

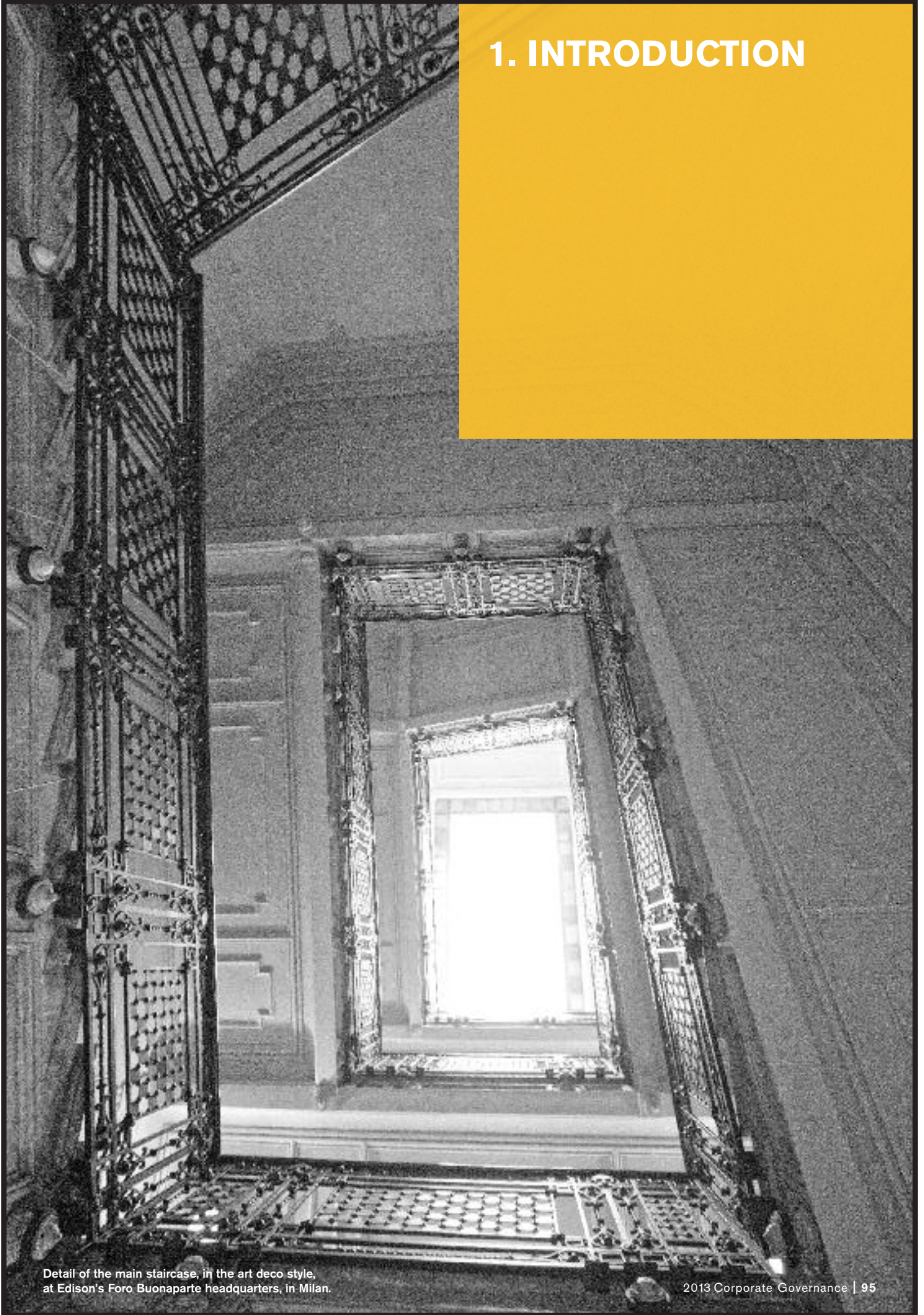
# **ANNUAL COMPENSATION REPORT**

## **2013**

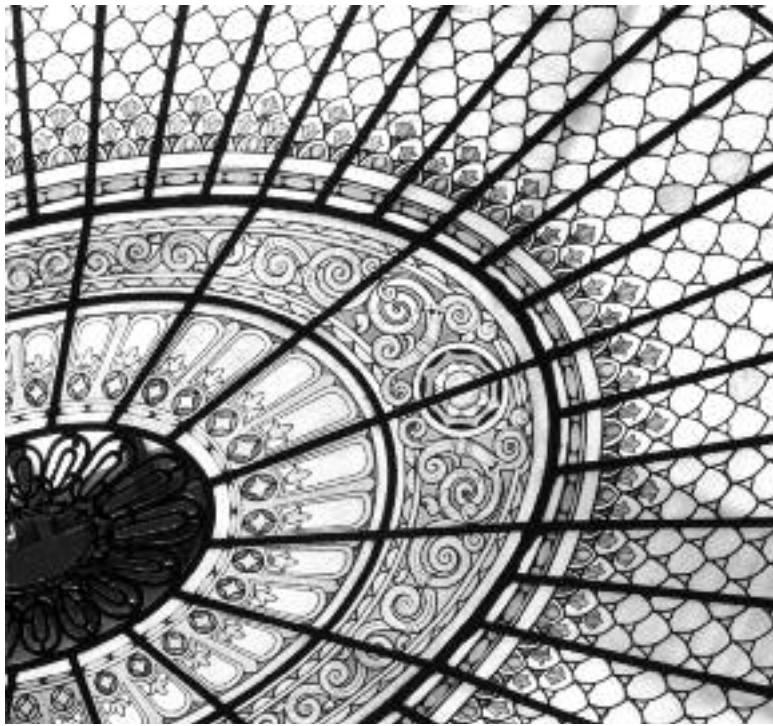
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# 1. INTRODUCTION



Detail of the main staircase, in the art deco style,  
at Edison's Foro Buonaparte headquarters, in Milan.



Edison's history is one of innovation and progress benefiting Italy's development.

### 1.1 Foreword

The Shareholders' Meeting of March 22, 2013 elected the current Board of Directors, defining its term of office as covering a period of three reporting years, i.e., until the Shareholders' Meeting convened to approve the 2015 financial statements.

The Board of Directors, meeting after the Shareholders' Meeting, appointed the members of the Committees established within the Board's framework, including the Compensation Committee.

Subsequently, at a meeting held on April 22, 2013, the Committee reviewed the Compensation Report prepared by the departing Board of Directors on February 8, 2013 and submitted to the Shareholders' Meeting of March 22, 2013 for a consultative vote, specifically with regard to the general principles and compensation policy guidelines recommended for 2013, concurring with and endorsing their aims and purposes.

The Committee, consistent with this guidance, defined the compensation of Directors who perform special functions (Chairman and Chief Executive Officer) for the three years of the new term of office and confirmed the compensation policy guidelines for top management (Executives with strategic responsibilities) and Company managers for the 2013 reporting year originally recommended by the departing Board of Directors upon a proposal by the previous Compensation Committee.

### 1.2 Regulatory Framework

This Report was developed pursuant to and in implementation of the provisions of Article 123-ter of Legislative Decree No.58 of February 24, 1998 (the "TUF") and was prepared in accordance with the guidance provided in Article 84-*quater*, as implemented by the Consob with Resolution No. 18049 of



December 23, 2011, which amended the Issuers' Regulations published by the Consob for the purpose of implementing the TUF.

In addition, this Report adopts as its general reference guidelines concerning compensation policies the principles set forth in Article 6 of the Corporate Governance Code for Listed Companies, 2011 edition (the "**Code**").

### 1.3 Purpose and Content

This Annual Compensation Report provides disclosures aimed at enhancing the knowledge and awareness of shareholders, investors, the market in general and the Consob with regard to:

- the Company's general policy concerning the compensation of Directors, top management and Company managers in general, describing the governance and procedures applied to define, implement and control such policy;
- a detailed and analytical disclosure of the items and amounts that make up the compensation of Directors, listing fixed and variable cash components, any compensation based on financial instruments, non-cash benefits, any equity interests held in the Company or its subsidiaries, as well as any other indemnity or type of compensation stipulated in the event of early termination or scheduled termination without renewal of the appointment to the post held;
- a disclosure provided in the aggregate of the items and amounts that make up the compensation of Executives with strategic responsibilities, listing fixed and variable cash components, any compensation based on financial instruments, non-cash benefits, any equity interests held in the Company or its subsidiaries, as well as any other indemnity or type of compensation stipulated in the event of early termination or scheduled termination without renewal of the appointment to the post held.

### 1.4 Preparation and Structure

This Compensation Report, prepared by the Company, was approved by the Board of Directors (further to an opinion rendered by the Compensation Committee and the input of the Board of Statutory Auditors); Section One of this Report will be submitted for a vote to the Shareholders' Meeting convened to approve the financial statement for the 2013 reporting year.

This Report is included in the Report on Corporate Governance published together with the Financial Report and the Report on Operations for the 2013 reporting year; it will be made available to the market at least 21 days before the abovementioned Shareholders' Meeting and may be consulted on the Governance page of the company website: [www.edison.it](http://www.edison.it).

This Report is structured in accordance with the guidelines provided in the abovementioned Article 84-*quater* and conforms to Annex 3A, Form 7-*bis* and Form 7-*ter*, and cited in said Article.

## 2. SECTION ONE



## 2.1 Governance and compliance

The Board of Directors currently in office, comprised of 12 members, was elected by the Shareholders' Meeting of March 22, 2013 for a term of office ending with the Shareholders' Meeting convened to approve the financial statements for the 2015 reporting year. The abovementioned **Shareholders' Meeting** set the gross total annual compensation of the entire Board of Directors at 600,000 euros, hence 50,000 euros for each Director, plus a gross attendance fee of 1,800 euros for each meeting of the Board of Directors attended by a Director.

Also on March 22, 2013, the **Board of Directors**, upon a motion put forth by the Chief Executive Officer, with the prior approval of the **Compensation Committee** and the consent of the **Board of Statutory Auditors**, debated a resolution concerning:

- the compensation of members of the Board's internal Committees (Control and Risk Committee; Compensation Committee and Committee of Independent Directors) and the Oversight Board.

Moreover, on April 23, 2013, the **Board of Directors**, debated a resolution concerning:

- the compensation of Directors who perform special functions (Chairman and Chief Executive Officer).

The abovementioned resolutions were adopted by the Board of Directors, further to a recommendation and opinion by the **Compensation Committee** and with the approval of the **Board of Statutory Auditors**.

## 2.2 Compensation Policy: Purpose and General Principles

The fundamental purpose of the Company's general compensation policy is to attract and retain the best resources to foster the Company's growth in its market sector, acknowledge the responsibilities assigned to them, motivate them to act for the purpose of achieving objectives that are consistent with the expectations of stakeholders, both over the medium and long term and in compliance with the official risk management policy, and reward them for the results they achieve.

When defining a compensation policy, the following factors are usually taken into account:

- the main features of the compensation policy applied during the previous year;
- the overall macroeconomic scenario and current trends, specifically with regard to the labor market;
- trends in the compensation area with regard to large companies that operate in the domestic and European market, with special emphasis on the Italian energy sector;
- the Company's current financial situation, its short-term and medium-term objectives and the challenges posed by the medium/long-term strategies defined in the Company's strategic plan.

For the purpose of analyzing market trends and benchmarking vis-à-vis the market the competitive standing of the Company's policies and the compensation of its managers, the Company relies on the findings of external surveys carried out by qualified consulting companies that operate at the international level.

In addition to the abovementioned findings, specifically with regard to compensation policies for Directors, the Compensation Committee can consider and decides on each occasion whether it should secure, at the Company's expense, the support of qualified external consulting companies different from those normally used by the Company's management. In the 2013 reporting year, the Committee did not avail itself of this option.



## 2.3 Structure and Composition of the Compensation in 2013

Taking into account the general objectives stated above and the competitive position in the reference market, the compensation policy was developed in accordance with the following principles:

- **For Directors who are asked to perform specific functions (Chairman and Chief Executive Officer),** the cash compensation is structured as follows: a fixed gross annual component and, exclusively for Directors to whom management authority and operational control are being delegated (the Chief Executive Officer), a variable gross annual component.
- **The fixed gross annual compensation** must be commensurate with the level of responsibility entailed by the function performed and large enough to ensure that the economic package will be sufficiently competitive, even if no variable annual component is disbursed. With regard to the term of office for the three-year period from 2013 to 2015, the 2013 reporting year included, taking into account the principles and general criteria presented in Section 2.2 above, the Board of Directors currently in office, acting upon a recommendation by the Compensation Committee, with the input of the Board of Statutory Auditors, resolved to:
  - a. confirm, finding it adequate, the amount of the gross annual cash compensation of the Chairman, which consists exclusively of a single fixed component; as expressly requested by the Chairman, this component and all other compensation provided for serving as a Director are paid by Edison S.p.A. directly to its Parent Company;
  - b. reduce the fixed annual compensation of the Chief Executive Officer by 30% compared with the previous year, taking into account the market's current cost containment trend and the new governance system adopted by the Company, following the change in the stock ownership structure of 2012. In view of the personal situation of the current Chief Executive Officer, who is an employee internationally seconded by the Parent Company, this compensation also includes the value of the home provided by the Company and the special tax status applied to expatriate employees in accordance with Group policies.
- **The variable gross annual compensation of the Chief Executive Officer** is predetermined based on a target value (100%) and a maximum economic value (125% of the target value) and is predicated on the achievement of predetermined and measurable objectives assigned by the Board of Directors, based on a recommendation by the Compensation Committee and with the input of the Board of Statutory Auditors. With regard to the current term of office for the 2013 reporting year, the Board of Directors, based on a recommendation by the Compensation Committee, resolved to maintain at 40% (at the target value) the portion of the total gross annual compensation defined for the Chief Executive Officer represented by the variable component, consequently reducing by 30% the total gross annual compensation compared with the previous year.

For 2013, the following items were identified as reference targets used to determine the variable compensation: EBITDA (45% weight), net financial position (20% weight) and five operating performance targets (combined weight 35%) consisting of the "imbalance"<sup>1</sup> of the portfolio of thermoelectric facilities, the production level of electric power from renewable source and of hydrocarbons, the containment of trade receivables and the injury incidence rate, both for Company employees and employees of contractors who work at the Company. The targets thus defined are measured on a linear scale based on three levels: a minimum assigned result level (75%), below which the specific target is not deemed to have been achieved and no economic effect is produced, a target level (100%) and a maximum level (125%). The abovementioned general targets also represent common annual objectives for the Company's top management and its managers in general as a whole, supplementing specific area and/or personal targets and accounting for 60% to the overall targets assigned to top managers with strategic responsibilities.

With regard to the common targets defined for the 2013 reporting year for the Chief Executive Officer, the Board of Directors' meeting on February 12, 2014, upon a recommendation by the

(1) Production imbalance = ratio between the binding production program committed to the electric power sales markets and the production actually generated and supplied to the markets. It is computed on a daily basis for each individual production unit and includes all markets where electric power is sold (Day Ahead Market, Intraday Market, Dispatching Services Market, real time Balancing Market).

Compensation Committee and with the input of the Board of Statutory Auditors, reviewed the data and concluded that the overall performance level achieved was 114%. This result will also be used as a reference value for the pro rata portion of the common objectives included in the 2013 MBO form for top managers and all managers.

As is the case for the Chairman, at the express request of the Chief Executive Officer, all compensation that he may earn for the posts in which he serves are paid by Edison S.p.A. to the Parent Company, which is his employer.

- No medium/long-term stock and/or cash incentive tools were introduced for Directors asked to perform special functions (Chairman and Chief Executive Officer). On the other hand, with regard to some top managers and other managers, the first three-year cycle of the **medium-term variable cash compensation (LTI)** program for the 2011-2013 period ended in 2013.

As described in the 2013 Compensation Report, the purpose of the LTI Program is to attract and retain resources who will contribute to the Company's growth, with special emphasis on young managers, focus their objectives and conduct on medium/long-term results that are relevant to all stakeholders, and contribute to enhancing the overall competitiveness vis-à-vis the market of the economic package offered to the beneficiaries.

The LTI Program is based on rolling three-year cycles and the maximum earnable amount is predetermined. The first three-year cycle, for the 2011-2013 period, which applied to about 60 beneficiaries, is correlated to a Net Result target for each year in the cycle.

Based on the actual data for the 2011-2013 three-year period, the Board of Directors' meeting on February 12, 2014, upon a recommendation by the Compensation Committee and with the input of the Board of Statutory Auditors, reviewed the Company results achieved in the first LTI cycle, resolving to grant to the program's beneficiaries an amount equal to 86.7% of the maximum payable amount.

- As a rule, the compensation defined for the Chief Executive Officer and for all company employees is deemed to include all compensation that may result from any assignments performed on behalf and in the interest of the Company, its subsidiaries and/or other investee companies, and at associations, entities and foundations.
- **The compensation of non-executive Directors**, which must be commensurate with the required level of commitment, taking also into account any service on Board Committees, is comprised of a predetermined fixed annual amount and an attendance fee for each meeting of the Board of Directors or one of the Committee attended by a Director. For members of the various Committees, the Board awarded the same compensation to each Committee member, except for Committee Chairmen, who receive a slightly higher compensation, consistent with market practice, but awarding different amounts to different Committees, based on the required level of commitment. No type of variable compensation tied to Company results is provided in any form.
- With regard to special **benefits**, please note that: considering the responsibilities of his post and the operational modalities with which he discharges his duties, no special benefits are being provided to the Chairman; as for the benefits provided to the current Chief Executive Officer, their type, purpose and treatment are described earlier in this Report, in the section on fixed compensation, the amount of which includes the economic value of the benefits.

A special civil liability insurance coverage is provided by the Company to members of the Board of Directors and Board of Statutory Auditors.

The Company's benefit policies common to all managers also apply to top managers with strategic responsibilities. These policies specifically provide for the award of a company car both for business and personal use, specific pension and health care coverage, insurance for work related and non-work related accidents and illness and life insurance. The maximum insurable amounts covered by these policies are higher than those required currently by the relevant collective bargaining agreement.

- The Company is not a party to any agreements with Directors, including the Chief Executive Officer, calling for the payment of **indemnities in the event of resignation or termination of the appointment/assignment** for any reason and/or cause, or if the appointment/assignment is not renewed upon its scheduled expiration.

## 2.4 Compensation Framework and Guidelines for 2014

The Board of Directors, acting upon a recommendation by the Compensation Committee and with the input of the Board of Statutory Auditors, developed the following framework and guidelines for 2014:

- With regard to the domestic context, the general economic and market scenario calls for a slight upturn in the economy: GDP is expected to grow again, albeit at a modest rate of less than 1%, driven mainly by exports; inflation should remain quite low, at a rate of about 1.5%; and unemployment should hover at levels slightly lower than the peak reached in 2013 at a rate of about 12%, with a continuing extremely problematic situation for unemployment among young people, which reached a rate of 41% in 2013. The energy sector, particularly with regard to electric power, is characterized by a persisting negative situation in terms of domestic demand and structural overcapacity, which has a negative impact on employment levels and is likely to trigger a reshaping of the competitive scenario among the main operators in the domestic market.

In this context, the domestic labor market should continue to be characterized by weak dynamics, with expectations of modest signs of a recovery, mainly in the industries and companies exposed to the international markets, particularly those of countries with the highest growth rates. At a general level, the recovery appears to be uncertain and tentative and, more realistically, beginning in the second half of the year, provided that the expected improvement trend in the general macroeconomic scenario is confirmed and the policies announced by the government at the end of the year and now being implemented to stimulate and support the labor market, begin to produce concrete effects.

Insofar as salaries are concerned, the current economic crisis and the tax policies introduced by government in recent years to reduce government debt steadily eroded the real purchasing power of salaries, despite the low level of inflation. In terms of real salaries, the risk is potentially greater for workers whose employment relationship is governed by national collective bargaining agreements that do not include systems for periodic adjustments of salaries directly tied to inflation trends and in which mechanisms of automatic wages increases have been gradually eliminated (e.g., national collective bargaining agreement for managers in the industrial sector, which applies to all Company managers).

- Current trends and projections in the domestic market concerning compensation for Executive Directors, top management and managers of medium-size and large companies, monitored through systematic and periodic surveys performed by the Company through specialized external companies, confirm for 2014 a conservative approach to compensation policies, in line with previous years, particularly with regard to Directors on corporate Boards. In general terms, expense projections for salary policies for the current year show **overall percentage increases for management of about 2.6%**.
- During the past two years, in the market context described above, the Company consistently implemented a gradual but significant reduction in the compensation of Directors who perform special functions. Consistent with this approach, from the beginning of the current recessionary cycle, the Company also reduced the salary policies for all managers. In the 2013 reporting year, in accordance with the guidelines defined by the Board of Directors in implementation of the policies and guidance provided in the Compensation Report approved by the Shareholders' Meeting in March 2013, the Company's compensation levels, consistent with the compensation policy, reflected an increase of 2.3%.
- In light of its now established stock ownership structure, the Company must continue in its commitment to tackle the key competitive challenge of protecting and increasing its profitability, while at the same time launching a new medium/long-term growth cycle in Italy and the international markets, consistent with the mission and growth strategy defined within the Group.
- Given the abovementioned market context and the key objectives assigned for the current year, the salary policy for 2014 should be developed taking into account the following guidelines:
  - With regard to the compensation of non-executive Directors, the amounts defined for 2013 and for their entire three-year term of office, as approved by the Shareholders' Meeting of March 22, 2013, remain in effect.

- With regard to the compensation for the posts of **Chairman and Chief Executive Officer**, the total package defined for 2013 remains in effect, in term both of structure and value.
- With regard to top management and Company managers in general, the salary policy adopted in 2014 should be substantially in line with the policy adopted the previous year, consistent with market projections for the year and labor cost budgets for the current year.
- As for the year's targets tied to the variable component of the Chief Executive Officer, it seems appropriate to confirm last year's general structure and components, as described in Section 2.3 above. This panel of economic/financial and operating targets, of an industrial/financial and social type, also constitutes a set of common Company targets applied to top management (60% of the total assigned targets) and, with a lower weight, to all regular Company managers, as a result of which they are incorporated into area/personal targets. The abovementioned general structure is also applied to the Corporate Accounting Documents Officer and the manager of the Internal Auditing Department, adjusting, for the latter, the types of targets and relative weight in a manner consistent with the nature of the assignment.
- Lastly, it has also been confirmed the effectiveness and advisability of providing some pre-identified key managers also with a variable compensation tied to medium/long-term targets that reflect the interest of shareholders and certain strategic Company objectives, consistent with a retention approach. Consequently, similarly as it was done for the 2011-2013 three-year period, a second cycle of the LTI program will have to be launched for these managers for the 2014-2016 period. As for top management, the Company is considering the option of structuring the total compensation package into three components consisting of a fixed annual gross compensation, a variable annual gross compensation and a variable medium/long-term compensation. To that effect, the Company will carry out a study, consistent with Group policy, to consider possibility of introducing a medium-term variable deferred compensation system. This system would be consistent with the most recent best market practices and the recommendations provided by European and Italian regulators regarding the compensation of Directors and top management.

## 2.5 Operating Procedures

The corporate governance bodies involved in managing the compensation of Directors are:

- The **Shareholders' Meeting**, which defines the annual compensation of the Board of Directors relative to the duration of each term of office and, consistent with Article 123-*ter* of the TUF, must cast a vote with regard to the first section of the Compensation Report prepared by the Board of Directors and submitted to the Shareholders' Meeting in connection with the approval of the annual financial statements.
- The **Board of Directors**, which decides how the compensation awarded by the Shareholders' Meeting should be allocated among its members, unless the Shareholders' Meeting has already defined it, and determines the compensation for Directors who serve on the Committees established by the Board of Directors. The Board also determines the structure and amount of the compensation of any type for Directors who perform special functions (Chairman and Chief Executive Officer), the reference objectives with which the variable annual component of the Chief Executive Officer is correlated, both upon definition and verification, as well as any other medium/long-term incentive plans, including those benefitting the Company's management. In performing this task, the Board of Directors is supported by the Compensation Committee, which submits recommendations regarding compensation issues, and adopts its resolution after hearing the input of the Board of Statutory Auditors.

The Board of Directors delegates to the **Chief Executive Officer**, through the coordination and control of the Company Departments that report to him, the implementation at the operational level of the resolutions adopted concerning compensation and monitors their correct implementation, relying on the support of the Compensation Committee.

Lastly, the Board of Directors prepares the Annual Compensation Report.

- The **Compensation Committee**, established by the Board of Directors, which also defined the Committee's functions (see the 2013 Report on Corporate Governance for additional information) and approved its Operating Regulations. In the performance of its functions, the Committee relies on the operational support of the Human Resources and Organization Department and, when appropriate, the support of qualified external consulting companies different from those normally used by the Company's management.
- The **Board of Statutory Auditors**, which performs the functions assigned to it pursuant to Article 2389, Section 3, of the Italian Civil Code. In order to effectively perform these functions, its Chairman and/or other Statutory Auditors attends the meetings of the Compensation Committee as an invited member.
- The **Company's management**, which supports the activities of the Compensation Committee with general secretarial service (provided by the Corporate Affairs Department, which performs the same function with respect to the Board of Directors) and supplies the information and data needed to analyze the issues under discussion (provided by the Human Resources and Organization Department, a member of which may attend Committee meeting upon request and invitation by the Committee).



### 3. SECTION TWO



### 3.1 Schedule of the Compensation of Directors, Statutory Auditors and Executives with Strategic Responsibilities

The schedule that follows lists in detail the compensation that Directors, Statutory Auditors and Executives with Strategic Responsibilities, including those whose term of office ended during the year, earned in 2013 for any reason and in any form, attributable to the Company and its subsidiaries and affiliated companies at December 31, 2013.

Reference period: January 1, 2013 to December 31, 2013 (in thousands of euros)

Beneficiary		Descrip. of post and term office			End of term of office (*)	Fixed compensation	Compensation for serving on Committees
First and last name	Post held	Period during which the post was held					
<i>Directors in office at December 31, 2013</i>							
Henri Proglio (b)	Chairman	01.01.13	12.31.13	12.31.2015	660	0	
Bruno Lescoeur (c)	Chief Executive Officer	01.01.13	12.31.13	12.31.2015	828	0	
Béatrice Bigois	Director (f)	01.01.13	12.31.13	12.31.2015	60	37	
Paolo Di Benedetto	Director (f) (g) (h) (i)	03.22.13	12.31.13	12.31.2015	50	104	
Philippe Esper	Director	03.22.13	12.31.13	12.31.2015	50	0	
Gian Maria Gros-Pietro	Director (f) (g) (h) (i)	01.01.13	12.31.13	12.31.2015	61	129	
Pierre Lederer	Director	01.01.13	12.31.13	12.31.2015	54	0	
Denis Lépée	Director	03.22.13	12.31.13	12.31.2015	50	0	
Jorge Mora	Director	01.01.13	12.31.13	12.31.2015	54	0	
Thomas Piquemal	Director (f)	01.01.13	12.31.13	12.31.2015	60	31	
Nathalie Tocci	Director (g) (h)	03.22.13	12.31.13	12.31.2015	50	40	
Nicole Verdier-Naves	Director (g)	01.01.13	12.31.13	12.31.2015	61	24	
<b>Total compensation of Directors in office at December 31, 2013</b>					<b>2,038</b>	<b>365</b>	
<i>Directors who resigned their office in 2013</i>							
Mario Cocchi	Director (g) (h)	01.01.13	03.22.13	03.22.2013	12	7	
Bruno D'Onghia	Amministratore	01.01.13	03.22.13	03.22.2013	12	0	
Gregorio Gitti	Amministratore (g) (h) (i)	01.01.13	03.22.13	03.22.2013	12	18	
Adrien Jami	Amministratore	01.01.13	03.22.13	03.22.2013	12	0	
Steven Wolfram	Amministratore	01.01.13	03.22.13	03.22.2013	12	0	
<b>Total compensation of Directors who resigned their office in 2013</b>					<b>60</b>	<b>25</b>	
<b>Total compensation of Directors</b>					<b>2,098</b>	<b>390</b>	
<i>Statutory Auditors in office at December 31, 2013 (d)</i>							
Alfredo Fossati	Chairman Board Stat. Audit.	01.01.13	12.31.13	12.31.2013	60	0	
Giuseppe Cagliero (e)	Statutory Auditor	01.01.13	12.31.13	12.31.2013	40	0	
Leonello Schinasi	Statutory Auditor	01.01.13	12.31.13	12.31.2013	40	0	
<b>Total compensation of Statutory Auditors in office at December 31, 2013</b>					<b>140</b>	<b>0</b>	
<b>Total compensation of Statutory Auditors</b>					<b>140</b>	<b>0</b>	
<b>Total compensation Directors and Statutory Auditors</b>					<b>2,238</b>	<b>390</b>	
<b>Executives with strategic responsibilities in office at December 31, 2013 (o)</b>					<b>2,701 (p)</b>	<b>0</b>	

(\*) The term of office ends when the shareholders' Meeting approves the financial statements for the year ended on the date shown.

(\*\*) Non-cash benefits refer to insurance policies taken out by the Company on behalf of the beneficiary and to the compensation in kind.

(a) Elected by the Shareholders' Meeting of March 22, 2013.

(b) Confirmed Chairman by the Shareholders' Meeting of March 22, 2013.

(c) Confirmed CEO by the Board of Directors on March 22, 2013.

(d) Elected by the Shareholders' Meeting of April 26, 2011.

(e) Appointed as a replacement Statutory Auditor on May 24, 2012, with appointment confirmed by the Shareholders' Meeting of March 22, 2013.

(f) Member of the Control and Risk Committee.

(g) Member of the Compensation Committee.

(h) Member of the Committee of Independent Directors.

(i) Member of the Oversight Board.

(l) Variable compensation for 2013.

(m) Compensation paid directly to the EDF Sa company and not to the beneficiary.

(n) Compensation paid directly to the beneficiary.

(o) Includes nine executives.

(p) Compensation for service as an employee.

(q) Please see Table 3.2 below for details.



Compensation									
Variable non-equity compensation		Non-cash benefits (**)	Other compensation	Total	Fair Value of equity compensation	End-of-service or employment termination indemnity			
Bonuses and other incentives	Profit sharing								
0	0	0	0	<b>660</b> (m)	0	0			
570 (l)	0	0	0	<b>1,398</b> (m)	0	0			
0	0	0	0	<b>97</b> (m)	0	0			
0	0	0	0	<b>154</b> (n)	0	0			
0	0	0	0	<b>50</b> (n)	0	0			
0	0	0	0	<b>190</b> (n)	0	0			
0	0	0	0	<b>54</b> (m)	0	0			
0	0	0	0	<b>50</b> (m)	0	0			
0	0	0	0	<b>54</b> (m)	0	0			
0	0	0	0	<b>91</b> (m)	0	0			
0	0	0	0	<b>90</b> (n)	0	0			
0	0	0	0	<b>85</b> (m)	0	0			
<b>570</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,973</b>	<b>0</b>	<b>0</b>			
0	0	0	0	<b>19</b> (n)	0	0			
0	0	0	0	<b>12</b> (n)	0	0			
0	0	0	0	<b>30</b> (n)	0	0			
0	0	0	0	<b>12</b> (m)	0	0			
0	0	0	0	<b>12</b> (m)	0	0			
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>85</b>	<b>0</b>	<b>0</b>			
<b>570</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,058</b>	<b>0</b>	<b>0</b>			
0	0	0	0	<b>60</b> (n)	0	0			
0	0	0	0	<b>40</b> (n)	0	0			
0	0	0	0	<b>40</b> (n)	0	0			
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>140</b>	<b>0</b>	<b>0</b>			
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>140</b>	<b>0</b>	<b>0</b>			
<b>570</b> (q)	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,198</b>	<b>0</b>	<b>0</b>			
<b>1,098</b> (q)	<b>0</b>	<b>184</b>	<b>83</b>	<b>4,066</b>	<b>0</b>	<b>0</b>			

## Annual Compensation Report

The schedule that follows shows a breakdown of the items “Fixed compensation” and “Compensation for serving on Committees” of the Directors and Statutory Auditors in the previous schedule.

Reference period: January 1, 2013 to December 31, 2013 (in thousands of euros)

Beneficiary		Description of post and term of office			Fixed compensation	Detail of Fixed compensation			Compensation for serving on Committees
First and last name	Post held	Period during which the post was held		End of term of office (*)		Compensat. approved by the Sharehold. Meeting (1)	Attendance fees for Board of Directors' meetings (1)	Fixed compensat. for post held (2)	
<i>Directors in Office at December 31, 2013</i>									
Henri Proglio (b)	Chairman	01.01.13	12.31.13	12.31.2015	660	49	11	600	-
Bruno Lescoeur (c)	Chief Executive Officer	01.01.13	12.31.13	12.31.2015	828	49	12	767	-
Béatrice Bigois	Director (f)	01.01.13	12.31.13	12.31.2015	60	49	11	-	37
Paolo Di Benedetto	Director (f)(g)(h)(i)	03.22.13	12.31.13	12.31.2015	50	39	11	-	104
Philippe Esper	Director	03.22.13	12.31.13	12.31.2015	50	39	11	-	-
Gian Maria Gros-Pietro	Director (f)(g)(h)(i)	01.01.13	12.31.13	12.31.2015	61	49	12	-	129
Pierre Lederer	Director	01.01.13	12.31.13	12.31.2015	54	49	5	-	-
Denis Lépée	Director	03.22.13	12.31.13	12.31.2015	50	39	11	-	-
Jorge Mora	Director	01.01.13	12.31.13	12.31.2015	54	49	5	-	-
Thomas Piquemal	Director (f)	01.01.13	12.31.13	12.31.2015	60	49	11	-	31
Nathalie Tocci	Director (g)(h)	03.22.13	12.31.13	12.31.2015	50	39	11	-	40
Nicole Verdier-Naves	Director (g)	01.01.13	12.31.13	12.31.2015	61	49	12	-	24
<b>Total compensation of Directors in office at December 31, 2013</b>					<b>2,038</b>	<b>548</b>	<b>123</b>	<b>1,367</b>	<b>365</b>
<i>Director who resigned their office in 2013</i>									
Mario Cocchi	Director (g)(h)	01.01.13	03.22.13	03.22.2013	12	10	2	-	7
Bruno D'Onghia	Director	01.01.13	03.22.13	03.22.2013	12	10	2	-	-
Gregorio Gitti	Director (g)(h)(i)	01.01.13	03.22.13	03.22.2013	12	10	2	-	18
Adrien Jami	Director	01.01.13	03.22.13	03.22.2013	12	10	2	-	-
Steven Wolfram	Director	01.01.13	03.22.13	03.22.2013	12	10	2	-	-
<b>Total compensation of Directors who resigned their office in 2013</b>					<b>60</b>	<b>50</b>	<b>10</b>	<b>-</b>	<b>25</b>
<b>Total compensation of Directors</b>					<b>2,098</b>	<b>598</b>	<b>133</b>	<b>1,367</b>	<b>390</b>
<i>Statutory Auditors in office at December 31, 2013 (d)</i>									
Alfredo Fossati	Chairman Board Stat. Audit.	01.01.13	12.31.13	12.31.2013	60	60	-	-	-
Giuseppe Cagliari (e)	Statutory Auditor	01.01.13	12.31.13	12.31.2013	40	40	-	-	-
Leonello Schinasi	Statutory Auditor	01.01.13	12.31.13	12.31.2013	40	40	-	-	-
<b>Total compensation of Statutory Auditors in office at December 31, 2013</b>					<b>140</b>	<b>140</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total compensation of Statutory Auditors</b>					<b>140</b>	<b>140</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total compensation</b>					<b>2,238</b>	<b>738</b>	<b>133</b>	<b>1,367</b>	<b>390</b>

(\*) The term of office ends when the Shareholders' Meeting approves the financial statements for the year ended on the date shown.

(a) Elected by the Shareholders' Meeting of March 22, 2013.

(b) Confirmed Chairman by the Shareholders' Meeting of March 22, 2013.

(c) Confirmed CEO by the Board of Directors on March 22, 2013.

(d) Elected by the Shareholders' Meeting of April 26, 2011.

(e) Appointed as a replacement Statutory Auditor on May 24, 2012, with appointment confirmed by the Shareholders' Meeting of March 22, 2013.

(f) Member of the Control and Risk Committee.

(g) Member of the Compensation Committee.

(h) Member of the Committee of Independent Directors.

(i) Member of the Oversight Board.

(1) Compensation approved by the Shareholders' Meeting of April 24, 2012 and, subsequently, by the Shareholders' Meeting of March 22, 2013.

(2) Compensation approved by the Board of Directors on June 4, 2012, and, subsequently, by the Board of Directors on April 23, 2013.

(3) Compensation approved by the Board of Directors on June 4, 2012, and, subsequently, by the Board of Directors on March 22, 2013.

(4) Compensation approved by the Board of Directors on March 22, 2013.

## Detail of Compensation for serving on Committees

Honoraria for participating in meetings of the Control and Risk Committee <sup>(3)</sup>	Attendance fees for meetings of the Control and Risk Committee <sup>(3)</sup>	Honoraria for participating in meetings of the Compensation Committee <sup>(3)</sup>	Attendance fees for meetings of the Compensation Committee <sup>(3)</sup>	Honoraria for participating in meetings of the Committee of Independent Directors <sup>(4)</sup>	Attendance fees for meetings of the Committee of Independent Directors <sup>(3)</sup>	Honoraria for participating in meetings of the Oversight Board <sup>(3)</sup>	Attendance fees for meetings of the Oversight Board <sup>(3)</sup>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
28	9	-	-	-	-	-	-
17	7	19	4	16	5	31	5
-	-	-	-	-	-	-	-
23	9	19	5	19	7	40	7
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
24	7	-	-	-	-	-	-
-	-	15	4	16	5	-	-
-	-	19	5	-	-	-	-
<b>92</b>	<b>32</b>	<b>72</b>	<b>18</b>	<b>51</b>	<b>17</b>	<b>71</b>	<b>12</b>
-	-	3	2	-	2	-	-
-	-	-	-	-	-	-	-
-	-	3	2	-	2	9	2
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	<b>6</b>	<b>4</b>	-	<b>4</b>	<b>9</b>	<b>2</b>
<b>92</b>	<b>32</b>	<b>78</b>	<b>22</b>	<b>51</b>	<b>21</b>	<b>80</b>	<b>14</b>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>92</b>	<b>32</b>	<b>78</b>	<b>22</b>	<b>51</b>	<b>21</b>	<b>80</b>	<b>14</b>

### 3.2 Schedule of monetary incentive plans for Directors and Executives with Strategic Responsibilities

Reference period: January 1, 2013 to December 31, 2013 (in thousands of euros)

Beneficiary			Bonuses of the year			Bonuses of previous years			Other Bonuses
First and last name	Post held	Plan	Paid/ Payable	Deferred	Deferral period	No longer payable	Paid/ Payable	Still deferred	
Bruno Lescoeur	Chief Executive Officer	Annual Monetary Incentive Plan 2013 BoD April 23, 2013	570 (a)	-	-	-	-	-	-
		Annual Monetary Incentive Plan 2012 BoD June 4, 2012	-	-	-	-	668 (c)	-	-
<b>Total</b>			<b>570</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>668</b>	<b>-</b>	<b>-</b>
<b>Executives with strategic responsibilities</b>									
Compensation in the reporting company		Annual Monetary Incentive Plan 2013	1,098 (b)	-	-	-	-	-	-
		Annual Monetary Incentive Plan 2012	-	-	-	-	840	-	-
		Long Term Monetary, three-year, Incentive Plan Period 2011 - 2013 BoD December 2, 2011	-	-	-	-	650 (e)	-	-
Compensation from subsidiaries and affiliates		Annual Monetary Incentive Plan 2013	-	-	-	-	-	-	-
<b>Total</b>			<b>1,098</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,490</b>	<b>-</b>	<b>-</b>
<b>Total</b>			<b>1,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,158</b>	<b>-</b>	<b>-</b>

(a) Variable compensation for 2013.

(b) Variable bonuses for 2013 for nine executives with strategic responsibilities.

(c) Variable compensation for 2012.

(d) Variable bonuses for 2012 for nine executives with strategic responsibilities.

(e) Long Term Monetary, three-year, Incentive Plan - Period 2011 - 2013.

### 3.3 Schedule of equity interests held by Directors, Statutory Auditors and Executives with Strategic Responsibilities

The schedule that follows lists the equity interests that Directors, Statutory Auditors and Executives with Strategic Responsibilities, including those whose term of office ended during the year, their spouses, if not legally separated, and minor children held, directly or through companies they control, nominees or other parties, during the period from December 31, 2012 to December 31, 2013, in Edison and its subsidiaries at December 31, 2013, based on data obtained from the Shareholders' Register, communications received and other available information.

Reference Period: January 1, 2013 to December 31, 2013

First and last name	Post held	Investee company	Number of shares held at the end of the previous year (12.31.2012)	Number of shares bought	Number of shares sold	Number of shares held at the end of the current year (12.31.2013)
<i>Directors in office at December 31, 2013</i>						
Henri Proglio	Chairman		-	-	-	-
Bruno Lescoeur	Chief Executive Officer		-	-	-	-
Béatrice Bigois	Director		-	-	-	-
Paolo Di Benedetto	Director		-	-	-	-
Philippe Esper	Director		-	-	-	-
Gian Maria Gros-Pietro	Director		-	-	-	-
Pierre Lederer	Director		-	-	-	-
Denis Lépée	Director		-	-	-	-
Jorge Mora	Director		-	-	-	-
Thomas Piquemal	Director		-	-	-	-
Nathalie Tocci	Director		-	-	-	-
Nicole Verdier-Naves	Director		-	-	-	-
<i>Directors who resigned their office in 2013</i>						
Mario Cocchi	Director		-	-	-	-
Bruno D'Onghia	Director		-	-	-	-
Gregorio Gitti	Director		-	-	-	-
Adrien Jami	Director		-	-	-	-
Steven Wolfram	Director		-	-	-	-
<i>Statutory Auditors in office at December 31, 2013</i>						
Alfredo Fossati	Chairman Board Stat. Audit.		-	-	-	-
Giuseppe Cagliero	Statutory Auditor		-	-	-	-
Leonello Schinasi	Statutory Auditor		-	-	-	-
<b>Executives with strategic responsibilities at December 31, 2013 (a)</b>			-	-	-	-

(a) Includes nine executives.



## 4. MOTION







*Dear Shareholders:*

The Shareholders' Meeting is required to vote on "Section One" of the Compensation Report, which deals with your company's compensation policies for Directors and Executives with Strategic Responsibilities and the procedures used to adopt and implement those policies.

The Compensation Report was prepared in accordance with the provisions of current laws and regulations and consistent with the Corporate Governance Code for listed companies, which your company adopted.

If you concur with the content of the abovementioned Report, we recommend that you vote to approve "Section One" of the Compensation Report by adopting the following resolution:

***"The Shareholders' Meeting,***

- being cognizant of the Compensation Report prepared by the Board of Directors, in accordance with the provisions of Article 123-*ter* of Legislative Decree No. 58/98, as amended, and the guidelines provided in Article 84-*quarter*, added by the Consob to the Issuers' Regulations with Resolution No. 18049 of December 23, 2011;
- having specifically reviewed "Section One" of the Compensation Report, which deals with the company's compensation policies for Directors and Executives with Strategic Responsibilities and the procedures used to adopt and implement those policies;
- taking into account the Corporate Governance Code for listed companies, which the company adopted;

**resolves**

- to approve "Section One" of the Compensation Report."

Milan February 12, 2014

The Board of Directors  
by: Bruno Lescoeur  
*Legal Representative*

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Company website: [www.edison.it](http://www.edison.it)

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