decree 14 September 2015, No. 147, the list will be updated every six months.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. or at the reduced or nil rate provided for by the applicable double tax treaty (if any, and in any case subject to compliance with relevant subjective and procedural requirements) to Interest paid to Securityholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

In order to ensure gross payment, qualifying non-Italian resident Securityholders must be the beneficial owners of the payments of Interest and (i) deposit, directly or indirectly, the Securities, together with the relevant Coupons, with an Italian resident bank or SIM or other qualified intermediary or a permanent establishment in Italy of a non-Italian resident bank or SIM or other qualified intermediary or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economics and Finance and (ii) timely file with the relevant depository a statement of the relevant Securityholder, which remains valid until withdrawn or revoked, in which the Securityholder declares to meet the requirements to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001. Additional statements may be required for non-Italian resident Securityholders who are institutional investors.

Capital Gains Tax

Any gain obtained from the sale or redemption of the Securities would be treated as part of the taxable business income subject to ordinary taxation (and, in certain circumstances, depending on the "status" of the Securityholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Securities are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Securities are connected.

Where an Italian resident Securityholder is an individual not engaged in an entrepreneurial activity to which the Securities are connected and certain other persons, any capital gain realised by such Securityholder from the sale or redemption of the Securities would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Securityholder may set-off capital losses with gains of the same nature. For the purposes of determining the taxable capital gain, any interest, premium and other income on the Securities accrued and unpaid up to the time of the purchase and the sale of the Securities must be deducted from the purchase price and the sale price, respectively.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss of the same nature, realised by the Italian resident individual Securityholder holding the Securities not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Securities carried out during any given tax year. Italian resident individuals holding the Securities not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss of the same nature, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same nature realised in any of the four succeeding tax years. Under Law Decree No. 66 of 24 April 2014 ("**Decree 66**"), capital losses may be carried forward and offset against capital gains of the same nature realised as of 1 July 2014 for an overall amount of: (i) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014; and (ii) 100 per cent. of the capital losses realised from 1 July 2014.

As an alternative to the tax declaration regime, Italian resident individual Securityholder holding the Securities not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital

gains realised on each sale or redemption of the Securities (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries (or permanent establishments in Italy of foreign intermediaries) and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Securityholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Securities, net of any incurred capital loss of the same nature, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Securityholder or using funds provided by the Securityholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Securities results in a capital loss, such loss may be deducted from capital gains of the same nature subsequently realised, within the same securities management relationship, in the same tax year or in the following tax years up to the fourth. Under Decree 66, capital losses may be carried forward and offset against capital gains of the same nature realised as of 1 July 2014 for an overall amount of: (i) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014; and (ii) 100 per cent. of the capital losses realised from 1 July 2014. Under the *risparmio amministrato* regime, the Securityholder is not required to declare the capital gains in the annual tax return.

Any capital gains on Securities held by Italian resident individuals holding the Securities not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Securities, to an authorised intermediary and have opted for the so-called "*Risparmio Gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *Risparmio Gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under Decree 66, depreciation in value of the managed assets may be carried forward and offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: (i) 76.92 per cent of the depreciations in value occurred from 1 January 2012 to 30 June 2014; and (ii) 100 per cent. of the depreciations in value occurred from 1 July 2014. Under the *Risparmio Gestito* regime, the Securityholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Securities if the Securities are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017.

Any capital gains on Securities held by a Securityholder who is a Fund, a SICAV or a SICAF to which the provisions of Article 9 of Legislative Decree No. 44 of 4 March 2014 apply, is subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Fund, the SICAV or SICAF. However, a withholding tax of 26 per cent. will be levied, in certain circumstances, on proceeds distributed in favour of unitholders or shareholders by the Fund, the SICAF or the SICAV.

Any capital gains on Securities held by a Securityholder who is a Pension Fund will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) capital gains relating to the Securities may be excluded from the taxable base of the 20 per cent. substitute tax if the Securities are included in a long-

term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of Finance Act 2017.

Any capital gains realised by Real Estate Funds on the Securities are not taxable at the level of Real Estate Funds. Unitholders are generally subject to a 26 per cent. withholding tax on distributions from the Real Estate Funds. Furthermore, a direct imputation system ("tax transparency") is provided for certain non-qualifying unitholders (e.g. Italian resident individuals) holding more than 5 per cent. of the units of the fund.

Capital gains realised by non-Italian-resident Securityholders (without a permanent establishment in Italy to which the Securities are effectively connected) from the sale or redemption of Securities traded on regulated markets in Italy or abroad are not subject to the *imposta sostitutiva*, regardless of whether the Securities are held in Italy. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Securityholders who hold the Securities with an Italian authorised financial intermediary and elect to be subject to the *Risparmio Gestito* regime or are subject to the so-called *risparmio amministrato* regime, may be required to produce in due time to the Italian authorised financial intermediary an appropriate self-declaration that they are not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Securityholders from the sale or redemption of Securities not traded on regulated markets may in certain circumstances be taxable in Italy if the Securities are held in Italy. However, a non-Italian resident beneficial owner of Securities without a permanent establishment in Italy to which the Securities are effectively connected is not subject to the *imposta sostitutiva* on capital gains realised upon sale or redemption of the Securities, provided that he/she/it: (i) is resident in a country which allows for a satisfactory exchange of information with Italy; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or (iv) is an institutional investor which is resident or established in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence. In such cases, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Securityholders who hold the Securities with an Italian authorised financial intermediary and elect to be subject to the *Risparmio Gestito* regime or are subject to the so-called *risparmio amministrato* regime may be required to produce in due time to the Italian authorised financial intermediary an appropriate self-declaration stating that they meet the subjective requirements indicated above. Additional statements may be required for non-Italian resident Securityholders who are institutional investors.

Moreover, in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Securities are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Securities are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Securities. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Securityholders who hold the Securities with an Italian authorised financial intermediary and elect to be subject to the *Risparmio Gestito* regime or are subject to the so-called *risparmio amministrato* regime may be required to produce in due time to the Italian authorised financial intermediary appropriate documents which include*, inter alia*, a statement from the competent tax authorities of the country of residence.

Inheritance and Gift Taxes

Transfers of any valuable asset (including the securities) as a result of death or donation are generally taxed as follows:

(a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or gift exceeding, for each beneficiary, €1,000,000;

(b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding, for each beneficiary, €100,000; and

(c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, €1,500,000.

Transfer Tax

Contracts relating to the transfer of securities are subject to a €200 registration tax as follows: (i) public deeds and private deeds with notarised signatures are subject to mandatory registration; and (ii) private deeds are subject to registration only in the case of voluntary registration or if the so-called "*caso d'uso*" occurs.

Stamp Duty

Pursuant to Article 13(2-*ter*) of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to their clients in respect of any financial product and instrument (including the Securities), which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent. and it cannot exceed €14,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or, if no market value figure is available, on the face value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of the financial assets (including the Securities) held.

The statement is deemed to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release nor the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable based on the period accounted.

Wealth tax on financial assets deposited abroad

Under Article 19(18) of Law Decree No. 201 of 6 December 2011, Italian resident individuals holding financial products – including the Securities – outside the Republic of Italy are required to pay a wealth tax at the rate of 0.2 per cent. The tax is determined in proportion to the period of ownership. This tax is calculated on the market value at the end of the relevant year or, in the lack thereof, on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase price of any financial product (including the Securities) held abroad by Italian resident individuals.

Tax Monitoring Obligations

Under Law Decree No. 167 of 28 June 1990, as subsequently amended and supplemented, individuals, non-business entities and non-business partnerships that are resident in Italy and, during the fiscal year, hold investments abroad or have financial assets abroad (including possibly the Securities) must, in certain circumstances, disclose these investments or financial assets to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return), regardless of the value of such assets (save for deposits or bank accounts

having an aggregate value not exceeding €15,000 threshold throughout the year, which per se do not require such disclosure).

The requirement applies also where the persons above, being not the direct holder of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for investments and financial assets (including the Securities) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Law Decree No. 167 of 28 June 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subjected to Italian withholding or substitute tax by the such intermediaries.

Financial Transaction Tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial tax transaction ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Securities should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear Additional EU Member States may decide to participate.

Prospective holders of Securities are advised to seek their own professional advice in relation to the FTT.

U.S. Foreign Account Tax Compliance Act ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold U.S. tax at a rate of 30 per cent. on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, such withholding would not apply prior to 1 January 2019. However, if additional Securities (as described under "Terms and Conditions—Further Issues") that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including the Securities offered prior to the expiration of the grandfathering period, as subject to

withholding under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Securities.

SUBSCRIPTION AND SALE

The Exchange New Securities, representing €250,019,000 in principal amount of the NC2023 Securities, are being issued in exchange for the Exchange Offer Existing Securities pursuant to the Exchange Offer. The Exchange Offer has been conducted with the assistance of the Joint Lead Managers as dealer managers.

References in the remainder of this section "Subscription and Sale" to the "NC2023 Securities" are to the Standalone New Securities, representing the remaining €500,000,000 in principal amount of the NC2026 Securities.

The Joint Lead Managers have, pursuant to a subscription agreement (the "**Subscription Agreement**") dated the date hereof, each jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe or procure subscribers for (i) the NC2023 Securities at the issue price of 99.375 per cent of the principal amount of the NC2023 Securities, less certain commissions and (ii) the NC2026 Securities at the issue price of 99.108 per cent. of the principal amount of the NC2026 Securities, less certain commissions.

The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Securities. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

United States

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act. Each Joint Lead Manager represents that it has offered and sold the Securities, and agrees that it will offer and sell the Securities (i) as part of their distribution at any time and (ii) otherwise until 40 days after the commencement of this offering, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Securities, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Joint Lead Manager, has represented and agreed in the Subscription Agreement that, at or prior to confirmation of sale of Securities, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the Securities Act and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the commencement of this offering, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S".

Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager represents that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Securities, except with its affiliates or with the prior written consent of the Issuer.

In addition:

1. except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**"), each Joint Lead Manager (i) has represented that it has not offered or sold, and agrees that during a 40-

day restricted period it will not offer or sell, Securities to a person who is within the United States or its possessions or to a United States person, and (ii) has represented that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Securities that are sold during the restricted period;

2. each Joint Lead Manager has represented that it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Securities are aware that such Securities may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;

3. if it is a United States person, each Joint Lead Manager has represented that it is acquiring the Securities for purposes of resale in connection with their original issue and if it retains Securities for its own account, it will only do so in accordance with the requirements of TEFRA D Rules; and

4. with respect to each affiliate that acquires from it Securities for the purpose of offering or selling such Securities during the restricted period, each Joint Lead Manager either (i) has repeated and confirmed the representations and agreements contained in paragraphs (a), (b) and (c) on its behalf or (ii) has agreed that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in paragraphs (a), (b) and (c).

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the TEFRA D Rules.

The Securities are in bearer form and are subject to certain U.S. tax law requirements. The Securities may not be offered, sold or delivered within the United States or its possessions or to a United States person (as defined in Regulation S under the Securities Act), except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the regulation promulgated thereunder.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

1. it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

2. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Republic of Italy

Each of the Joint Lead Managers has represented and agreed that the offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of this Offering Circular nor any other document relating to any Securities be distributed in the Republic of Italy, except, in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Joint Lead Managers has represented and agreed that it will not offer, sell or deliver any Security or distribute any copies of this Offering Circular and/or any other document relating to the Securities in the Republic of Italy except:

1. to qualified investors (*investitori qualificati*) pursuant to Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the "**Regulation No. 11971**"), and as defined in Article 35, first paragraph, letter d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended (the "**Regulation No. 20307**") implementing Article 100 of the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Consolidated Financial Act**"); or

2. in other circumstances which are exempted from the rules on public offerings, as provided under the Consolidated Financial Act and Regulation No. 11971.

Any offer, sale or delivery of the Securities or distribution of copies of this Offering Circular or any other document relating to the Securities in the Republic of Italy must be:

1. made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Consolidated Financial Act, Regulation No. 20307, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**") (in each case, as amended) and any other applicable laws or regulation;

2. in compliance with Article 129 of the Banking Act, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

3. in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or other competent authority.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(1) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(2) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

General

Save as stated herein, no action has been taken in any jurisdiction that would permit an offer to the public of any of the Securities, or possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes this Offering Circular or any other offering material and neither the Issuer nor any of the Joint Lead Managers shall have responsibility therefor.

GENERAL INFORMATION

Authorisation

The offering of the Securities has been duly authorised by resolution of the board of directors of ENEL dated 9 May 2018.

Listing and Admission to Trading

Application has been made to Euronext Dublin for the Securities to be admitted to the Official List and trading on its regulated market. The total expenses related to the admission of the Securities to trading on Euronext Dublin's regulated market are expected to amount to approximately €5,140.

Clearing systems

The Securities are eligible for clearance through Euroclear and Clearstream. The ISIN is XS1713463716 and the Common Code is 171346371 for the NC2023 Securities and the ISIN is XS1713463559 and the Common Code is 171346355 for the NC2026 Securities. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream is Clearstream Banking, Luxembourg, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant or material adverse changes

Without prejudice to the recent transactions and developments described under ""Business—Recent Significant Transactions and Developments", there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2017 and there has been no significant change in the financial or trading position of the Issuer or the Group since 31 March 2018.

Litigation

Except as disclosed under "Business—Litigation", none of the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened of which the Issuer or any of its subsidiaries is aware, in the 12 months preceding the date of this Offering Circular that in such period had or may in the future have a significant effect on the financial position or profitability of the Issuer or the Group.

Independent auditors

The independent auditor of ENEL is EY S.p.A., whose registered office is at Via Po, 32, 00198, Rome, Italy, is authorised and regulated by the Italian ministry of Economy and Finance ("MEF") and registered on the special register of auditing firms held by the MEF. EY S.p.A. is a member of ASSIREVI, the Italian association of auditing firms.

EY S.p.A. has audited, in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11 of Legislative Decree n. 39, dated January 27, 2010, ENEL's consolidated financial statements as of 31 December 2016 and 2017 and for the years then ended, prepared in accordance with International Financial Reporting Standards adopted in the EU and the Italian regulations implementing Article 9 of Legislation Decree No. 38/05, without qualification, as stated in the convenience translation into English of their reports incorporated by reference in this Offering Circular.

EY's current appointment will expire on the date of the Shareholders' Meeting called for the approval of ENEL's annual financial statements as of 31 December 2019.

The auditors of ENEL are independent auditors with respect to ENEL.

Documents available

So long as Securities are outstanding, copies of the following documents will, when published, be available for inspection in hard copy, without charge, from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

(i) the articles of association/by-laws (with an English translation thereof) of the Issuer;

(ii) each Trust Deed, each Agency Agreement, the forms of the Global Securities and the Securities in definitive form;

(iii) the Audited Consolidated Financial Statements; and

(iv) the most recently published unaudited interim financial statements and audited annual financial statements of the Issuer (with an English translation thereof), in each case, together with any audit or review reports prepared in connection therewith. The Issuer currently prepares unaudited consolidated interim accounts on a quarterly basis.

Additionally, so long as Securities are outstanding, a copy of the Offering Circular will be available for collection, without charge, from the registered office of the Issuer and for inspection from the specified office of the Paying Agent for the time being in London.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to the Securities.

Potential Conflicts of Interest

In connection with the offering, the Joint Lead Managers may purchase and sell the Securities in the open market. These transactions may include short sales, stabilising transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Joint Lead Managers of a greater number of Securities than they are required to purchase in the offering. Stabilising transactions consist of certain sales or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while the offering is in progress.

These activities by the Joint Lead Managers, as well as other purchases by the Joint Lead Managers for their own accounts, may stabilise, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Joint Lead Managers at any time. These transactions may be effected in the over-the-counter market or otherwise.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, lending, commercial and investment banking, issuance of financial instruments linked to the Issuer's shares, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Joint Lead Managers and their respective affiliates have provided, and may in the future provide, a variety of these services to the Issuer and to persons and entities with relationships with the Issuer, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/ or instruments of the Issuer's affiliates.

Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer, some of which may have granted significant financing to the Issuer and its subsidiary companies, routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Securities. Any such positions could adversely affect future trading prices of Securities.

The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term "affiliates" include also parent companies.

Yield

The yield on the NC2023 Securities from (and including) the Issue Date to (but excluding) the First Reset Date will be 2.625 per cent. per annum. The yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yield. The yield on the NC2026 Securities from (and including) the Issue Date to (but excluding) the First Reset Date will be 3.500 per cent. per annum. The yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yield.

Legend Concerning US Persons

The Securities and any Coupons and Talons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

Foreign languages used in this Offering Circular

The language of this Offering Circular is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under applicable law.

THE ISSUER

ENEL – Società per Azioni
Viale Regina Margherita 137
00198 Rome
Italy

JOINT LEAD MANAGERS FOR THE SECURITIES

Banca IMI S.p.A.
Largo Mattioli 3
20121 Milan
Italy

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

CaixaBank S.A.
Calle Pintor Sorolla, 2-4
46002 Valencia

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Commerzbank Aktiengesellschaft
Kaiserstrasse 16 (Kaiserplatz)
60311 Frankfurt am Main
Federal Republic of Germany

Crédit Agricole Corporate and Investment Bank
12 place des Etats-Unis
CS 70052 92 547 Montrouge Cedex
France

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

ING Bank N.V.
Foppingadreef 7
1102 BD Amsterdam
The Netherlands

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

MUFG Securities EMEA plc
Ropemaker Place
25 Ropemaker Street
London EC2Y 9AJ
United Kingdom

NatWest Market Plc
250 Bishopsgate
London EC2M 4AA
United Kingdom

Société Générale
29, boulevard Haussmann
75009 Paris
France

UniCredit Bank AG
Arabellastrasse 12
D-81925 Munich
Germany

PRINCIPAL PAYING AGENT AND AGENT BANK

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

TRUSTEE

BNY Mellon Corporate Trustee Services Limited
One Canada Square
London E14 5AL
United Kingdom

LISTING AGENT

Walkers Listing Services Limited
17-19 Sir John Rogerson's Quay
Dublin 2
Ireland

LEGAL ADVISERS

To ENEL – Società per Azioni as to Italian law and Italian tax law

Chiomenti
Via XXIV Maggio 43
I-00187 Rome
Italy

International and Italian law counsel to the Joint Lead Managers

Linklaters Studio Legale Associato
Via Broletto, 9
20121 Milan
Italy

To the Trustee as to English Law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

INDEPENDENT AUDITORS

EY S.p.A.
Via Po 32
00198 Rome
Italy