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CORPORATE GOVERNANCE 2012

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This document has been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version.

**REPORT ON CORPORATE GOVERNANCE AND
ON THE COMPANY'S OWNERSHIP STRUCTURE
2012**

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INTRODUCTION



FOREWORD

The corporate governance of Edison s.p.a. ("**Edison**" or the "**Company**") was characterized by a period of discontinuity in 2012.

More specifically, on May 24, 2012, Electricité de France Sa ("**EDF**") obtained control of the Company, upon its subsidiary WGRM Holding 4 Spa ("**WGRM**") acquiring from Delmi Srl ("**Delmi**") a 50% interest in the share capital of Transalpina di Energia Srl ("**TdE**"), which held a controlling interest in Edison, owning 61.3% of its common share capital. Following this transaction, TdE, in compliance with the resulting obligation, which it incurred jointly with WGRM and MNTC Holding Srl ("**MNTC**," also a wholly owned subsidiary of EDF and owner of a 19.4% interest in Edison's common share capital), launched a tender offer, pursuant to Article 102 and Article 106, Section 1, of Legislative Decree No. 58/1998 ("**TUF**"), for the Edison common shares not held by companies of the EDF Group (the "**Mandatory Offer**") and subsequently purchased, pursuant to Article 108, Section 1, of the TUF, the remaining Edison common shares tendered in response to the Offer by shareholders other than the companies of the EDF Group (the "**Purchase Obligation**"). At the end of the abovementioned process, EDF was thus the holder, through TdE and MNTC, of a 99.5% interest in Edison's common share capital.

The contract for the Purchase of an Equity Interest in TdE was executed on February 15, 2012, in accordance with a term sheet signed on December 26, 2011 by A2A Spa ("**A2A**"), Delmi, EDF and Edison, which defined the general guidelines of the agreements reached by the parties with regard to the abovementioned purchase and the concurrent sale by Edison and Alpiq Spa of common shares of Edipower Spa ("**Edipower**") equal to 70% of Edipower's share capital ("**Agreement in Principle**").

It is worth mentioning that the inclusion of TdE, a joint venture of EDF and Delmi (a 51% subsidiary of A2A), among Edison's shareholders with a majority stake dates back to September 16, 2005, due, among other things, to a tender offer for Edison's common shares, based on agreements executed by the abovementioned companies at that time.

As a result of the developments outlined above, also effective May 25, 2012, the Company's Bylaws were amended and, due to the resignation of five Directors, the composition of Edison's Board of Directors also changed. On June 4, 2012, the Board of Directors coopted new Directors, named Henri Proglio as its Chairman and reformulated the powers delegated to the Chief Executive Officer Bruno Lescoeur. Please see the section of this Report entitled "Board of Directors" for additional information.

Please also note that, due to the effects of the Mandatory Offer and to the actions taken to comply with the Purchase Obligation, as mentioned above, Borsa Italiana Spa ("**Borsa Italiana**"), by Resolution No. 7544 of August 7, 2012, delisted the Edison common shares from the online securities market ("**MTA**") effective September 10, 2012. Subsequently, in accordance with the provisions of Article 6 of Edison's Bylaws, the Company proceeded, during the period from November 2, 2012 to November 30, 2012, with the voluntary conversion of the savings shares into common shares, based on a ratio of 1 common share for each savings share held (the "**Voluntary Conversion**"), which ended with the conversion of 437,573 shares out of a total 110,592,420 savings shares originally outstanding. At the end of the Voluntary Conversion period, the savings shares continued to be listed on the MTA.

Consequently, Edison continues to be subject to the legal requirements applicable to "companies with shares traded on a regulated market" and retains the status of a "listed issuer" pursuant to national laws. In this respect, please note that the Company elected to continue following the Corporate Governance Code promoted by Borsa Italiana, in the manner described below, but will no longer comply with the requirement to publish an information memorandum in connection with material transactions involving acquisitions, divestments, capital increases through asset conveyances, mergers and demergers.

Lastly, it is important to keep in mind, that Edison debt securities totaling 1,800 million euros, issued in multiple increments within the framework of Euro Medium Term Note Programs approved by the Board of Directors, are currently outstanding. The features and maturities of the outstanding bond issues are listed in the notes to the separate financial statements and the consolidated financial statements. These bonds are listed on the Luxembourg Exchange. Until these bonds come to maturity, Edison is thus subject to the provisions applicable to issuers of such securities.

PROFILE OF THE GROUP

Edison is a leading player among Italian energy companies, with activities in hydrocarbon exploration and procurement, production and sales of electric power and distribution of both items in Italy and abroad. The company is active in Europe, Africa and the Middle East.

Edison operates 7.7 GW of installed electric power with 47 hydroelectric power plants, 22 thermoelectric power plants, 32 wind farms, 9 photovoltaic generating facilities and 1 biomass power plant. In 2012, Edison produced 22,5 TWh of electric power, equal to a 7.9% share of the national market. In the hydrocarbon sector, Edison has an integrated presence ranging from exploration to production, importation, distribution and sales, mainly of natural gas but of crude oil as well. The Company's hydrocarbon reserves total 50.0 billion cubic meter equivalent. It also has access to 15.8 billion cubic meter of gas a year, with which it covers more than 21.3% of Italy's total gas requirements. Edison holds 95 mineral leases in Italy and abroad (Egypt, Norway, Croatia, Algeria and the Falkland Islands) and 3 storage centers (2 operational - Collalto and Cellino, and one under development, San Potito-Cotignola).

Edison developed the Adriatic LNG regasification terminal near Rovigo (the world's first offshore facility of this kind), which makes it possible to import 8 billion cubic meters of gas a year, equal to 10% of Italy's total gas needs. In addition, Edison is a promoter of two key infrastructures for the diversification and reliability of Europe's gas supply: the Galsi pipeline, which will link Italy with Algeria, delivering 8 billion cubic meters of gas a year, and ITGI (Interconnector Turkey-Greece-Italy), which will link Italy with the Caspian Sea Basin and supply up to 10 billion cubic meters of gas a year.

Financial Highlights of the Edison Group (at December, 2012)

(In millions of euros)	2012
Sales Revenues	12,014
EBITDA	1,103
EBIT	229
Net result for the Group	(81)

At December 31, 2012, the Group included 35 subsidiaries (25 in Italy), 12 joint ventures (2 in Italy) and 18 affiliated companies (14 in Italy).

GOVERNANCE STRUCTURE

Consistent with its status as a company under Italian law with savings shares traded on the MTA and bonds traded on the Luxembourg Exchange, Edison has adopted a system of corporate governance, based on a conventional organizational model that comprises: the Shareholders' Meeting, a Board of Directors (which operates through the Directors who have executive authority and are empowered to represent the Company and is supported by Committees established within the framework of the Board of Directors), a Board of Statutory Auditors, the Independent Auditors and the 231 Oversight Board. Additional governance entities include the Special Meeting of Savings Shareholders and those of bondholders. The governance structure is integrated and activated through the Company's management structure, the main components of which include the following:

- An Executive Committee led by the Chief Executive Officer and comprised of managers of the Divisions representing the Company's main business areas.
- Management committees that support the Group's top management in connection with specific, important decision-making processes and/or particular issues.
- The organizational operating structure, consisting of business units and departments, each responsible for managing important and homogeneous business areas or areas that provide support and services to the business areas. In this regard, please see the chart provided in the Report on Operation.
- The Code of Ethics, the specific models, protocol and management systems required by Legislative Decrees No. 231/2001 and No. 262/2006, concerning the protection of privacy and occupational health and safety, internal operating procedures, the proxy system and internal and external delegations of authority.
- The Internal Auditing Department, which reports directly to the Chairman and provides support and liaison services for the activities of the Oversight Board.

Lastly, for several years the Company has focused its efforts on the creation of economic growth, while at the same time minimizing the impact of its activities on the environment and the social context. In this area, it prepares each year, together with its Annual Report, a Sustainable Development Report.

OWNERSHIP STRUCTURE



Detail of the entrance door at Edison headquarters in Milan.

STRUCTURE OF THE SHARE CAPITAL

Composition

Considering the effects of the Voluntary Conversion mentioned in the Foreword, on February 8, 2013, Edison's share capital totaled 5,291,700,671.00 euros, divided into 5,181,545,824 common shares, par value 1 euro each, equal to 97.92% of the total share capital, and 110,154,847 savings shares, par value 1 euro each, equal to 2.08% of the total share capital.

No financial instruments that convey the right to acquire newly issued shares through subscription are outstanding.

No options awarded to Group employees that convey the right to purchase Edison shares at present prices (Stock Option Plans) are outstanding and, consequently, no capital increases earmarked for such purpose were carried out.

Rights of the Classes of Shares

The common shares, which are registered shares, convey the right to vote at the Company's Ordinary and Extraordinary Shareholders' Meetings, in accordance with the applicable provisions of the law and the Bylaws, and provide their holders with any additional administrative and property rights attributed to voting shares pursuant to law.

The savings shares can be either bearer or registered shares, as the holder may choose, except for shares held by Directors, Statutory Auditors and the General Manager, if one is appointed, which must be registered shares.

They do not convey the right to vote at the Company's Ordinary and Extraordinary Shareholders' Meetings. Pursuant to the Bylaws, they convey the benefits and have the characteristics that are listed below in addition to those provided pursuant to law:

- A reduction in the share capital to absorb losses does not cause the par value of savings shares to decrease, except for the amount in excess of the aggregate par value of the other shares.
- The expenses incurred to protect the common interests of savings shareholders shall be defrayed through the use of a fund established by a resolution approved by a Special Shareholders' Meeting. The Company shall contribute a maximum of 10,000.00 euros per year to this fund.
- If the savings shares are delisted, they will retain all of the rights attributed to them under the Bylaws and may be converted into common shares according to the terms and conditions determined by a Shareholders' Meeting, which must be held within two months from the date of delisting.
- The remainder of the earnings shown in the duly approved financial statements, after allocating 5% to the statutory reserve, which must be set aside until the reserve reaches one-fifth of the share capital, are distributed to the savings shares up to an amount that may not be greater than 5% of their par value. If in a given fiscal year the savings shares receive a dividend that is less than the abovementioned amount, the difference will be brought forward and added to the preferred dividend over the following four years.
- If no dividend is distributed to the savings shares for five consecutive years, these shares can be converted one for one into common shares, upon a simple request by the shareholder, during the period from January 1 to March 31 of the sixth year.
- Any remaining earnings that the Shareholders' Meeting decides to distribute are allocated to all of the shares such that the savings shares receive a total dividend that is greater than the dividend paid to the common shares by 3% of their par value.
- If reserves are distributed, the savings shares have the same rights as the other shares. However, if the Company has no earnings in a given year, the benefits listed above with regard to earning allocation may be provided by the Shareholders' Meeting through a resolution approving the distribution of reserves.
- Upon dissolution of the Company, the savings shareholders take precedence in the redemption of the share capital up to the full par value of their shares.
- Resolutions to issue new savings shares with the same features as the savings shares outstanding,

whether by way of a capital increase or through the conversion of shares of another class, do not require the approval of the holders of savings shares convened in Special Meetings.

Lastly, for the sake of complete disclosure, please note that, as stated in the Foreword, in the event of delisting, upon a simple request by the shareholder, the savings shares could have been converted one-for-one into common shares in accordance with the terms and conditions determined by Board of Directors and communicated to the market. More specifically, it is worth mentioning that the Voluntary Conversion option was available during the month of November 2012 and, consequently, this option provided under the Bylaws may no longer be exercised.

In the event of a share capital increase, holders of common and savings shares are entitled to receive a prorated number of rights to acquire newly issued shares of the same class or, lacking such shares or for any difference, shares of another class.

The Company's savings shares have been traded on the MTA operated by Borsa Italiana since December 2, 2002. The common shares, which were also traded on the MTA, were delisted as of September 10, 2012, as explained in the Foreword.

Powers to Carry out Capital Increases and Authorizations to Purchase Treasury Shares

The Board of Directors has not been granted the power to increase the Company's share capital, as allowed under Article 2443 of the Italian Civil Code, nor is it authorized to purchase treasury shares.

Restrictions to Transfers of Shares, Ownership Limitations and Acceptability Clauses

The Company Bylaws contain no restrictions of the right to transfer shares, no ownership limitations and no acceptability clauses.

STOCK OWNERSHIP

Shareholders with Significant Equity Interests

The table that follows, which is based on the data in the Shareholder Register and reflects communications received pursuant to law and other information available as of February 8, 2013, taking into account the effects of the Mandatory Offer and the compliance with the Purchase Obligation, shows that there is no party, other than EDF, that holds, directly or indirectly (including through third parties, nominees and subsidiaries), an interest greater than 2% of the voting stock (**Significant Equity Interests**).

A breakdown of the interest held by EDF in Edison's common share capital is as follows:

	Common shares	% of common share capital	% of total share capital
TdE	4,151,359,972	80.12	78.45
MNTC	1,003,009,126	19.36	18.95
Total EDF Group	5,154,369,098	99.48	97.40

A list of shareholders with Significant Equity Interest is available on the Company website ([www.edison.it/Investor Relations](http://www.edison.it/Investor_Relations) - Share capital and shareholders) and on the Consob website (www.consob.it).

Special Controlling Rights

No securities that convey special controlling rights have been issued or are outstanding.

Mechanism for the Exercise of Voting Rights Within an Employee Stock Ownership Plan

There are no employee stock ownership plans.

Voting Right Restrictions

The Bylaws contain no provisions restricting the exercise of voting rights.

Agreements Deemed Significant Pursuant to Article 122 of the TUF

As a result of the implementation of the agreements executed on December 26, 2011 by the owners of TdE, which, inter alia, resulted in the transfer of a 50% interest in TdE's capital from Delmi to the EDF Group and the acquisition of virtually complete control of the Company by EDF, effective May 24, 2012, the shareholders' agreements deemed significant pursuant to Article 122 of the TUF disclosed in previous Reports on Corporate Governance, which are listed below, were cancelled:

- (i) A Framework Agreement executed on May 12, 2005 by EDF, its WGRM subsidiary, A2A (formerly AEM Spa) and its Delmi subsidiary for the purpose of acquiring joint control of Edison through a 50-50 joint venture of Delmi and WGRM, subsequently identified as TdE, which was not a party to the agreements;
- (ii) A Shareholders' Agreement executed concurrently by the same parties concerning the joint management and corporate governance of Edison and TdE, which was amended repeatedly, most recently on February 15, 2012;

(hereinafter referred to as the **Governance Agreements**).

As of the same date of May 24, 2012, the following agreements were no longer deemed significant for Edison pursuant to Article 122 of the TUF:

- (iii) Investment and Shareholders' Agreement executed on July 7, 2005 by A2A (formerly AEM), Dolomiti Energia Spa (hereinafter "**Dolomiti Energia**"), Società Elettrica Altoatesina, SEL Spa (hereinafter "**SEL**"), Mediobanca Spa (hereinafter "**Mediobanca**"), Banca Popolare di Milano Scarl (hereinafter "**Banca Popolare di Milano**") and Fondazione Cassa di Risparmio di Torino (hereinafter "**Fondazione Cassa di Risparmio di Torino**"), and a subsequent agreement amending and supplementing the earlier stipulations, which was executed on July 18, 2005 by the abovementioned parties and Iren Spa (formerly Enìa Spa, hereinafter "**Iren**"). These two agreements governed the following: the inclusion of Dolomiti Energia, Mediobanca, Banca Popolare di Milano, Fondazione Cassa di Risparmio di Torino and, subsequently, Enìa Spa (now Iren) in Delmi's shareholder base; an increase of SEL interest in Delmi; capitalization and financing commitments by Delmi's shareholders; and the relationships between and interests of the signatories with respect to the organization and operations of Delmi and, limited to certain issues, of TdE and Edison. These Agreements were amended repeatedly, most recently, to the Company's best knowledge, on February 28, 2012.
- (iii) Shareholders' Agreement executed on July 7, 2005 by Mediobanca, Banca Popolare di Milano and Fondazione Cassa di Risparmio di Torino (Delmi's financial shareholders) covering the mutual obligation to provide information and communication of voting decisions made by the parties to the Agreement ahead of meetings of Delmi's Management Committee and of meetings of the Boards of Directors and Shareholders' Meetings of Delmi, TdE and Edison. The Agreement also governs how votes will be cast at the abovementioned meetings and the inclusion of new shareholders in Delmi's shareholder base. This Agreement was amended repeatedly, most recently, to the Company's best knowledge, on December 14, 2011.

Change of Control Clauses

Information about significant agreements executed by Edison or its subsidiaries who are parties to the Agreements at December 31, 2012, as defined in Article 93 of TUF, that could become enforceable or could be subject to change or cancellation in the event of a change in Edison's control is provided below.

Financing Facilities

A change of control, which shall be understood to have occurred if control is gained by parties other than those included in the groups that comprise Edison's current chain of control, could have a material impact in connection with the following:

- 1) The 1,500-million-euro syndicated facility provided to Edison by a pool of banks in April 2006 (see the notes to the separate and consolidated financial statements);
- 2) The loan agreement for a 250-million-euro facility provided to Edison by the European Investment Bank in December, 2010 to finance the conversion of some gas fields owned by Edison Stoccaggio Spa into underground gas storage facilities (see the notes to the separate and consolidated financial statements).

In both cases, if the bank pool or the European Investment Bank were to reasonably believe that a change of control, as defined above, had occurred or was about to occur, such event could justify a request for early repayment of the credit lines. However, in the case sub 1), under certain circumstance, the abovementioned right appears to be conditional on the requirement that a majority of the lender banks can reasonably prove that the new ownership structure would render Edison unable to perform its contractual obligations or, otherwise, impair the contract's validity or performance.

Commercial Agreements

If it resulted in a downgrading of Edison's credit rating, a change in the parties that exercise control over Edison could have a material impact on the following contracts:

- Annual natural gas transmission contract executed with Snam Rete Gas Spa on September 19, 2007: in order to maintain access to the transmission infrastructures, Edison would be required to provide a bank guarantee enforceable on sight for an amount equal to one-third of the maximum annual fee payable for transmission capacity;
- Regasification contract executed with Terminale GNL Adriatico Srl on May 2, 2005 for a term of 25 years counting from the date of the first LNG delivery to the terminal (November 2, 2009): in order to maintain access to the transmission infrastructure, Edison would be required to provide a bank guarantee enforceable on sight for an amount equal half the maximum annual fee payable.

Insofar as long-term natural gas supply contracts are concerned, two contracts to import natural gas signed with Sonatrach (an Algerian state company) on July 25, 2006 and November 15, 2006, respectively, are relevant with regard to change of control. The first contract went into effect in the second half of 2008, following the completion of the first phase of the expansion of the natural gas pipeline that links Algeria with Italy by way of Tunisia. The second contract is scheduled to go into effect once Galsi (a company owned by Sonatrach, Edison and minority shareholders) completes the construction of a pipeline linking Algeria with Sardinia and Tuscany, which is currently in the development phase. Both contracts contain stipulations whereby Sonatrach can cancel the contract without being required to pay compensation if there is a change in Edison's control.

Shareholders' Agreements

The shareholders' agreement signed on July 3, 2008 by Edison International Holding NV (100% Edison Spa), Hellenic Petroleum Sa and Hellenic Petroleum International Ag (100% Hellenic Petroleum), the subject of which is Elpedison BV (formerly Edison Nederland BV - a company owned 50% by Edison International Holding and 50% by the Helpe Group), to which two combined-cycle power plants in Greece (at that time, one under construction in Thisvi and one already being operated by T-Power) were conveyed in 2009 through the Greek subsidiary Elpedison Power (formerly T-Power), contains a clause whereby, should Edison cease to be the controlling shareholder of Edison International Holding NV, Hellenic Petroleum Sa shall have the right to exercise a call option for 50% of the equity interest at a price determined in accordance with criteria set forth in the shareholders' agreement.

The shareholders' agreement signed on June 11, 2008 by Edison International Holding NV (100% Edison) and DEPA Sa, a Greek company, the subject of which is IGI Poseidon Sa, a Greek company established to develop, build and operate a Greece-Italy gas pipeline that will run for 200 kilometers under the sea between the Greek coast and the coast of Apulia, pursuant to which (i) if Edison International Holding NV ceases to be controlled, directly or indirectly, by TdE Srl and (ii) the entity taking over control of Edison International Holding is owned or controlled by the government of a country that is not a member of the European Union, DEPA shall have the right to purchase, at a price determined based on criteria set forth in the shareholders' agreement, the number of shares needed to ensure that, following the purchase, Edison International Holding's ownership interest is reduced to not more than 20%.

Controlling Entity and Management and Coordination Authority

EDF Sa acquired control of the Company, pursuant to the definition provided in Article 93 of TUF, effective May 24, 2012. Previously, Edison was controlled by TdE, which was owned in equal shares by two partners: WGRM, a wholly owned subsidiary of EDF, and Delmi, a 51% subsidiary of A2A. Delmi's other shareholders were: Iren (15%), SEL (10%), Dolomiti Energia (10%), Mediobanca (6%), Fondazione Cassa di Risparmio di Torino (5%), and Banca Popolare di Milano (3%).

However, neither EDF nor its TdE and MNTC subsidiaries, which hold interests in Edison directly, exercise management and coordination authority over Edison. Specifically, on the one hand, TdE and MNTC were configured as mere equity investment holding companies without an organizational structure. On the other hand, Edison maintained substantially unchanged its independent management characteristics, as it continues to be equipped with a structured organization capable of performing all corporate activities, a separate strategic and financial planning process, its own planning capabilities regarding business implementation and evolution. Moreover, it has actually taken on a guidance and coordination role, within the EDF Group, for hydrocarbon exploration, production and procurement activities, particularly in the area of natural gas, specifically because of its geographic footprint and the technical and professional characteristics of its managers.

On the other hand, virtually all of the Company's direct and indirect Italian subsidiaries have identified Edison as the entity that exercises oversight and coordinating authority over their operations. The only exceptions are some companies in which other shareholders also hold an equity interest or subject by the sector regulation to particular independence requirements for the business operation and some subsidiaries that are subject to permanent restrictions (such as companies in receivership or in bankruptcy).

OTHER INFORMATION

Provisions Applicable to the Composition and Activities of the Board of Directors and Its Committees and to the Election and Replacement of Directors

The composition and activities of the Board of Directors are governed by the following articles of the Bylaws: 14 (Board of Directors), 16 (Corporate Officers - Committees), 17 (Powers) and 18 (Procedures for Convening and Holding Meetings of the Board of Directors and Approving Resolutions). Please see the information provided in the corresponding sections of this Report.

Information about the composition and operating mechanisms of the Committees of the Board of Directors is provided in the abovementioned Article 16 of the Bylaws and in the section of this Report entitled "Internal Committees of the Board of Directors."

The election and replacement of Directors are governed by the abovementioned Article 14 (Board of Directors) of the Bylaws. Additional information is provided below in the section of this Report entitled "Election of Directors."

Please note that some of the articles mentioned above were amended effective May 25, 2012 to take into account the change in Edison's ownership structure and make their text consistent with the new provisions concerning gender parity.

Provisions Applicable to the Composition, Activities, Election and Replacement of the Board of Statutory Auditors

The composition and activities of the Board of Statutory Auditors, as well as the election and replacement of Statutory Auditors are governed by Article 22 (Board of Statutory Auditors) of the Bylaws. Please see the information provided in the corresponding sections of this Report.

Please note that the abovementioned Article was amended, effective May 25, 2012, to take into account the change in Edison's ownership structure and make its text consistent with the new provisions concerning gender parity.

Provisions Applicable to the Activities of the Shareholders' Meeting and Relevant Rights of Shareholders

The process of convening and holding Shareholders' Meetings and the relevant rights of shareholders are governed, besides by law, by Title III of the Bylaws. Please see the information provided in the corresponding sections of this Report.

Please note that certain articles contained in the abovementioned Title III were amended, effective May 25, 2012, to take into account the change in Edison's ownership structure.

Provisions Applicable to Amendments to the Bylaws

The Bylaws may be amended by a resolution adopted by an Extraordinary Shareholders' Meeting and, limited to amendments required to comply with statutory regulations, by the Board of Directors, as allowed pursuant to Article 17 of the Bylaws.

As stated in the Foreword, following the acquisition of Edison's control by EDF, certain amendments to the Bylaws approved by the Shareholders' Meeting on April 24, 2012 went into effect as of May 25, 2012. Inter alia, these amendments changed the *quorums* needed to hold an Extraordinary Shareholders' Meeting, making it consistent with statutory requirements, and the *quorums* required to hold a meeting of the Board of Directors and adopt resolutions.

The amendments to the Bylaws were discussed in detail in the report prepared by the Board of Directors for the Shareholders' Meeting and published as a separate document available on the Company website (www.Edison.it - *Governance*/Shareholders' Meetings/Shareholders' Meetings of April 24 and 26, 2012/Documents).

A copy of the Bylaws currently in effect is annexed to this Report.



CORPORATE GOVERNANCE



The Fountain Room (formerly the Board Room)
at Edison's headquarters in Milan.

ADOPTION OF CORPORATE GOVERNANCE CODES

As explained in the Foreword, the Company's capital structure changed significantly in 2012, as EDF acquired virtually exclusive control of Edison and, following the implementation of the Mandatory Offer and compliance with the Purchase Obligation, Borsa Italiana delisted the Edison common shares from the MTA, effective September 10, 2012. However, the Edison savings shares continue to trade on the MTA.

Nevertheless, the Company's Board of Directors decided to continue complying, on a voluntary basis and with the exceptions listed below, with the Corporate Governance Code promoted by Borsa Italiana. Edison derived its code from the one used by Montedison, a publicly traded subsidiary, and adopted it in December 2002 upon the listing of its share following the absorption of the abovementioned subsidiary.

As a result, the Company's system of corporate governance, which is the set of standards and behavior guidelines deployed to ensure the efficient and transparent functioning of its corporate governance and internal control systems, was thus over time substantially consistent with the recommendations of the Code and was revised from time to time to reflect amendments to the Code. Most recently, in 2012, Edison's governance system underwent a series of changes, due both to the decision by the Board of Directors to adopt newly introduced Code provisions and to the effect of the changes that occurred in Edison's stock ownership structure. In this area, it is worth mentioning that the Company Bylaws were amended to make the activities of the governance bodies consistent with the Company's new control structure, as explained in detail in the section of this Report entitled "Board of Directors," and reflect the fact that it is no longer necessary to incorporate into the Bylaws the main rules of corporate governance set forth in the Governance Agreements of 2005.

The Company's current governance system, with the exceptions mentioned below, is thus consistent with the rules set forth in the 2011 edition of the Code (the "**Code**") published on Borsa Italiana's website (www.borsaitaliana.it).

This section of the Report incorporates an illustration of the corporate governance structure reviewed by the Board of Directors on February 8, 2013. It also lists, as they apply, the recommendations of the Code that the Company chose not to implement and explains the reasons why. This section also provides the disclosures required by the laws and regulations that apply to corporate governance.

BOARD OF DIRECTORS

The role of the Board of Directors is to define the strategic guidelines that must be followed by the Company and the Group under the Company's control and is responsible for governing its business operations. Accordingly, it enjoys the most ample powers to carry out all actions, including acts of disposition, that it may deem useful for the furtherance of the corporate purpose, the sole exception being those that the law expressly and exclusively reserves for the Shareholders' Meeting. The Board of Directors delegated some of its management responsibilities to the Chief Executive Officer, in accordance with the conditions specified below.

As stated in previous Reports and until May 24, 2012, the following four Committees, all of which make recommendations and provide support, operated within the framework of the Board of Directors: the Strategy Committee, the Control and Risk Committee, the Compensation Committee and the Committee of Independent Directors. Subsequent to EDF acquiring control of Edison and the resulting change from multi-party joint control (the EDF Group and the various holders of partnership interests in Delmi) to single-party control, there was no longer a reason for continuing to maintain an active Strategy Committee, which was inactive since June 2012, no longer seemed to apply.

Role of the Board of Directors

The Board of Directors is responsible for managing the Company directly or by delegating some of its attribution to other governance bodies.

In order to strengthen its management function, a series of decisions concerning highly significant issues and transactions were reserved for the Board of Directors, in addition to the powers attributed to it pursuant to law and the Bylaws, and consequently cannot be delegated to executive Directors.

The Board of Directors meets on a regular basis and operates in a fashion that ensures an effective discharge of its duties, including reliance on preparatory work by committees established within the Board itself.

Plan Review and Approval

The Board of Directors has jurisdiction over the review and approval of the Company's strategic plans, which are prepared on a consolidated basis and include the industrial and financial plans, and periodically monitors their implementation.

In 2012, while a definition of the Company's control structure was in progress, the Board of Directors thought it appropriate to approve only the budget, which, in any case, constitutes the first year of the medium/long-term plans. In view of the configuration that the Company's control structure was expected to assume with the signing and implementation of the Agreement in Principle defined in December 2011 and which would undoubtedly have defined Edison's strategic guidelines and development plans, it seemed preferable to pursue a planning process focused on the near term. In January 2012, the budget was revised and updated to take into account the effects of the sale and resulting deconsolidation of 50% of Edipower. In addition, the Board of Directors adopted as valid, for the purpose of the impairment tests applied to the 2011 financial statements, the projections incorporated into the industrial plan used in that regard, which already reflected the effects of the subsequent execution and implementation of the contracts implementing the Agreement in Principle.

Also with regard to the 2013 reporting year, the Board of Directors thought it appropriate to limit its review to certain initial assumptions of the Plan, approving the budget and focusing its attention on the medium term only with regard to the investment program. This was done in view of the refocusing of the Group's businesses and the reorganization of its activities that followed the restructuring of its stock ownership, while taking into account the significant uncertainties that exist, in general, in the economic environment and, specifically, in the markets in which the Company operates, given also the unpredictability of the timing of the second round of price renegotiations for the gas supplied under long-term take-or-pay contracts signed by the Company with some of the world's largest gas producers. The outcome of these renegotiations, which got under way in the closing months of 2012 will have a highly material impact on the Company's bottom line over the next three years.

As for the monitoring activity, it has been for a long time an established practice of the Board of Directors to review the Company's operating performance and compare actual and planned results, as listed in the approved budget, usually when quarterly financial statements are approved. In 2012, the Board of Directors carefully analyzed, on multiple occasions, the Company's performance, also prospectively, assessing potential alternative actions to rebalance the financial structure, in the event that, differently from what actually happened, the sale of Edipower and the first round of renegotiations for the long-term take-or-pay contracts failed to come to fruition.

Definition of Corporate Governance and the Group's Structure

The Board of Directors has jurisdiction over defining corporate governance and the Group's structure.

In 2012, in anticipation of changes expected during the year in the Company's control structure, the Board of Directors thought it appropriate to submit to the Shareholders' Meeting convened to approve the

financial statements certain amendments to the Bylaws, making their effectiveness conditional on EDF acquiring control of TdE, and therefore of Edison. This approach was dictated by the fact that the Company's governance structure, as set forth in the Bylaws, reflected the terms of the Governance Agreements signed by the parties and that these agreements would have been cancelled upon EDF acquiring control.

The amendments involved removing from the Bylaws all specific provisions that reflected the terms of the abovementioned agreements. Consequently, they affected the election mechanisms and operating rules of the governance bodies, i.e., the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors, specifically focusing with targeted amendments on the Board of Directors.

This process also provided an opportunity to introduce a series of provisions that amended the Bylaws and made them consistent with newly enacted statutes, including in particular those aimed at ensuring a fair gender representation within the Board of Directors and the Board of Statutory Auditors.

These amendments were approved by the Shareholders' Meeting on April 24, 2012 and became effective on May 25, 2012 (date when the notarial deed recording the transfer to WGRM of title to the ownership stake in TdE held by Delmi was entered in the Company Register). Edison's governance bodies were thus able to function in accordance with the new governance rules immediately after the adoption of the new configuration for the Company's stock ownership structure and Board of Directors.

Subsequently, the organizational structure and responsibilities of the Company's top management was also redefined, reformulating, among others, the responsibilities of the Chief Financial Officer and the Chief Operating Officer, and establishing an Executive Committee, comprised of the managers of the main business and corporate areas, was established and Edison's mission was redefined, with greater emphasis on the hydrocarbon industry. These amendments were presented to the Board of Directors, which, after assessing and discussing them, reviewed the composition of the boards of directors of Edison's main subsidiaries and reached a consensus on the proposed program of replacements. In this regard, the companies that head of the Group's different areas of business were identified as the "main subsidiaries".

Definition of the Type and Level of Risks Compatible with the Issuer's Strategic Objectives

The Board of Directors has jurisdiction over defining the type and level of risks compatible with the Company's strategic objectives.

As explained in section of this Report entitled "Internal Control and Risk Management System," Edison developed an integrated risk management model in accordance with the international principles of Enterprise Risk Management (ERM), the COSO framework specifically, to map the Company's priority risks, preemptively assess their potential negative effects and take appropriate actions to mitigate them.

Within the Enterprise Risk Management, because the Edison Group is exposed to the risk of price fluctuations for all energy commodities used by its businesses (mainly electric power, natural gas, coal, petroleum products, environmental securities) and to the foreign exchange risk for energy commodities denominated in foreign currencies, the Company has implemented for some time an Energy Risk Policy. This policy calls for the adoption of specific risk limits in term of economic capital, based on the entire portfolio of Group assets and contracts (the "**Industrial Portfolio**"), measured periodically through the Profit at Risk (statistical measurement of the maximum potential negative variance expected in the event of unfavorable market moves for a given time horizon and confidence interval). Financial derivatives may be used to contain the exposure to the commodity risk within the approved economic capital limits. Within the framework of its core activities, the Edison Group also engages in trading in physical and financial commodities. These activities must be carried in accordance with special procedures and segregated in special portfolios (the "**Trading Portfolios**"),

separate from the Industrial Portfolio, which are monitored based on strict risk limits. In this case as well, a maximum limit of economic capital is established, measured through the Value at Risk (a statistical measurement of the maximum potential negative variance in the portfolio's fair value in response to unfavorable markets moves, within a given time horizon and confidence interval) and a stop loss limit.

The Board of Directors, based on the mapping of the main business risks, determines each year, when it approves the annual budget, the maximum limit of the economic capital both for the Industrial Portfolio and the Trading Portfolios. With regard to 2012, the decision was taken in the meeting of December 2, 2011 and, with regard to 2013, the decision was taken in the meeting of November 30, 2012.

Assessment of the Effectiveness of the Organizational, Administrative and Accounting Structure, with Special Emphasis on the Internal Control and Risk Management System

The Board of Directors reviews and evaluates periodically - usually in connection with the approval of the annual and semiannual financial report, but also based on preparatory activities carried out by the Control and Risk Committee and reviews by the Board of Statutory Auditors - the effectiveness of the Company's organization and administrative and accounting system, with special emphasis on the Internal Control System.

Specifically with regard to risk management, the Board of Directors, based in part on reviews performed by the Control and Risk Committee, is regularly informed about, and discusses, the results of tests performed with the integrated risk management model adopted by the Group.

With regard to this issue see the information provided in the section of this report entitled "Internal Control and Risk Management System." With regard to 2012 assessment was carried out in the meeting of February 13, 2012 and of July 30, 2012.

Assessment of the Overall Operating Performance and Reporting by Delegated Entities

As required by the Code and by current laws, the Board of Directors reviews periodically the results from operations, starting with the approval, each quarter, of the financial statements for the period. Moreover, pursuant to law, the Code and the Bylaws, the officers to whom power has been delegated report to the Board of Directors and the Board of Statutory Auditors at least on a quarterly basis to explain the work performed in the exercise of their powers. In addition, the Chief Executive Officer has been following for some time the specific practice of including in the Agenda of each meeting of the Board of Directors, irrespective of the time that elapsed from the previous meeting, a report by the CEO on the work he performed and on major transactions executed by the Company and its subsidiaries that did not require the prior approval of the Board of Directors.

Approval of Material Transactions Executed by the Company and Its Subsidiaries

Furthermore, based on the provisions of the Bylaws and the resolutions adopted by the Board of Directors, most recently on June 4, 2012, the Board of Directors, in addition to those attributions that are reserved for the Board pursuant to law and cannot be delegated to individual Directors, has sole jurisdiction over the particularly significant matters listed below:

- (a) Reduction of the Company's share capital when shareholders request redemption of their shares;
- (b) Decisions concerning the approval of the business plan and budget;
- (c) Opening or closing Edison secondary headquarters;
- (d) Designation of the Directors authorized to represent the Company;
- (e) Amendments to the Company Bylaws to comply with statutory requirements;
- (f) Mergers and demergers in the situations referred to in Articles 2505 and 2505-*bis* of the Italian Civil Code and those referred to in Article 2506-*ter* of the Italian Civil Code;

- (g) Bond issues;
- (h) Contracts to sell and buy natural gas with a duration of more than 36 months, when the quantities of gas equivalent involved are greater than 10 TWh/y for each contract;
- (i) Contracts to sell and buy electric power with a duration of more than 36 months, when the quantities involved are greater than 5 TWh/y for each contract;
- (l) Contracts to sell and buy other energy commodities, steam, crude oil and its derivatives, securities representative of Green Certificates, CO₂ emissions rights and other similar securities or rights with a duration of more than 36 months, when the amount involved is greater than 150 million euros (or equivalent amount in another currency) for each contract;
- (m) Contracts to buy or acts of disposition of property (other than the assets specifically mentioned in the other letters), commercial and industrial agreements, contracts for the provision of services and, in general, any other agreement or contract involving goods or services necessary to carry out the Company's operating activities involving an amount greater than 200 million euros (or equivalent amount in another currency) for each contract or agreement;
- (n) Granting, receiving or repaying ahead of schedule financing facilities, assumption of debt and other banking and financial contracts of any type involving an amount greater than 200 million euros (or equivalent amount in another currency) for each contract;
- (o) Contracts involving financial instruments traded in the money market and financial derivatives that may or may not hedge foreign exchange, interest rate and commodity price risks involving an amount greater than 200 million euros (or equivalent amount in another currency) for each contract;
- (p) Contracts involving investment (other than those listed in Section o) below) involving an amount greater than 50 million euros (or equivalent amount in another currency) for each contract;
- (q) Contracts involving purchases, acquisitions under any title and in any form (e.g., in connection with a capital increase or the establishment of a company), conveyances or other acts of disposition (in whole or in part, in any form and under any title, including without any limitation the establishment or granting of pledges, encumbrances, beneficial interest rights or other third-party rights) of securities, equity interests and ownership stakes in companies, enterprises and other entities, businesses and business operations and assets necessary to carry out the Company's operating activities involving an amount greater than 50 million euros (or equivalent amount in another currency) for each contract;
- (r) Granting or releasing encumbrances, pledges, collateral, sureties and other guarantees or similar rights on tangible and intangible assets (different from encumbrances, pledges, guarantees or rights set forth in other sections) involving an amount greater than 50 million euros (or equivalent amount in another currency) for each transaction;
- (s) Related-party transactions that qualify as "Highly Material Transactions" in accordance with the Procedure Governing Related-party Transactions approved by the Board of Directors on December 3, 2010;
- (t) Any other contract or transaction not expressly mentioned in the preceding sections that entails expense commitments greater than 50 million euros (or equivalent amount in another currency) for each contract or transaction.

On the same date, the Board of Directors also amended the scope of implementation of the Related-party Procedure (as explained in the section of this Report entitled "Committee of Independent Directors and Related-party Transactions") to reflect Edison's new control structure.

Lastly, at the meeting held on October 26, 2012, the Board of Directors modified the criteria for identifying highly material transactions executed by subsidiaries that would require its prior approval, establishing that, when they are carried out by a subsidiary, in addition to the areas that are outside the jurisdiction of Edison's Chief Executive Officer, as listed in letters h) to t) of the list provided above, the prior approval of the Board of Directors is required for the following transactions carried out by subsidiaries: (i) capital increases and bond issues for amounts greater than 50 million euros; mergers and demergers; (ii) conveyances or other acts of disposition of equity investments that will result in the Company's losing control of a subsidiary.

As was the case in the past, in view of the number of activities carried out by subsidiaries, no qualitative/quantitative criteria were established for the determination of eligible subsidiaries: this requirement thus applies to all subsidiaries, with only those operating in corporate unbundling mode being excluded.

Starting from such modification, the Board of Directors approved one Highly Material Transaction carried out by a subsidiary.

Until June 4, 2012, the attributions of the Board of Directors were those described in the previous Report on Corporate Governance.

Self-assessment by the Board of Directors and Its Committees

In 2012, differently from previous years, the Board of Directors agreed that it would not carry out a self-assessment process concerning the size, composition and activities of the Board and its Committees. This decision was motivated by the substantial changes that occurred in Edison's control structure in 2012, which had an effect also on the composition of the Board of Directors and its governance structure. More specifically, as a result of these changes, five Edison Directors resigned during their term of office and would not be interested in participating in the process; on the other hand, the newly coopted Directors could have provided an input only with regard to a relatively short period of time. Moreover, the new governance system adopted by the Company and the resulting amendments to the Bylaws, which, as mentioned above, went into effect in May 2012 and altered the operating mechanisms of the Board of Directors, were too recent to allow a carefully considered assessment. For the same reasons, the Board of Directors decided not to collect input that would have enabled it to provide the controlling shareholder (which, by the way, owns 99.5% of the common share capital) with recommendations concerning the appropriate composition of the next Board of Directors that will be elected by the Shareholders' Meeting convened to approve the 2012 financial statements. However, the Board of Directors acknowledged that all of the "crafts" and competencies that are deemed necessary for a sound business management are represented and reflected in its current composition. Additional information in this area is provided in the section of this Report entitled "Composition of the Board of Directors."

In any case, the implementation of the improvement actions identified with the 2011 self-assessment continued in 2012.

Rules of Operation of the Board of Directors

Edison's Directors act and deliberate with full knowledge of the issues at hand and independently, pursuing as their primary objective the creation of value for the shareholders over a medium/long-term time horizon.

Taking into account the respective professional competencies, they devote to the diligent discharge of their duties the necessary amount of time, considering also the work they perform at the internal Committees of the Board of Directors.

Choosing not to adopt the Code's recommendations, the Board of Directors refrained from expressing an opinion on the maximum number of posts that may be held, compatibly with the effective performance of the duties of an Edison Director, since it believes that such a determination is primarily a consideration that the shareholders should make when electing Directors and, secondarily, a decision incumbent on each Director when accepting an appointment.

With regard to non-compete obligations, we wish to point out that the Shareholders' Meeting (which under the Bylaws has the authority to activate such obligations when electing Directors, should it deem it necessary) did not avail itself of this right and that, in the course of the year, the Board of Directors did not uncover any issues worthy of the attention by the Shareholders' Meeting.

It also worth mentioning that, as explained in previous reports, the 231 Model includes a special protocol entitled "Related-party Transactions," which sets forth rules of conduct that govern the position of Directors who may have an interest, albeit potential or indirect, in a transaction that the Company plans to carry out. Specifically, when a transaction requires the prior approval of the Board of Directors, the Director affected by the transaction is required to inform the Board of Directors about his interest in the transaction, explaining the nature, terms, origin and scope of said interest. If, on the other hand, a transaction does not require the prior approval of the Board of Directors and falls within the scope of the power awarded to the Director affected by it, including when the transaction is being executed by means of a special power of attorney issued by the same Director, the Director in question is required to refrain from executing the transaction and cause his representatives to do the same, choosing instead to submit the transaction to the Board of Directors for prior approval. In all cases, the applicable resolution of the Board of Directors must contain an adequate explanation of the reasons for the transaction and of the benefits that the transaction would have for the Company.

In this respect, please note that during the Offer procedure and regarding the respective press release published by the Company, at its June 18, 2012 meeting, the Board of Directors that approved the Offer document, insofar as its assessment of the fairness of the Offer price was concerned failed to achieve the requisite majority pursuant to the Bylaws, due to the fact that the Directors designated by EDF abstained from voting in order to avoid being characterized as bearers of an interest on behalf of EDF and TdE, in view of their relationships with these entities. Because of this circumstance and pursuant to the Bylaws, the unanimous vote of all remaining Directors, all independent, was required: in this regard, two of the independent Directors found the Offer's consideration to be fair, while the third independent Director did not. This circumstance and the reasons for its occurrence were communicated to the market by means of press releases.

With the expiration of the Governance Agreements, there is no longer a need to review, when each Board meeting is called to order, the governance posts held by the various Directors in their respective companies and their designation criteria. This requirement was justified by the composition of the old Board of Directors and by the fact that the non-independent Directors belonged to various companies included in groups that were part of Edison's chain of control, almost all of which operated in the same industries as those of the Company.

Meetings of the Board of Directors and Information for Directors

Pursuant to the Bylaws, the Chairman or the Chief Executive Officer have the power to convene meetings of the Board of Directors and define the meeting's Agenda.

Meetings of the Board of Directors may also be convened by the Board of Statutory Auditors or by individual Statutory Auditors, with notice given to the Chairman of the Board of Directors. This option was never used during the course of the year.

The notice of the meeting must be given by means of a written communication, which must be sent at least five days ahead of the date set for the meeting, or at least two days ahead in urgent cases.

Meetings are chaired by the Chairman of the Board of Directors or, should he be absent or unavailable, by a party designated by the Board of Directors, who guides the meeting progress and coordinates its activities.

In order to facilitated the attendance of Directors, meetings of the Board of Directors may be held via teleconferencing or videoconferencing, provided all participants can be identified and are able to follow the proceedings, participate in real time in the discussion of the items on the agenda and receive,

transmit and review documents. However, usually, Directors who are linked through remote means of communication are a minority compared with those who participate in person.

Further to the adoption of the recent amendments to the Bylaws, a meeting of the Board of Directors is validly convened when a majority of the Directors in office are in attendance (previously, ten Directors were required) and approves resolutions by a favorable vote of the majority of the Directors in office (previously, the favorable vote of at least ten Directors was required). However, if any Directors abstain from voting, resolutions must be approved by a unanimous vote.

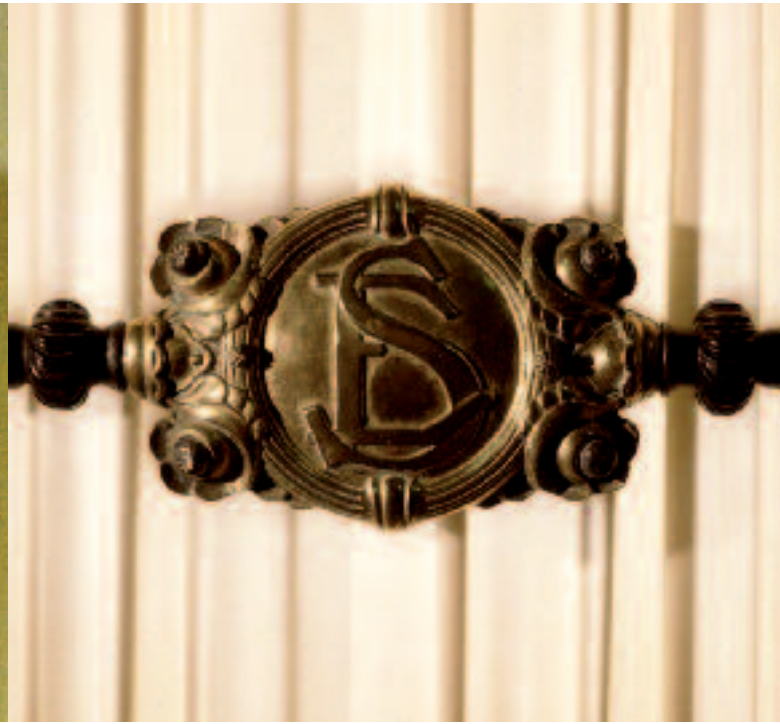
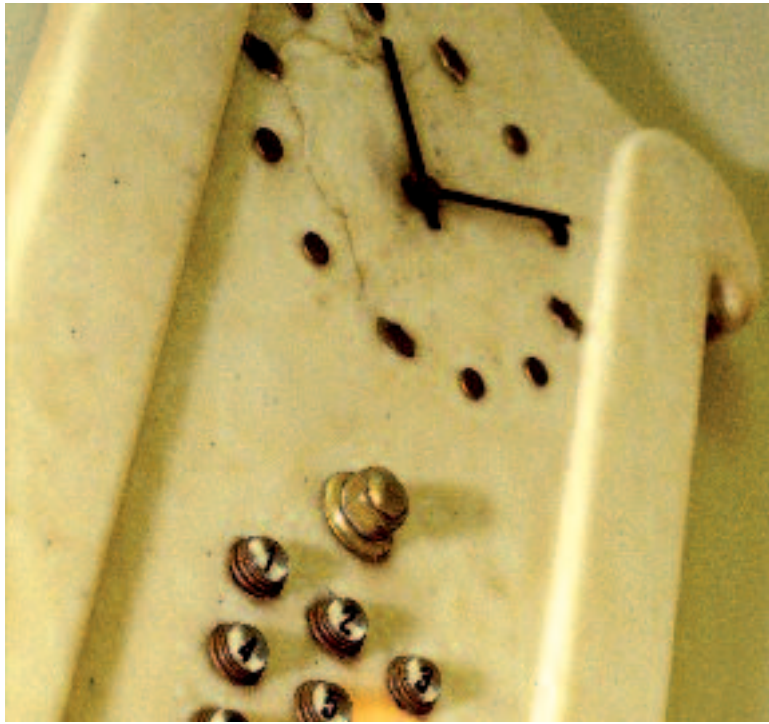
The Chairman of the Board of Directors and the Chief Executive Officer, who is the party directly responsible for the activities/transactions submitted to the Board of Directors for review and, pursuant to the Bylaws, has himself the power to convene meetings of the Board of Directors, ensure, through the Secretary to the Board of Directors, that adequate information is provided about the items on each meeting's agenda. Specifically, both officers shall strive to ensure that the documents concerning the items on the meeting's agenda are made accessible to Directors and Statutory auditors sufficiently in advance of the date of the Board meeting. As a rule, these documents (always available also either in English or French, depending on the nationality of the Directors sitting on the Board) are sent within one day after the notice of the meeting is communicated, except in urgent cases and in instances when there is a particular need for confidentiality. In such cases, however, there must be an exhaustive discussion of the items on the Agenda.

In order to facilitate the organization of the documents concerning meetings of the Board of Directors, the Company has been providing for some years a "shared work area," through the adoption of a specific electronic portal dedicated to the management of these documents, which has reduced transmission, consultation and filing time and increased speed and security for accessing documents reserved for the Board of Directors, thereby optimizing the process. The documents concerning each meeting are instantaneously filed, independently of the date individual documents are sent, based on the order in which items are listed on the agenda and are always kept available online, facilitating their subsequent consultation. Access to the portal, which is managed by an organizational unit headed by the Secretary to the Board of Directors, is protected with personal user IDs and passwords.

In 2012, the majority of the required documents was sent four/five days before the date of the Board meeting.

The Board of Directors did not set a deadline for the delivery of information in advance of a Board meeting, considering that the modalities and timing with which these documents were made available in 2012 were appropriate and the information provided before the meetings, as integrated in the course of the meetings, was adequate and exhaustive.

The professional expertise of the members of the current Board of Directors has made them fully capable of understanding the obligations and responsibilities inherent in the office they hold. Consequently, there appeared to be no need to develop new training programs for Directors in 2012. Specifically with regard to the duties of the Board of Directors, the Company has developed for quite some time an "Information Guide for Directors" that summarizes the main statutory and regulatory provisions and the internal rules of conduct applicable to the Board of Directors and the Board Committees. The Guide also includes for easy consultation the main reference corporate documents (Company Bylaws, rules for the delegation of powers to executive Directors, Committee operating procedures, etc.).



Details of Edison's headquarters building at 31 Foro Buonaparte, in Milan.

In 2012, the Board of Directors met 12 times, with each meeting lasting an average of about one hour and forty minutes. The average attendance of Directors at Board meetings was 88%. A breakdown is provided below:

Directors	Number of Board meetings attended in 2012	Percentage
<i>In office at December 31, 2012</i>		
Henri Proglio	5 of 12	41.67
Bruno Lescoeur	12 of 12	100
Beatrice Bigois	3 of 4	75
Mario Cocchi	11 of 12	91.67
Bruno D'Onghia	4 of 4	100
Gregorio Gitti	12 of 12	100
Gian Maria Gros-Pietro	11 of 12	91.67
Adrien Jami	4 of 4	100
Pierre Lederer	1 of 1	100
Jorge Mora	3 of 4	75
Thomas Piquemal	11 of 12	91.67
Nicole Verdier-Naves	4 of 4	100
Steven Wolfram	11 of 12	91.67
<i>Left post in 2012</i>		
Giuliano Zuccoli	1 of 1	100
Renato Ravanelli	7 of 7	100
Jean-Louis Mathias	6 of 11	54.55
Mauro Miglio	5 of 5	100
Giovanni Polonioli	3 of 3	100
Paolo Rossetti	7 of 7	100
Klaus Stoker	4 of 4	100
Andrea Viero	7 of 7	100

The attendance of meetings of the Board of Directors by Statutory Auditors in 2012 is shown in a table provided in the section of this Report entitled "Board of Statutory Auditors."

A calendar of meetings of the Board of Directors scheduled for the following year to review annual and interim results is communicated annually to Borsa Italiana, usually in December, and posted on the Company website (www.edison.it - Investor Relations - Financial Calendar). As usual, the 2013 calendar



was published in December 2012 and the Company, consistent with the practice followed in recent years, convened a meeting of the Board of Directors in early February to approve the financial statements. Five meetings have been scheduled for 2013, in addition to the meeting already held.

Up to the time of the changes that occurred in the structure of top management, the Chief Financial Officer and the Chief Operating Officer attended the meetings of the Board of Directors. Following the adoption of the new organization, the members of the Executive Committee - all senior Company managers who were individually introduced at the meeting of the Board of Directors held on October 26, 2012 - are asked to explain, at Board meetings, the transactions for which they have direct operating responsibility. The General Counsel attended all meetings of the Board of Directors.

Election of Directors

In order to allow minority shareholders to elect a Director, the Bylaws require, since 2007, that Directors be elected on the basis of slates of candidates.

Only shareholders who, alone or in combination with other shareholders, hold common shares representing in the aggregate a percentage of the common share capital equal at least to the maximum percentage required pursuant to current regulations, are entitled to file a slate of candidates, provided, when the slate is filed by minority shareholders, that the filers are not linked directly or indirectly with the controlling shareholder, its direct or indirect shareholders or other companies in the various groups to which each company belongs. In the past, this percentage was equal to 1% of the common share capital, based on the Company's stock market capitalization. Currently, in view of the new provision of the Bylaws and the fact that the common shares have been delisted, the percentage has been increased to 2.5% of the common share capital.

In addition, the Bylaws require that nominations be filed at the Company's registered office at least 25 days before a Shareholders' Meeting. The nominations must be accompanied by the following documents: information disclosing the identity of the parties filing slates of candidates; if applicable, an affidavit stating that the filers are not linked to the controlling shareholder, its shareholders and group companies belonging to said shareholders; professional curricula of each candidate, listing any management and control posts held at any other companies and indicating whether a candidate qualifies as an independent Director pursuant to the applicable laws; affidavits by which the candidates attest that there are no issues that would make them incompatible or unelectable or would cause them to be removed from office, that they meet the requirements for election as Directors pursuant to current law and the Bylaws

and that they accept the nomination. The final deadline for delivering to the Company the communication issued by an intermediary, attesting the total equity interest percentage held by the shareholders filing the slate, is twenty-one days before the date when the Shareholders' Meeting is convened on the first calling. In any case, pursuant to the Bylaws, individuals who do not meet the requirements of the applicable law and the Bylaws or would be unelectable or would be subject to removal from office pursuant to the relevant laws and regulations may not be elected.

Subsequent to the changes that occurred in the Code, the Board of Directors reaffirmed the choice it made in previous reporting years that the establishment of a Nominating Committee was not appropriate in view of the jurisdictional authority attributed to this Committee by the Code and the current highly concentrated stock ownership structure.

The Board of Directors also agreed not to adopt a succession plan for the executive Directors, since it does not believe that the selection of individuals asked to perform this role or the adoption of the corresponding selection criteria can be made ahead of the time when the need for a replacement may arise. This is because the choice of a new executive Director requires *ad hoc* assessments.

Directors are elected for a maximum term of three years and may be reelected. The Bylaws do not contain any mechanisms for staggered expirations of the term of office of individual Directors.

The nominations of candidates for election to the current Board of Directors were filed within the abovementioned deadline at the Company's registered office by TdE, the Company's controlling shareholder, which at the time it filed its slate owned 61.281% of the voting shares, and by Carlo Tassara Spa, a shareholder who, at the time it filed its slate, owned 10.025% of the voting shares, together with the required documents. Twenty-one days before the date of the Shareholders' Meeting, the abovementioned documents were collected in a publication that was made available to the public by posting it on the Company website (www.edison.it - Investor Relations - Documents and Prospectuses - 2012 Archive). Together with its slate of candidates to the post of Directors, TdE also filed motions concerning the length of the term of office and the compensation of Directors. These motions were immediately disclosed to the market.

All Directors elected by the Shareholders' Meeting of April 24, 2012, except for one (Mario Cocchi), were drawn from the slate filed by TdE, the majority shareholder. Mr. Cocchi, was elected from the only minority slate, which was filed by the shareholder Carlo Tassara Spa. With regard to the 12 Directors drawn from the majority slate, please note that under the Governance Agreements, the Board was required to include 10 Directors representing TdE (of which five designated by EDF/WGRM and five designated by Delmi) and two independent Directors designated one each by EDF/WGRM and Delmi.

The current Board of Directors was elected, for a term of one year that will end with the Shareholders' Meeting convened to approve the 2012 financial statements, as was the case for the previous Board of Directors, elected by the Shareholders' Meeting of April 26, 2011.

Composition of the Board of Directors

The Board of Directors currently in office is comprised of 13 Directors because, on the date of its election, the Bylaws required that the Board of Directors be comprised of a specific fixed number of Directors, i.e., 13 Directors, if minority slates were filed.

Under the amended Bylaws, when a new Board of Directors is elected next, the number of Directors will be variable, from a minimum of seven to a maximum of 13 members or, if one or more slates are filed by minority shareholders and voted on, from a minimum of eight to a maximum of 14 members. The composition of the Board of Directors must also be consistent with the criteria provided in the applicable provisions concerning gender parity.

The Bylaws require that at least two Directors qualify as independent pursuant to law, but contain no mention of any additional qualifications beyond those set forth in the relevant laws and regulations and do not specify professional or independence requirements taken from the Code.

There were several vacancies and replacements on the Board of Directors during the year. More specifically, the Board of Directors in office at the beginning of the year lapsed with the Shareholders' Meeting convened to approve the 2011 financial statements; in addition, following the election of a new Board of Directors and EDF gaining control of Edison, the five Directors elected upon being nominated by Delmi (a TdE shareholder) resigned on May 24, 2012 and were replaced by an equal number of Directors coopted by the Board of Directors on June 4, 2012. The election of these five Directors was carried out taking partially into account the provision concerning the underrepresented gender, which resulted in the appointment of two women. A sixth Director resigned on October 26, 2012 and was also replaced by a new member coopted by the Board of Directors at a meeting held on the same date.

Until May 24, 2012, the nomination and replacement of Directors who left their office during the year was carried out in accordance with the rules of the Governance Agreements. Subsequently, the Directors whose term of office ended due to the change in the control structure were replaced by the Board of Directors by selecting the Directors it coopted from among representatives of the EDF Group.

The term of office of the coopted Directors will end with next Shareholders' Meeting convened to approve the 2012 financial statements, and therefore, with that of all other Directors currently in office, who have been appointed for one year.

Report on Corporate Governance and the Company's Ownership Structure

The following Directors were in office at December 31, 2012:

Name, characteristics and post held	Date when last elected	Date when first elected (if different from last election)	
Henri Proglio (Chairman) Non-executive Director	Shareholders' Meeting of April 24, 2012	Board of Directors meeting of February 8, 2012 Elected Chairman at a Board meeting held on June 4, 2012 to replace Renato Ravanelli who resigned	
Bruno Lescoeur (Chief Executive Officer) Executive Director		Board of Directors meeting of January 14, 2011 Appointed Chief Executive Officer by the Board of Directors during the previous term of office that began on April 26, 2011	
Mario Cocchi Non-executive and independent Director Member of the Committee of Independent Directors and the Compensation Committee		Shareholders' Meeting of April 2, 2008 Previously, he served as Director from October 10, 2002 to October 28, 2005	
Gregorio Gitti Non-executive and independent Director Member of the Committee of Independent Directors and Chairman of the Compensation Committee		Shareholders' Meeting of April 2, 2008	
Gian Maria Gros-Pietro Non-executive and independent Director Lead Independent Director Chairman of the Committee of Independent Directors and member of the Compensation Committee and the Control and Risk Committee		Shareholders' Meeting of October 28, 2005	
Tomas Piquemal Non-executive Director and Chairman of the Control and Risk Committee		Board of Directors meeting of June 29, 2010	
Steven Wolfram Non-executive Director		Board of Directors meeting of December 21, 2011	
Beatrice Bigois Non-executive Director and member of the Control and Risk Committee			
Bruno D'Onghia Non-executive Director			
Adrien Jami Non-executive Director		Board of Directors meeting of June 4, 2012	Previously, he served as Director from April 26, 2011 to December 21, 2011
Jorge Mora Non-executive Director			
Nicole Verdier-Naves Non-executive Director and member of the Compensation Committee			
Pierre Lederer Non-executive Director	Board of Directors meeting of October 26, 2012		

The following Directors served on the Board earlier in 2012:

Name, characteristics and post held	Date when last elected	Date when first elected (if different from last election)
Giuliano Zuccoli (Chairman) Non-Executive Director	Shareholders' Meeting of April 26, 2011, where he was also elected Chairman. He passed away on February 10, 2012	Shareholders' Meeting of October 28, 2005, where he was also elected Chairman
Renato Ravanelli (Chairman) Non-Executive Director	Shareholders' Meeting of April 24, 2012, where he was also elected Chairman. He resigned on May 24, 2012	Shareholders' Meeting of October 28, 2005. Elected Chairman by the Board of Directors on March 2, 2012 to replace Giuliano Zuccoli
Paolo Rossetti Non-Executive Director	Shareholders' Meeting of April 24, 2012. They resigned on May 24, 2012	Shareholders' Meeting of April 2, 2008
Mauro Miglio Non-Executive Director		Board of Directors meeting of March 2, 2012 as a replacement for Chairman Giuliano Zuccoli
Andrea Viero Non-Executive Director		Board of Directors meeting of November 12, 200
Giovanni Polonioli Non-Executive Director		
Klaus Stoker Non-Executive Director	Shareholders' Meeting of April 26, 2011. His term of office ended on April 24, 2012	Served as Director from October 28, 2005 to April 2, 2008
Jean Louis Mathias Non-Executive Director	Shareholders' Meeting of April 24, 2012. He resigned on October 26, 2012	Board of Directors meeting of January 14, 2011

Even though, as stated above, the Bylaws do not require Directors to possess specific professional characteristics, all the Directors who served on the Board in 2012 were equipped with adequate competencies and professional skills. Specifically, their respective backgrounds include expertise in such areas as law, economics, finance, management and administration, as well as subjects more specifically applicable to the businesses pursued by the Company and the Group. The curricula of the Directors are annexed to this Report. The Annexes to this Report also include a table that lists the posts of Director or Statutory Auditor that Company Directors in office at December 31, 2012 held at publicly traded companies, at financial, banking and insurance companies and at companies of significant size.

Chairman and Executive Directors

Pursuant to the Bylaws and unless preempted by the Shareholders' Meeting, the Board of Directors has the right to select its Chairman. It can also delegate its powers to one of its members and appoint an Executive Committee and other committees with specific functions, defining their tasks, powers and rules of operation.

Pursuant to the Bylaws, the Chairman and the Chief Executive Officer are the Company's legal representatives before third parties and in judicial proceedings.

The Governance Agreements that were cancelled on May 24, 2012 required that Delmi nominate the candidate to the post of Chairman and EDF nominate the candidate to the post of Chief Executive Officer. Moreover, the abovementioned Governance Agreements, as incorporated into the Bylaws in effect until May 24, 2012, defined the powers of these two officers, setting forth a clear separation between the functions of the Chairman, without operational authority, and those of the Chief Executive Officer, with delegated operational authority.

The Shareholders' Meeting of April 24, 2012 elected to the post of Chairman of the Board of Directors Renato Ravanelli, who was appointed to this office by the Board of Directors in March 2012 to replace Giuliano Zuccoli, who ended his service as Director and Chairman, having passed away on February 10, 2012. On May 24, 2012, Renato Ravanelli resigned due to Edison's change of control and was replaced by Henri Proglio, pursuant to a resolution adopted by the Board of Directors on June 4, 2012. Henri Proglio is Chairman and General Manager of EDF, the Company's controlling shareholder.

For all of 2012, Bruno Lescoeur served as Chief Executive Officer, having been appointed to this post on April 26, 2011. He does not serve as a Director at other issuers outside the EDF Group.

Even though the Governance Agreements were cancelled in May 2012, which caused the abovementioned changes in the post of Chairman of the Board of Directors, the Board, in accordance with the recommendations of the Code and consistent with past practice, again chose not to provide the Chairman with operational authority, but gave him jurisdiction over institutional, guidance and control issues. On the other hand, after having amended the Bylaws, the Board of Directors reformulated in part the proxies by which it delegates authority to the Chief Executive Officer.

The Board of Directors gave to Chief Executive Officer the most ample powers to manage the Company. Consequently, acting without the support of an additional signatory, he can carry out any actions that are consistent with the corporate purpose, subject to statutory limitations and excluding those transactions that, as stated in the section of this Report entitled "Role of the Board of Directors," the applicable laws and resolutions adopted by the Board of Directors have placed under the Board's sole jurisdiction.

At a meeting in February 2007, the Board of Directors delegated to the Chief Executive Officer the task of overseeing the functionality of the Internal Control System, asking him also to identify the main corporate risks and ascertain that the system is adequate, effective and efficient, as explained in greater detail in the section of this Report entitled "Internal Control and Risk Management System." In 2012, this assignment was broadened to include risk control.

Therefore, based on the foregoing considerations, only the Company's Chief Executive Officer, qualifies as an Executive Director according to the Code and consequently, is the Company's most senior manager.

Independent Directors

The current Board of Directors includes three Directors who meet statutory independence requirements and qualify as independent in accordance with the guidelines provided by the Code. They are: Mario Cocchi, Gregorio Gitti and Gian Maria Gros-Pietro. In the self-assessment processes carried out in the past by the Board of Directors, this number was thought to be adequate.

In accordance with the procedure adopted by the Board of Directors to verify the independence of Directors, Directors must declare their eligibility to qualify as independent Directors when slates of candidates for election are filed and when they are nominated, and their credentials are verified by the Board of Directors at the first meeting held after their nomination. The results of this process are disclosed to the market by means of a press release. An independent Director must also undertake to inform promptly the Board of Directors of any situation that could undermine his or her ability to meet the independence requirement while he or she does not engage himself or herself to keep his or her independence during his or her mandate and, in case, to resign. Upon approving the Report on Corporate Governance and on the Company's Ownership Structure, the Board of Directors renews the request for credentials from the independent Directors, asking them to confirm that they meet the requirements of the applicable law and the Code. The Board of Directors and the Board of Statutory Auditors, respectively, verify the truthfulness of the affidavits and ascertain whether the abovementioned requirements and procedure are being properly applied. Since 2006, with regard to this review, specific attention is being paid to the new definition of independent Director provided by the Code and, since 2008, to the definition introduced by TUF. However, the Board of Directors chose not to set predetermined quantitative criteria for assessing the independence requirement. Specifically, it concluded that the information requested from independent Directors upon their acceptance of the post, which includes filling out a special form at the time they sign their independence affidavit, which must be updated at least once a year, is sufficiently analytical to enable the Board to make the appropriate assessments as to whether the independence requirement is met or not.

With regard to the Board of Directors currently in office, a review of compliance with the independence requirements was performed at the Board meeting of March April 27, 2012, following the election of the new Board. The review was repeated on February 8, 2013, at the Board meeting held to approve this Report. The Board of Statutory Auditors reports the findings of the reviews it performed during the year in its Report to the Shareholders' Meeting, which should be consulted for additional information.

One meeting reserved exclusively for independent Directors was held in 2012 for the purpose of rendering an opinion, pursuant to Article 39-*bis* of the Issuers' Regulations published by Consob, about the fairness of the price of the Mandatory Offer launched by TdE for the Edison common shares.

Information about the meeting of the Committee of Independent Directors established by the Board of Directors to evaluate related-party transactions is provided in the sections of this Report entitled "Committee of Independent Directors" and Related-party Transactions."

Lead Independent Director

Lastly, it is worth mentioning that in October 2012, subsequent to EDF acquiring control of Edison, the Board of Directors selected, among the independent Directors, Gian Maria Gros-Pietro as the Lead Independent Director, assigning him the tasks required by the Code. This decision was made because, interpreting the Code with a substantive approach, the Board found that the requirements for such an appointment did exist at the time, due to the fact that the Chairman of Edison's Board of Directors also serves as EDF's Chairman and General Manager.

INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

In December 2002, upon the listing of the Edison shares on the MTA and consistent with the Code's recommendations, with the aim of facilitating the activities of the Board of Directors, the Company established within the framework of its Board of Directors an Audit Committee, which is now called Control and Risk Committee, and a Compensation Committee. A Strategy Committee followed in May 2003. On January 1, 2011, these committees were joined by a Committee of Independent Directors, established pursuant to the Consob regulation governing related-party transactions. Due to the cancellation of the Governance Agreements, the Strategy Committee is no longer active. For the reasons mentioned in the section of this Report entitled "Election of Directors," a Nominating Committee has not been established.

All committees have at least three members and the activities of each committee are coordinated by a Chairman.

The tasks and rules of operation of each committee are defined in a resolution approved by the Board of Directors and were amended and integrated over time, also by means of a resolution approved by the Board of Directors, usually after an initial review by the affected committee.

Each Committee can hold meetings through audio/videoconferencing and relies on the support of the appropriate corporate department. A Secretary of the Committee must draw up minutes of each Committee meeting. Each Committee must provide regular reports to the Board of Directors on the work performed.

COMMITTEE OF INDEPENDENT DIRECTORS AND RELATED-PARTY TRANSACTIONS

This Committee of Independent Directors performs the tasks reserved for its jurisdiction by the Consob regulation that governs related-party transactions and specified in the internal procedure for related-party transactions adopted by the Board of Directors in December 2010 (the “**Related-party Procedure**”) pursuant to the provisions of the Consob regulations governing these transactions, which went into effect on January 1, 2011. This procedure was published on the Company website (www.edison.it - Governance - Related Parties).

The Related-party Procedure governs the decision-making process and the disclosure rules for Related-party transactions.

Consistent with the requirements of the abovementioned Consob regulation, the Board of Directors has sole jurisdiction over the approval of related-party transactions executed by Edison directly or through its subsidiaries that qualify as Highly Material Transactions.

In the Related-party Procedure, the parameters recommended by the Consob are applied to qualify Highly Material Transactions. Transactions classified as Highly Material include transactions for amounts that exceed a threshold equal to 5% (i) of the Company's consolidated shareholders' equity (i.e., as of January 1, 2012, transactions valued at more than about 350 million euros) or (ii) of total consolidated assets (i.e., as of January 1, 2012, transactions involving an asset or a liability valued at more than about 790 million euros). Transactions that, while they exceed the abovementioned thresholds, are of a regular nature, in that they are executed on standard market terms (Regular Transactions) or carried out with subsidiaries or affiliated companies in which no material interests are involved (Intercompany Transactions) do not qualify as Highly Material Transactions.

Until April 2012, according to the Related-party Procedure, which took into account the governance rules that the Company has been following for some time, the parties that qualified as Related Parties for procedure implementation purposes included, in addition to the parties identified as such by the Consob based on the version of IAS 24 in effect since March 2010, the following companies: A2A, Dolomiti Energia, Iren, Sel (in their capacity as Delmi's industrial shareholders) and EDF, as parties to the Governance Agreements concerning Edison's chain of control, and their respective subsidiaries pursuant to Article 2359 of the Italian Civil Code.

With the cancellation of the Governance Agreements, Delmi exiting from TdE's capital and EDF concurrently gaining control of Edison, the Board of Directors, as mentioned earlier in the section of this Report entitled “Role of the Board of Directors,” upon redetermining the proxies for the attribution of powers to the Chief Executive Officer, also addressed this issue, redefining the notion of related party exclusively in the sense set forth in IAS 24, as the companies of the EDF Group qualified as such in any case and there was no longer a need to include Delmi's industrial shareholders.

The Board of Directors may deliberate with regard to the implementation of a Highly Material Transaction only based on a prior favorable reasoned opinion by the Committee of Independent Directors. The abovementioned opinion is binding and a negative opinion prevents the transaction from being executed because the option allowed by the Consob regulation of submitting the matter to the Shareholders Meeting, after amending the Bylaws, was not incorporated into the Related-party Procedure.

In connection with this type of transactions, the involvement of the Committee of Independent Directors is required starting at the transaction's negotiation phase and a comprehensive and a timely flow of information must be provided to the Committee, which may request additional information.

According to the procedure, when a Highly Material Transaction involves one of the subject matters over which the Shareholders' Meeting has decision-making jurisdiction, the Board of Directors has exclusive jurisdiction over the drafting of the motion that will be submitted to the Shareholders' Meeting.

In addition, pursuant to the rules of the Internal Related-party Procedure, when transactions involving an amount lower than the threshold applied to qualify Highly Material Transactions and which do not qualify as Regular or Intercompany Transactions (Less Material Transactions) are submitted to the Board of Directors (or other party belonging to the Company with decision-making authority), the Board of Directors or the other abovementioned party may deliberate only with the prior mandatory (but not binding) opinion of the Committee of Independent Directors. In other words, a Less Material Transaction can be implemented even in the event of a negative opinion but, in such cases, an information memorandum that explains the transaction and includes as an annex the Committee's opinion must be published within the deadline required by the Consob regulation.

The Committee's reasoned opinion must concern the Company's interest in executing the abovementioned Highly Material or Less Material related-party transactions and whether the transaction's terms and conditions are beneficial and substantively fair.

Pursuant to the Related-party Procedure, the Committee of Independent Directors must be comprised of three non-executive and independent Directors.

In addition, none of the Committee members may qualify as a related party with regard to an individual related-party transaction about which the Committee is being asked to render an opinion. When, based on the process defined in the Related-party Procedure, one or more members of the Committee qualify as a related party or are otherwise related to the counterparty in a way that could impair their independence from the counterparty with regard to the transaction at hand, the opinion is rendered by an Alternative, Equivalent Oversight Entity, activated in this order:

- (i) The remaining Independent Directors who are members of the Committee of Independent Directors, provided that at least two of them are Independent Director who are not related parties;
- (ii) The independent directors who are neither related parties nor members of the Committee of Independent Directors, provided that at least two, but not more than three, are available;
- (iii) An Independent Expert appointed by the Chairman of the Board of Directors, acting in concert with the Chief Executive Officer. If they cannot agree, the Independent Expert will be appointed by the Board of Statutory Auditors by majority vote.

In this regard, please keep in mind that, pursuant to the Consob regulation, when an Independent Expert must be used instead of Directors to establish an Alternative Oversight Entity, the opinion it renders, while mandatory, is not binding.

Moreover, in accordance with the procedure, any member of the Committee of Independent Directors who may have an interest, directly or on behalf of a third party, in a transaction with a related party must disclose this interest to the other Committee members, detailing the nature, timing, origin and scope of said interest.

A meeting of the Committee of Independent Directors shall be deemed to have been validly convened when a majority of its members is in attendance, provided that the absent member expressed his consent to the meeting being held. The Committee approves resolutions by a majority vote of its members, the abstaining members not being counted, or with the unanimous vote of its members, when a two-member Alternative, Equivalent Oversight Entity is activated. If a member abstains or if the two members of which the Alternative, Equivalent Oversight Entity is comprised cast opposing votes, an independent expert will be asked to render an opinion.

The Committee of Independent Directors may request the support of one or more independent consultants of its choosing, retained at the Company's expense. In the case of Less Material Transactions, expenses may not exceed 350,000 euros. There is no limit for Highly Material Transactions but cost may not be demonstrably unreasonable.

Independent consultants retained to support the Committee may be invited to attend Committee meetings. The Chairman of the Board of Directors, the Chief Executive Officer and other Company executives or employees may also be invited merely for information purposes.

The Committee may delegate to its Chairman or another Committee member the task of becoming involved in the information gathering and negotiation phases of Highly Material Transactions. With regard to these transactions, the delegated Committee members have the right to request additional information and make recommendations to the Company's governance bodies or to the parties in charge of the negotiations and the information gathering process.

The Committee must be provided with an adequate flow of information regarding the characteristics of the transactions with regard to which it is being asked to render an opinion before its implementation and is required to promptly submit its opinion to the Board of Directors or to the party with decision-making authority. The methods and timing of the abovementioned information flows are governed by the provisions of the Related-party Procedure.

In the performance of its work, the Committee is supported by the Corporate Affairs function, which has established a dedicated support unit.

In order to allow the Board of Directors to adopt its decisions with regard to related parties, the procedure specifies the timing and scope of the flows of information that must be supplied to the Directors with regard to the characteristics of a Transaction, particularly in the case of Highly Material and Less Material Transactions.

The content of the minutes of meetings setting forth resolutions by the Board of Directors (i) concerning the approval of a Highly Material or Less Material Transaction must include an adequate explanation of the Company's interest in executing the transaction and why the transaction's terms and conditions were beneficial and substantively fair and, (ii) in the case of a Regular Transaction or an Intercompany Transaction (if still submitted to the Board of Directors for approval), must include evidence that the transaction qualifies as a Regular Transaction and of the absence of significant related-party interests.

Lastly, the procedure requires that the Directors and Statutory Auditors be provided, on a quarterly basis as a minimum, with information about the implementation of related-party transactions and that, as it has been an established Company practice, the annual report and the interim reports on operations include a special section for related-party transactions.

It is also worth mentioning that, prior to the adoption of the Related-party Procedure, the Board of Directors reserved for its sole jurisdiction in this area all decisions concerning:

- a) contracts to sell or buy natural gas, electric power, other raw materials and securities representing green certificates or CO₂ emissions rights involving an amount greater than 30 million euros per transaction or series of related transactions, or
- b) any other contract, instrument or transaction of any amount or type (including those covered by the powers granted to the Chief Executive Officer)

that involve, directly or indirectly Significant Parties, which are: (i) TdE; (ii) shareholders of TdE; (iii) shareholders of shareholders of TdE; (iv) one or more related parties (as defined by the IAS); (v) other companies or entities that control, are controlled by or are under the joint control of the abovementioned

parties; and (vi) other companies or entities in which the abovementioned parties hold an equity interest. All of the above does not apply to Edison subsidiaries and standard financial transactions with credit institutions who are Delmi shareholders.

This reservation of jurisdiction remained in effect, even after the adoption of the Related-party Procedure and, until June 4, 2012, with regard to the other transactions and the other Significant Parties, as identified above, that are not mentioned in said procedure.

It is also worth mentioning that the 231 Model includes since 2008 a special protocol for related-party transactions. The main provisions of the Related-party Procedure were later incorporated into this protocol.

Activities of the Committee of Independent Directors in 2012

The composition of the Committee of Independent Directors did not change in 2012. Its members are the following independent Directors: Gian Maria Gros-Pietro (Chairman), Mario Cocchi and Gregorio Gitti.

The Committee of Independent Directors met five times in 2012. On those occasions it reviewed three related-party transactions, including a Highly Material Transaction and two Less Material Transactions. With regard to the Less Material Transactions, it rendered a favorable opinion in both cases but for the Highly Material Transactions, which concerned the contracts contemplated in the Agreement in Principle for the reorganization of Edison and Edipower and, specifically, the sale to Delmi of 50% of Edipower, after assessing the status of Director Cocchi, it activated the Alternative Oversight Entity, comprised of two of the three independent Directors (i.e., Gian Maria Gros-Pietro and Gregorio Gitti). The Alternative Oversight Entity met seven times to review the contract for the sale of Edison's interest in Edipower to Delmi and the contract for the supply of natural gas by Edison to Edipower, linked with the abovementioned sales contract, and, based in part on the support of independent advisors, rendered a favorable opinion.

The average attendance of Directors at meetings of the abovementioned entities was 100%. A breakdown is provided in the table below.

Meetings of the Committee of Independent Directors

Committee members	Number of Committee meetings attended in 2012	Percentage
<i>In office at December 31, 2012</i>		
Mario Cocchi	5 of 5	100
Gregorio Gitti	5 of 5	100
Gian Maria Gros-Pietro	5 of 5	100

Meetings lasted on average about one hour.

Meetings of the Alternative Oversight Entity

Entity members	Number of Entity meetings attended in 2012	Percentage
<i>In office at December 31, 2012</i>		
Gregorio Gitti	7 of 7	100
Gian Maria Gros-Pietro	7 of 7	100

Meetings lasted an average of about one hour.

Transactions with Related Parties (including Significant Parties) executed in 2012 are reviewed in the "Other Information" section of the separate and consolidated financial statements.

COMPENSATION COMMITTEE AND COMPENSATION OF DIRECTORS

Compensation Committee

The Compensation Committee is responsible for providing consulting support and making recommendations in the following areas:

- a) submit recommendations to the Board of Directors concerning the general policy about the compensation of the Directors and of the Chairman of the Board of Directors, the Chief Executive Officer and other Directors who perform special functions within the Company (including Directors who serve on Board Committees) and assess periodically its effectiveness, overall consistency and concrete implementation, also vis-à-vis the market;
- b) consistent with the abovementioned general policy, develop recommendations about the compensation of the Chairman of the Board of Directors, the Chief Executive Officer and other Directors who perform special functions and the definition of performance targets related to the short-term and medium/long-term variable component, for those Directors who are awarded such a component;
- c) monitor the implementation of the resolutions adopted by the Board of Directors regarding the compensation of the abovementioned parties, verifying that the performance targets have in fact been achieved and, consequently, submit to the Board of Directors proposals for determining the amount of the variable component based on the results achieved;
- d) provide opinions and recommendations with regard to any stock option plans or other long-term incentive (LTI) plans;
- e) review proposals by the Chief Executive Officer concerning the compensation of the Chief Financial Officer and the Chief Operating Office (whose responsibilities have been both re-defined following the reorganization carried out after the restructuring of the stock ownership) and render an opinion about such proposals;
- f) evaluate the guidelines and criteria concerning management's compensation and render the corresponding opinion.

With regard to the compensation of Directors who perform special functions, if the Committee composition criteria can be met (i.e., if the majority of the Committee members are independent Directors), the

Details of Edison's headquarters building at 31 Foro Buonaparte, in Milan.



Committee may act in the capacity as, and render the opinion required of, the Committee of Independent Directors referred to in the Related-party Procedure. Please note that the current Compensation Committee meets the abovementioned criteria and, consequently, it rendered opinion in such capacity in 2012, when required.

Until April 24, 2012, the Compensation Committee was comprised of four non-executive Directors, including three independent Directors: Gregorio Gitti (Chairman and independent), Mario Cocchi (independent), Gian Maria Gros-Pietro (independent) and Jean Louis Mathias (non-executive). The number of Committee members was increased to five by the Board of Directors on June 4, 2012, with the appointment of Nicole Verdier-Naves (non-executive). On October 26, 2012, following the resignation of Jean-Louis Mathias from the post of Director, the number of Committee members was brought back down to four.

Considering the professional competencies and the experience of the Committee members, the Code's recommendation about adequate knowledge and expertise with regard to financial and compensation policy issues is being met.

Subsequent to the election of a new Board of Directors by the Shareholders' Meeting of April 24, 2012, the Board of Directors, upon appointing on the same day the members of the Committee, confirmed the Committee's operating rules, as defined at a meeting held on May 9, 2011, finding that they were already consistent with the amendments to the Code. At a subsequent meeting held on June 4, 2012, the abovementioned rules were amended with regard to resolution adoption quorums, making them consistent with Edison's new governance structure.

Consequently, Committee meetings are now duly convened when a majority of its members are present and adopts resolution with an absolute majority of the attendees.

From time to time, employees and independent experts may be invited to attend meetings in a consulting capacity. As a rule, the Chairman of the Board of Statutory Auditors or another Statutory Auditor is invited to attend Committee meetings.



The Chairman and the Chief Executive Officer have the right to attend Committee meetings exclusively to become cognizant of its deliberations but are not allowed to participate in those deliberations, it being understood that they cannot be present when issues concerning their compensation are discussed by the Committee.

The Committee Chairman provides the Chairman of the Board of Directors and the Chief Executive Officer with recommendations about items that should be included in the Agenda of Board meetings. At the first Board meeting held after each Committee meeting, the Committee Chairman communicates to the Board of the Directors the resolutions adopted by the Committee, which may take the form of a proposal, with regard to issues within its jurisdiction.

Even though the Board of Directors did not approve a specific budget, the Committee is provided on an ongoing basis with the financial resources it needs to perform the tasks assigned to it.

In organizing its meetings, the Committee is supported by the Secretary to the Board of Directors, who drafts the minutes of the meetings and coordinates the Committee's activities with the Board of Directors, and by the Manager of the Human Resources Department, who usually, upon invitation of the Committee itself, attends Committee meeting to provide the necessary technical support.

In 2012, the Compensation Committee met three times. On those occasions:

- It reviewed and rendered an opinion on the Report on the Compensation of Directors; verified the achievement of the targets tied to the variable portion of the compensation for 2011 of the Chief Executive Officer and other members of top management; and reviewed the targets upon which the variable portion of the compensation of the Chief Executive Officer and top management would be based in 2012.
- Acting in its capacity as the Committee of Independent Directors, it rendered its opinion concerning the compensation of Directors who perform special functions (Chairman, Chief Executive Officer and members of Board Committees and the Oversight Board).

The Committee held one meetings since the beginning of 2013 during which it reviewed and rendered an opinion on the compensation policy guidelines, as described in a special Compensation Report, prepared for submission to the Shareholders' Meeting, and verified the level of achievement of the target chosen as benchmarks for the variable component of the compensation payable to the Chief Executive Officer and other members of top management in 2012. It also reviewed an initial proposal for the 2013 targets for the abovementioned parties.

The Committee submitted its recommendations to the Board of Directors for review and approval, insofar as issues under the Board's jurisdiction are concerned, and shared with the Chief Executive Officer any considerations concerning issues under his jurisdiction.

In 2012, the average attendance of Directors at Committee meetings was 100%. A breakdown is provided in the table below. The average length of each meeting was about 30 minutes.

Committee members	Number of Committee meetings attended in 2012	Percentage
<i>In office at December 31, 2012</i>		
Gregorio Gitti	3 of 3	100
Mario Cocchi	3 of 3	100
Gian Maria Gros-Pietro	3 of 3	100
Nicole Verdier-Naves	0 of 0	n.a.
<i>Left post in 2012</i>		
Jean-Louis Mathias	3 of 3	100

Compensation of Directors

The compensation of the Board of Directors is determined by the Shareholders' Meeting, while the compensation of the Chairman, the Chief Executive Officer and the Directors who serve on Board Committees is determined by the Board of Directors, upon a proposal by the Compensation Committee and based on the input of the Board of Statutory Auditors.

More detailed information is provided in the special report on compensation approved by the Board of Directors on February 8, 2013 (the "Compensation Report"), which was prepared in accordance with the provisions of the applicable regulations and is reproduced in the second part of this publication.

Severance Indemnities for Directors

The Company is not a party and neither it is foreseen it will be 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 without cause or if the relationship is terminated due to a tender offer.

CONTROL AND RISK COMMITTEE

The Control and Risk Committee is responsible for providing consulting support and making recommendations in the following areas:

- a) Together with the Corporate Accounting Documents Officer and considering the input of the Statutory Independent Auditors and the Board of Statutory Auditors, it assesses the correct use of the accounting principles and their consistency with those used in the consolidated financial statements and review the accounting treatment of the principal corporate transactions, particularly with regard to their effect on financial reporting.
- b) It render an opinion to the Board of Directors on the guideline of the internal control and risk management system and the compatibility degree of such risks with a management of the Group's business that is consistent with the chosen strategic objectives. In this endeavor, the Committee is supported by the Internal Auditing Manager.
- c) It reviews the work plan submitted by the Internal Auditing Department and its periodic reports, as well as the findings of particularly significant reports prepared by that Department.
- d) It monitors the adequacy, effectiveness, efficiency and independence of the Internal Auditing Department.
- e) If appropriate, it recommends that the Internal Auditing Department perform audits of specific operational areas.
- f) It renders an opinion regarding the appointment and dismissal of the Internal Auditing Manager and on the financial resources allotted to him.
- g) Upon request by the Board of Directors or the Director responsible for overseeing the functionality of the internal control and risk management system, it provides opinions concerning specific aspects of the internal control and risk management system.
- h) It evaluates the findings of the Statutory Independent Auditors in the audit report and the management letter concerning key issues uncovered during the statutory independent audit.
- i) It carries out all other tasks assigned to it by the Board of Directors.
- j) It reports to the Board of Directors at least semiannually, when the annual and semiannual financial reports are approved, on the work it performed and on the effectiveness of the Company's internal control and risk management system.

Until April 24, 2012, the Control and Risk Committee (formerly the Audit Committee) was comprised of four non-executive Directors, including one independent Director: Thomas Piquemal (Chairman), Gian Maria Gros-Pietro (independent), Klaus Stocker (non-executive) and Andrea Viero (non-executive). After that date, with the election of a new Board of Directors, Klaus Stocker was replaced by Giovanni Polonioli (non-executive), who, together with Andrea Viero, resigned on May 24, 2012. On June 4, 2012, the Board of Directors filled one vacancy on the Committee with the appointment of Beatrice Bigois (non-executive), reducing to three the number of Committee members.

The Company did not comply with the Code's requirements that the independent Directors must constitute a majority of members of the Committee and that the Chairman must be an independent Director or, when a company is controlled by another listed company (as in Edison's case after May 24, 2012), that all Directors must be independent.

This presence of a single independent Director among the Committee members, which in the past was justified by the provisions of the Governance Agreements concerning the criteria for designating the members serving on the internal committees of the Board of Directors, is now explained by two reasons. On the one hand, the Board of Directors chose to emphasize continuity in the chairmanship of the committee confirming its Chairman (even though not independent), and, on the other hand, it sought to ensure the correct performance of the tasks attributed to the Committee, selecting its members among non-executive Directors who, therefore, were not involved in the Company's operating activities but undoubtedly possess proven professional skills and expertise with regard to the tasks that the Committee is asked to perform. The current composition of the Committee is consistent with the Code's recommendation that at least one of its members should be experienced in accounting, finance and risk management.

As for the Committee appointed on April 24, 2012, the Board of Directors confirmed the Committee's operating rules, as defined at a meeting held on May 9, 2011. At a subsequent meeting held on June 4, 2012, the abovementioned rules were amended to take into account Edison's new governance structure and, at a meeting held on November 30, 2012, the Committee's attributions were redefined, making them consistent with the new provisions of the Code.

Committee meetings are duly convened when a majority of its members are present. Resolutions are adopted with an absolute majority of the votes.

Meetings of the Committee are attended on a regular basis by the Committee itself, by the Chairman of the Board of Statutory Auditors or another Statutory Auditor that he designates, so as to ensure the delivery to this entity of the flow of information and suggestions recommended by the Code, and, in a consulting capacity, by the Chief Financial Officer and the Chief Operating Officer (the responsibilities of both officer having been redefined subsequent to the reorganization implemented after the restructuring of the stock ownership), the General Counsel, the Secretary to the Board of Directors, the Risk Officer, the manager of the Administration Department, the manager of the Planning and Management Control Department and the Independent Auditors. From time to time, other employees and experts may be invited to attend meetings in a consulting capacity.

Even though the Board of Directors did not approve a specific budget, the Committee is provided on an ongoing basis with the financial resources it needs to perform the tasks assigned to it.

The Internal Auditing Department provides the Committee with support in organizing its meetings. The manager of the Internal Auditing Department serves as the Committee's secretary. The Committee is required to meet at least four times a year.

At the first Board meeting held after each Committee meeting, the Committee Chairman communicates to the Board of the Directors the resolutions adopted by the Committee, which may take the form of a proposal, with regard to issues within its jurisdiction.

The Committee met five times in 2012 and once since the beginning of 2013. On those occasions it reviewed the following:

- The 2011 and 2012 annual statutory and consolidated financial statements, the 2012 semiannual financial report, the interim reports on operations for the first and third quarter of 2012, as well as the Independent Auditors' findings on the annual financial statements and semiannual report;
- The 2013 forecast data, limited to risk profiles financial issues;

- The risk limits and the map of the main risks (Enterprise Risk Management process);
- The progress made in implementing the 2012 Audit Plan, the audit findings and the 2013 Audit Plan.

The Committee reported twice to the Board of Directors about the work it performed and the adequacy and functionality of the internal control and risk management system.

In 2012, the average attendance of Directors at Committee meetings was 88.2%. A breakdown is provided in the table below. The average length of each meeting was about two hours.

Committee members	Number of Committee meetings attended in 2012	Percentage
<i>In office at December 31, 2012</i>		
Thomas Piquemal	5 of 5	100
Gian Maria Gros-Pietro	4 of 5	80
Beatrice Bigois	3 of 3	100
<i>Left post in 2012</i>		
Klaus Stocker	1 of 1	100
Andrea Viero	1 of 2	50
Giovanni Polonioli	1 of 1	100

The Chairman of the Board of Statutory Auditors attended two Committee meetings.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Edison's Internal Control and Risk Management System is a structured and organic set of rules, procedures and organizational structures designed to prevent or minimize the impact of unexpected results and allow the achievement of the Company's strategic and operating objectives (i.e., consistency of its activities with its objectives, effectiveness and efficiency in conducting its operations and protecting corporate assets), compliance with applicable laws and regulations, and accurate and transparent internal and market communications (reporting). This system permeates every aspect of the Company's operations and involves different parties who perform specific functions and discharge specific responsibilities.

Parties Involved

Board of Directors

Several years ago, the Board of Directors, working with the support of the Control and Risk Committee, defined the guidelines of the Internal Control System. In 2013, it will update these guidelines, formally combining them with the risk management guidelines, which the Company has been following for some time, adopting a conduct consistent with them.

Based on the abovementioned guidelines, the Board of Directors defines each year the type and level of risks compatible with the Company's strategic objectives, as explained in the section of this Report entitled "Role of the Board of Directors."

As required by the Code, the Board of Directors regularly reviews the main risks faced by the Company and, based on the findings presented in the report prepared by the Control and Risk Committee, assesses the adequacy, efficacy and effectiveness of the Internal Control and Risk Management System at least once a year.

On the other hand, the Board of Directors chose, as in the past, to leave to the Control and Risk Committee the assessment of the findings presented by the Independent Statutory Auditors in the management letter, when issued, and in the report on key issues uncovered in the course of the independent statutory audit, in the belief that the Committee provides a more suitable venue for studying and analyzing such issues.

Director Responsible for Overseeing the Functionality of the Internal Control and Risk Management System

As mentioned above, the Board of Directors entrusted to the Chief Executive Officer responsibility for overseeing the functionality of the Internal Control and Risk Management System. As part of this assignment, he maps key corporate risks, implements the guidelines of the Internal Control System and may ask the Internal Auditing Department to audit specific operational areas or specific processes.

Control and Risk Committee

Please see the previous section of this Report for information about the jurisdiction and activities of this Committee.

Internal Auditing Department

The Internal Auditing Department, established in May 2003, is responsible for performing internal audits, with the goal of assisting the Board of Directors, the Control and Risk Committee and the Company's management in discharging their responsibilities with regard to the Internal Control and Risk Management System. In February 2004, acting upon a proposal by the Chief Executive Officer, the Board of Directors assigned to the manager of the Internal Auditing Department the task of assessing the adequacy and effectiveness of the overall Internal Control and Risk Management System.

Organizationally, the Internal Auditing Department, which does not perform any operational function, reports directly to the Chairman of the Board of Directors since October 2005, so as to ensure maximum effectiveness and timeliness in the process of defining the activities assigned to it. Considering that no operational authority has been delegated to the Chairman of Edison's Board of Directors, this choice is in line with best international practices with regard to the principle that the Internal Auditing Department must report to a party not involved in the management of operational activities. The Chairman ensures that the Department is provided with the resources needed to discharge its duties.

The compensation of the Department's manager is determined in a manner consistent with the Group's management compensation policies, in accordance with general guidelines reviewed by the Compensation Committee. The current manager was appointed in May 2003 by the then Chairman of the Company. The Department operates on the basis of a Mandate approved by the Board of Directors. Under this mandate, the Department is required to prepare a work plan, defined using risk-based methods to identify the engagements that should be performed, and specify the necessary resources, based on information derived from the following sources: Group's strategic plan and budget; Risk Assessment - Enterprise Risk Management (ERM); 262 and 231 compliance; recommendations from management; control self-assessment activities; assessments by the Internal Auditing Department and previous audits; and Independent Auditors. The audit plan is then submitted to the Control and Risk Committee and, consistent with the hierarchical reporting specifications, approved by the Chairman. The Plan is updated at least once every six months. Activities include monitoring the actual implementation of the recommendations that resulted from audit engagements (follow-up).

At least once every six months, the Internal Auditing Department reports to the Chairman, the Chief Executive Officer, the Control and Risk Committee and the Board of Statutory Auditors.

Since 2009, the internal auditing activities are certified in accordance with international Quality Assessment Review (QAR) methods.

In 2012, the Department's Work Plan, which concerned, inter alia, the reliability of the IT systems included in the accounting and reporting systems, was completed as expected.

The manager of the Internal Auditing Department, owing in part to the fact that he attends the meetings of the Control and Risk Committee and the Oversight Board, of which he is the Secretary, receives and

assesses any additional information and assists the Control and Risk Committee in assessing the Internal Control and Risk Management System.

Other Parties Involved

The risk management process is coordinated by the Risk Officer, who reports to the Chief Financial Officer. The Risk Officer also provides management with support in defining the overall risk strategy and policies and in analyzing, identifying, evaluating and managing risk and defining and managing the corresponding control and reporting system.

The managers in charge of each Business Unit, department or division are responsible for designing and managing the internal control system for the operations under their jurisdiction and for monitoring that the system is operating effectively, in accordance with the framework defined by the Board of Directors and the instructions provided to implement those guidelines. As explained below, this activity has been integrated into the processes deployed to identify, monitor and manage risks. All employees, each within the scope of his or her responsibilities, must contribute to ensuring that the Internal Control and Risk Management System is operating effectively.

Board of Statutory Auditors

Pursuant to law, the Board of Statutory Auditors monitors the effectiveness of the Company's organization, of the system of internal control and of the administrative and accounting system, as stated in the report submitted by the Board of Statutory Auditors to the Shareholders' Meeting, which should be consulted for additional details. A comment about the flow of information between the Board of Statutory Auditors and the other governance entities is provided in the sections of this Report entitled "Rules of Operation of the Board of Statutory Auditors" and "Control and Risk Committee."

Elements that Characterize the System of Internal Control

Structural Elements of the Control Environment

- *Code of Ethics* - In September 2003, Edison approved a Code of Ethics that is consistent with best international practices. The Code, which defines the principles and values that are the foundation of corporate ethics and the corresponding rules of conduct and implementation procedures, has become an integral part of the 231 Model. The Code has also been adopted by the Group's subsidiaries. The Code of Ethics is binding with regard to the conduct of all Group associates (Directors, employees and anyone who acts in the Company's name by virtue of special proxies or powers of attorney), i.e., anyone who, for any reason and irrespective of the nature of the contractual relationship, contributes to the achievement of the Company's purposes and objectives. A copy of the Code is provided to all Company employees and associates. The Group established a special procedure to report potential violations of the Code of Ethics and Model 231. The Code of Ethics was revised as part of a project to update the Model adopted pursuant to Legislative Decree No. 231/2001. The new Code has been in effect since December 2008.
- *Organizational Structure* - The Group's overall organizational structure is defined by a set of Organizational Memoranda issued by the Chief Executive Officer consistent with the corporate governance model. These Memoranda identify the managers who are responsible for the various divisions, departments and Business Units. In turn, the managers who are responsible for the various divisions, departments and Business Units develop similar Organizational Memoranda, which, once they are published following a review by the Chief Executive Officer, define the Group's organization at the operational level. Any employee can access the Organizational Memoranda on the Company intranet. The Board of Directors is informed on a regular basis about major organizational changes and reviews those that are particularly significant.

- *Delegation of Power and Authority* - Executive powers are conveyed to managers through general or special powers of attorney that convey powers commensurate with their management responsibilities. The 231 Model includes guidelines that govern the awarding of powers of attorney.
- *Human Resources* - In the area of human resources, Edison has adopted an official procedure to recruit and hire employees and to plan and manage employee training and uses a structured, multi-year system to plan for human resource needs. A process to evaluate the performance and professional potential of executives, professionals and newly hired employees with college degrees and formal compensation policies that are based on an ongoing comparison with best practices and on market conditions are also in use. In the case of executives and middle managers with significant business responsibilities, a portion of their compensation is variable and is commensurate with the achievement of objectives that are set each year in accordance with a structured performance management system. This system includes a long-term incentive program for management based on medium/long-term objectives. Edison has been providing training about internal controls for a number of years. The objectives and content of these training program are described in a separate section of the Report on Operations.
- *Sustainability* - Sustainable development is a central element of Edison's business model. The creation of value is predicated on the ability to concurrently pursue economic objectives and a steady reduction of environmental impacts, thereby meeting the expectations of all stakeholders. In 2012, the process of integrating corporate responsibility into the Company's business model led to concrete actions, consistent with the guidelines provided in the Sustainable Development Policy published in 2009. This process sought to make it possible to concurrently pursue economic objectives and a steady reduction of environmental and social impacts.

Tools to Ensure the Achievement of Operational Objectives

- *Strategic Planning, Management Control and Reporting* - Edison has adopted a structured planning, control, management and reporting system that it uses at regular intervals to define the Company's strategies and objectives and develop its Budget and Business Plan.
- Strategic risks and risks related to objectives are included in the ERM risk map.
- *Financial Risk Management* - With the specific objective of managing the financial risks to which it is exposed (mainly commodity, exchange rates and foreign exchange rate risks), the Group has adopted a governance structure that includes the following: (i) approval of the overall risk ceiling for the Group by the Board of Directors of Edison; (ii) creation of a Risk Committee that comprises Edison's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer (the responsibilities of both officer having been redefined subsequent to the reorganization implemented after the restructuring of the stock ownership) and Risk Officer, and the Chief Executive Officers of the Edison Trading and Edison Energia subsidiaries and is responsible for reviewing, at least once a month, the levels of assumed risks, comparing them with the ceilings approved by the Board of Directors, and approving the hedging strategies that may be appropriate if the approved ceiling has been exceeded; (iii) separation of the organization responsible for measuring and controlling risk exposure and defining risk-hedging strategies, which is centralized at Edison under the supervision of its Chief Financial Officer, for financial market transactions, at Edison Trading for commodity transactions and at the Finance departments for foreign currency transactions. In 2006, consistent with best industry practices, the Company, based on a favorable opinion by the Audit Committee (now the Control and Risk Committee) approved an Energy Risk Policy that defines the objectives and guidelines of the Group's risk management policy with regard to commodity activities.
- *Enterprise Risk Management (ERM)* - As mentioned earlier in this Report, Edison developed an integrated risk management model (ERM). The main purpose of ERM is to adopt a systematic approach

to mapping a company's priority risks, preemptively assess their potential negative effects and take appropriate actions to mitigate them. With this in mind, Edison adopted a Corporate Risk Model and a risk mapping and risk scoring methodology that assigns a relevance index to each risk based on an assessment of its overall impact, probability of occurrence and level of control. With the coordination of the Risk Office, the managers of divisions, business units and Company departments map and assess risks within their scope of activity through a risk self-assessment process and provide an initial indication of the mitigating actions associated with those risks. The results of this process are then consolidated at the central level in a mapping system in which risks are prioritized based on the resulting scores and aggregated to facilitate the coordination of mitigations plans with the aim of managing risks on an integrated basis. The Corporate Risk Model, developed in accordance with best industry and international practices places within an integrated framework the types of risks that characterize the businesses that the Group operates, making a distinction between risks related to the external environment and internal process and strategic risks. The Enterprise Risk Management process is closely linked with the strategic planning process with the aim of associating the Group's overall risk profile with the projected profitability resulting from the plan/budget document. The results produced by ERM and Risk Self-assessment are communicated at scheduled intervals at meetings of the Control and Risk Committee and the Board Directors and are used by the Internal Auditing Department as a source of information for the preparation of specific risk-based audit plans. A coordinator and specific mitigating actions, codified within classes of predefined activities, are assigned to each of the mapped priority risks. Regular updates are performed during the year to monitor the implementation of the identified mitigating actions and assess their potential impact. The ERM system is supported by a dedicated IT tool. The main risks and uncertainties affecting the Group's Parent Company and its subsidiaries are discussed in a separate chapter of the Report on Operations and in the notes to the consolidated financial statements.

- **System of Corporate Operating Procedures** - In order to ensure that corporate directives are properly implemented and the risks entailed by the achievement of corporate objectives are minimized, Edison has adopted a set of procedures that regulate internal processes, governing both activities that are carried out internally by each organizational entity and transactions with other entities.
- **Information Systems** - Virtually all corporate processes used by Edison and its subsidiaries are supported by information systems developed with last-generation technologies and packages capable of supporting both business activities and accounting and financial processes. The use of these systems is governed by internal procedures that guarantee safety, privacy and correct use. Moreover:
 - Availability (i.e., the possibility of accessing data when needed) is guaranteed by a highly redundant hardware and software architecture to minimize the possibility of single point failure.
 - Privacy (i.e., the availability of data and information only to authorized users) is assured by a segregation of duties planned in advance and implemented in the systems by means of user profiles.
 - Safety is guaranteed by a hardware and software infrastructure designed specifically with this requirement in mind, which is maintained on an ongoing basis and tested periodically.

Applications are highly integrated in order to minimize any instance of multiple data entries and automate process flows. A portion of the services is provided under outsourcing contracts with top suppliers who are IT industry leaders. These contracts cover all of the tools (periodic reporting, organization of the service, SLA, penalties) to facilitate management and control by Edison.

Tools to Ensure the Achievement of Compliance Objectives

- **Organizational Model Pursuant to Legislative Decree No. 231/2001** - In July 2004, Edison adopted a 231 Model designed to prevent the perpetration of the unlawful acts referred to in the corresponding Decree and, consequently, shield the Company from administrative liability. The Model, which was adopted following a detailed analysis of the Company's operations to identify activities with a risk potential, includes a series of general principles, rules of conduct, control tools, administrative procedures,

training and information programs, and disciplinary systems that are designed to prevent, as much as possible, the occurrence of the abovementioned crimes. The 231 Model includes a general section that explains the Model's function and principles, as well as the content of Legislative Decree No. 231/2001 and other main reference statutes, and a section that represents the 231 Model's own core and reviews the 231 Model's content: from its adoption to the identification of at-risk activities, the definition of protocols, the characteristics and modus operandi of the Oversight Board, the information flows, the training and information activities, the penalty system and Model updates. The Model is completed by its annexes, which are an integral part of the 231 Model itself: 1) Code of Ethics, 2) Protocol to monitor the risk profiles identified in each unit, and 3) Expense Regulations and Guidelines for the management and award of powers of attorney.

The Board of Directors appointed an Oversight Board (OB), which is responsible for ensuring that the Model is functioning effectively and is kept up to date, and is required to report to the Board of Directors and the Board of Statutory Auditors at least once every six months. The Oversight Board is supported by the Internal Auditing Department, which established a dedicated support unit, the General Counsel Department and the Personnel and Organization Department. Even though a recently introduced law introduced the option of attributing to the Board of Statutory Auditors the functions of the OB, the Board of Directors did not find it appropriate to use this option, due to the special complexity of Edison's organization and the specific competencies required to perform the tasks assigned to the OB.

In 2005, the main subsidiaries, all of which have a much simpler organizational structure than Edison, adopted models based on the guidelines issued by the Group's Parent Company. Virtually all of them designated as the OB a member of their Board of Statutory Auditors, who, in the case of major subsidiaries, is supported by a qualified external consultant.

The Oversight Boards of Edison and its subsidiaries receive information flows on a regular basis (every six months) from the individuals responsible for the Model's implementation ("Unit Officers").

Since 2008, the Model has been repeatedly updated and the updates were approved by the Board of Directors. The first Model update, in December 2008, was required to address the impact of new crimes introduced in the meantime in the "231 System" (market abuse, money laundering, computer crimes, etc.) and in response to changes in Edison's business activities. A second update became necessary in 2009 to include in the Model a protocol for the management of occupational safety risks. Subsequently, at the beginning of 2011 and in 2012, respectively, the protocol for the management of insider information and the protocol for related party transactions were amended to take into account, respectively, certain operational requirements and amendments made to the applicable regulations. The model updating process was also applied to the main subsidiaries. Lastly, in 2012, the Company completed the preparatory work needed to update the 231 Model to reflect the addition of new crimes introduced in the "231 System" in 2009 and environmental crimes. The update, which is being handled by the same interdepartmental work group that developed the Model in 2004 and uses the support of top external consultants, will be formalized in 2013. The 231 Models of some subsidiaries were also updated in 2012.

The Board of Directors appointed Edison's current OB on April 24, 2012 confirming the OB's existing members, who include: an outside professional (Umberto Tracanella), who serves as Chairman, and two independent Directors (Gregorio Gitti and Gian Maria Gros-Pietro). On June 4, 2012, the Board of Directors, acting upon a recommendation by the Compensation Committee, allocated to the members of the OB the same compensation amounts as in the previous mandate and confirmed the decision of awarding to the Chairman, who is not a Director, a higher compensation than the other two members. The OB met five times in 2012 and once in 2013. At those meetings, it reviewed primarily the findings

of audit engagements and the information flows it received from the Unit Officers, and received information on the progress made by Edison and the subsidiaries in updating the Model. The OB reported every six months to the Board of Directors on the Model's adequacy and effectiveness, submitting a special report.

- *Accounting Control Model pursuant to Law 262/2005 concerning financial disclosures* - Following the enactment of Law No. 262/2005 on the protection of investments, Edison upgraded, when appropriate, the accounting procedures it uses to prepare financial disclosures and defined the governance rules for the accounting control model it developed, as well as the rules to manage on an ongoing basis regular audits and certifications of the adequacy and effective operation of the model it developed and assign responsibilities within its organization. Additional information is provided in the section of this Report entitled "Risk Management and Internal Control System in Relation to the Financial Disclosure Process and the Corporate Accounting Documents Officer".
- *Safety, Environmental Protection and Quality* - Edison has adopted a system of procedures and organizational structures specifically designed to manage data security issues (including those related to compliance with privacy statutes), the protection of the environment, the safety of its facilities and employees, and the quality of the services it provides.
- *Compliance with Other Laws and Regulations* - The task of monitoring changes in and compliance with laws and regulations has been assigned to the General Counsel Department (for general legal and corporate issues) and to the Institutional and Regulatory Affairs Office (for issues related to industry regulations).
- *Antitrust Code* - To supplement the compliance requirements of Code of Ethics, the Company adopted an Antitrust Code that sets forth rules of conduct that must be followed to comply with antitrust laws.

Tools to Ensure the Achievement of Reporting Objectives

- *Accounting Reports and Annual Financial Statements* - The preparation of accounting reports and annual statutory and consolidated financial statements is governed by the Manual of the Group's Accounting Principles and by additional administrative and accounting procedures, which were updated and upgraded over time to comply with the requirements of Law No. 262/2005, as explained in the section of this Report entitled "Risk Management and Internal Control System in Relation to the Financial Disclosure Process and the Corporate Accounting Documents Officer." . The Company also adopted a fast closing procedure to optimize the preparation of regular accounting and managing reports, as well as the financial statement approval dates.
- *Insider Information* - Edison has adopted for some time a procedure for the internal handling and external communication of insider information, which is an integral part of the 231 Model. An overview of this procedure is provided in the section of this Report entitled "Management of Corporate Information."
- *Internal Communications* - Edison has adopted an internal communications system that facilitates and encourages the exchange of information within the Company and the Group and involves the use of a comprehensive system of management and coordination committees.

Tools to Monitor Internal Controls

The effectiveness of the control tools outlined above is monitored directly by corporate managers, each in the area under his or her jurisdiction, and, independently, by Edison's Internal Auditing Department, which carries out risk-based auditing and assessment activities. The findings of each audit are submitted to the Chairman, the Chief Executive Officer and the Company's managers and are presented on a regular basis to the Control and Risk Committee and the Board of Statutory Auditors.

Risk Management and Internal Control System in Relation to the Financial Disclosure Process and the Corporate Accounting Documents Officer

The internal accounting control system of the Edison Group is a set of corporate rules and procedures adopted by the different operational units to allow, through an effective process of identification of the main risks entailed by the preparation and dissemination of financial disclosures, the achievement of the Company's objective of providing truthful and fair information.

Specifically, the purpose of the internal accounting control system is to provide reasonable certainty that the accounting information (both statutory and consolidated) published by the Company provides its users with a truthful and fair presentation of the Company's operating results, thereby permitting the issuance of the attestations and declarations required pursuant to law indicating that the Company's filings and communications that are disclosed to the market, including interim accounting disclosures, are consistent with the data in the corresponding supporting documents, accounting records and other accounting documents, that the Company's administrative and accounting procedures are adequate and were applied effectively during the period covered by the regular accounting documents (Annual Report, Semiannual Report and Quarterly Report), and that the abovementioned accounting documents were prepared in accordance with the applicable international accounting principles.

Because Edison is an Italian company with shares traded on an Italian regulated market, it has been required since 2007 to appoint a Corporate Accounting Documents Officer (the "**Documents Officer**"), who, pursuant to law, has specific attributions, responsibilities and certification and declaration obligations. This requirement continues today, even though only its savings shares are listed on the MTA. Pursuant to the Bylaws, this officer must be selected by the Board of Directors, upon a mandatorily required opinion by the Board of Statutory Auditors, among executives with proven multi-year experience in the fields of administration, finance and/or control at companies listed on regulated markets. Consequently, in July 2007, the Board of Directors appointed a Documents Officer, who is responsible for developing adequate administrative and accounting procedures for the preparation of the accounting information that the Company discloses to the financial markets and for ensuring that the abovementioned procedures are effectively complied with, and provided this Officer with the authority and resources required to perform these tasks. Since inception, the Board of Directors has asked the Chief Financial Officer to serve in this capacity as well. In 2012, until June 4, both posts were filled by Massimiliano Masi. Subsequently, until October 26, while the appointment of a new Chief Financial Officer was pending, Roberto Buccelli, the Company's Chief Administrative Officer, served in the capacity as Documents Officer. Lastly, following Didier Calvez's appointment as Chief Financial Officer, Roberto Buccelli and Didier Calvez have been serving jointly in this capacity. The Board of Statutory Auditors expressed a favorable opinion with regard to these appointments. The Chief Executive Officer, being duly authorized by the Board of Directors, provided each one of the abovementioned parties with all necessary operating authority.

Moreover, in light of the responsibilities assumed by the Board of Directors, both directly and through the Chief Executive Officer and the Documents Officer, with regard to the monitoring of the internal accounting control system, at a meeting held on July 27, 2007, the Board of Directors approved an "Accounting Control Model Pursuant to Law No. 262/2005" (the "**262 Model**"), and authorized the Chief Executive Officer, acting through the Documents Officer, to implement the abovementioned Model.

The 262 Model defines the guidelines that must be applied within the Edison Group to satisfy the obligations set forth in Article 154-*bis* of TUF with regard to the preparation of corporate accounting documents and comply with the resulting certification requirements.

The 262 Model applies to accounting information, which includes all of the documents and information disclosed to the market that contain actual accounting data concerning the balance sheet, income statement and financial position of Edison and the companies included in the scope of consolidation.

Specifically, the 262 Model, through the related Accounting Model Regulations, accomplishes the following:

- It defines the roles and responsibilities of the Organizational Units involved for various reasons. Specifically, the Administration Department is responsible for deploying and implementing, through the Internal Control Officer, the activities needed to guarantee the effectiveness of the Internal Control and Risk Management System;
- It sets forth the operating methods that should be used to carry out the activities to comply with the abovementioned statutory requirements;
- It provides support to the Documents Officer and the Chief Executive Officer in the issuance of the attestations and declarations required pursuant to law by requiring that the managers of the Company's Operating Units that are responsible for implementing the 262 Model use the internal communication process to provide an internal attestation that the accounting control system established pursuant to Law No. 262/2005 is functioning effectively, insofar as the accounting processes and flows under their management jurisdiction are concerned, that the information flows are complete and reliable, and that the key controls listed in the relevant matrices are applied effectively;
- It assigns responsibility for conducting testing related to the 262 Model to the Internal Auditing Department.

To effectively implement the programs described above, the Company identified specific managers of Group Departments, Business Units and Corporate Functions that report directly to senior management to serve as "Operating Unit Officers Responsible for Implementing the Accounting Control Model Pursuant to Law No. 262/2005," and specific operational officials who serve as "focal points."

The internal accounting control system rests on the following characterizing elements:

- A corpus of corporate procedures governing the preparation and disclosure of financial information including, but not limited to, the Group Accounting Manual, the Fast Closing Procedure, operational financial statement instructions, reporting procedures and accounting calendars.
- A process carried out under the supervision of the Documents Officer and in concert with the Chief Executive Officer to identify the main risks related to accounting information and the key controls to monitor the identified risks (administrative/accounting risk assessment), which helped identify, for each relevant area/accounting information, the accounting processes/flows that are deemed to be critical and the activities required to control and monitor these accounting processes/flows, and develop special control matrices that describe for each process (or administrative/accounting flow) that has been identified as being critical and/or sensitive for 262 Model purposes the standard control activities (key controls) and the relevant operating unit officers responsible for implementing the 262 Model. The corporate processes, the corresponding matrices and control dashboards and the list of operating unit officers responsible for implementing the various controls are reviewed periodically and updated if necessary. Specifically, the risk assessment activity is performed on a quarterly basis, the 262 operating units update the matrices of the administrative/accounting controls on a quarterly basis as well; the Accounting Department is responsible for reviewing and updating on a regular basis the corpus of Group administrative/accounting procedures, and the organizational units ensure that the other operating rules that are relevant for the correct implementation of the 262 Model are updated.
- A process involving activities to assess periodically the adequacy and actual implementation of the identified key controls. This assessment, which is performed every six months, is structured on two levels:
 - a) self-assessment by the organizational units, carried out by each organizational unit officer with regard to the processes and flows under his jurisdiction;
 - b) independent assessment performed by the Internal Control Systems Department through audit engagements in areas of interest defined by the Internal Control Officer. The purpose of the audit plan, examined by the Control and Risk Committee and approved by the Chairman of the Board of Directors, is to select a set of control processes that should be tested to cover the main processes over a three year period.
- A process of documentation and internal communication, carried out by managers of departments/business units/corporate functions and by the Chief Executive Officers and the managers

of the Planning, Accounting and Control Departments of the companies that do not fall within purview of Edison's oversight and control, showing the effectiveness of the controls and the results of the assessments performed.

- A certification process for recipients outside the Group based on the reports and declarations provided by the Documents Officer, pursuant to Article 154-*bis* of Legislative Decree No. 58/1998, as part of the general process entailed by the preparation of the annual report and of the regular reports, (the semiannual report and the quarterly reports) the findings of which are shared with the Chief Executive Officer. With regard to certifications of other financial and accounting disclosures of a consultative nature, the Documents Officer through the Accounting Department, once he has received from the 262 operating unit officers a confirmation of the controls, he issues in agreement with the Chief Executive Officer, a certification of consistency of the data in the document with those in the Company accounting records and entries. The Documents Officer reports periodically to the Control and Risk Committee, the Board of Statutory Auditors and the Oversight Board with regard to the methods used to carry out the assessment of the Internal Control and Risk Management System and the findings of the assessments performed to support the issuance of certifications and declarations.

The 262 Model was updated and adjusted also in 2012: more specifically, the at-risk areas were reassessed in light of changes in the Group's organization and the industrial context, with the objective of increasing the level of protection, particularly for the more sensitive and significant areas.

Overall Assessment of the Effectiveness of the Internal Control and Risk Management System

Based on the information and the evidence collected with the support of the investigative work performed by the Control and Risk Committee and the contribution provided by management and the Internal Audit Director, the Board of Directors believes that, overall, the existing Internal Control and Risk Management System allows with reasonable certainty an adequate management of the mapped risks and, at the same time, contributes to improving the management of the Company as a whole.

This assessment, insofar as it refers to the Internal Control and Risk Management System in its entirety, reflects the limitations inherent in such a system. Specifically, even an Internal Control and Risk Management System that is well conceived and operates properly can ensure an adequate management of the mapped risks only with "reasonable certainty."

Coordination Among the Parties Involved with the Internal Control and Risk Management System

The Company developed an integrated compliance model that, among other things, analytically identifies the activities of the parties involved with the internal control and risk management system, specifying concrete modalities to coordinate and make more efficient the activities of each one of them.

PROCEDURE FOR THE MANAGEMENT OF CORPORATE INFORMATION

The Board of Directors has adopted for some time a procedure for the management of corporate information called "**Procedure for Internal Management and External Communication of Documents and Information Concerning Edison,**" which applies to information of a confidential nature and, more specifically, insider information (including both insider information "in process" and those for which a market communication obligation already exists). In this regard, please note that, even though only its savings shares continue to be publicly traded, Edison is still required to comply with the rules concerning market abuse, as they apply to the treatment of insider information. The abovementioned procedure, which is an integral part of the organization, management and control model aimed at shielding the Company from liability pursuant to Legislative Decree No. 231/2001 (the "**231 Model**"), was updated over time in order to make it more responsive to changes in statutory requirements introduced by the inclusion into the Italian legal system of EU regulations on market abuse and to address certain operating needs that arose in the course of its implementation.

One of the functions of this procedure was to specify the functions, responsibilities and operating procedures that apply to the management of confidential and insider information, taking into account how this information should be verified and, when required, how data should be entered in the Insider Register; the treatment, internal circulation and communication to outsiders (when certain conditions are met) of insider information; and the communication of insider information to the market in accordance with the deadlines and methods set forth in the applicable regulations.

All members of the corporate governance bodies, employees and associates of Edison and its subsidiaries who have access to insider information are required to comply with the abovementioned procedure.

All of the abovementioned parties are required to comply with the following obligations:

- They shall safeguard the confidentiality of documents and information obtained in the course of their work and, more specifically, make sure that the sharing of documents containing this type of information, whether internally or with third parties, is handled with all necessary attention and care.
- They shall never communicate to anyone, unless required to do so for work reasons, insider information or otherwise confidential information of which they may become aware in the course of their work.
- They shall require that the owners of a project and/or a significant asset (normally the manager in charge of a department or office) and third parties to whom insider information or otherwise confidential information is disclosed in connection with an assignment sign a confidentiality agreement, which, among other covenants, may require them to maintain an Insider Register, if applicable.
- They shall promptly inform the Company's Oversight Board of any act, fact or omission that may constitute a violation of this procedure in the management of insider information.

Insofar as roles and responsibilities are concerned, Senior Management has Group-wide responsibility for distributing to the market press releases that contain insider information and for activating the procedure used to embargo the disclosure of insider information to the market, when applicable.

Heads of divisions, departments and corporate functions, as well as managers of subsidiaries are responsible for identifying the existence of insider information and implementing all security measures required to ensure that insider information or otherwise confidential information is treated confidentially and segregated, limiting its circulation only to those parties who need access to it to perform their job or assignment.

In addition, senior managers and other management personnel (each for the information over which he or she has jurisdiction) must inform employees and outsiders who possess insider information or otherwise confidential information concerning the Group of the relevance of the information they possess and must ensure that all outsiders who receive such information be required pursuant to law, Company Bylaws or contract to respect the confidentiality of the documents and information they are receiving, verifying, when applicable, the existence of secrecy or confidentiality clauses or commitments.

Prior to being placed into circulation, paper and electronic documents that contain insider information must be labeled "Confidential" and must be appropriately safeguarded. The electronic transmission of these documents must be protected with access keys. In all cases, the senior managers and other management personnel with whom the "Confidential" documents originated must keep track of the parties (employees and outsiders) to whom the documents were provided.

Specific provisions of the procedure deal with the method for entering data in and updating the register of parties who have access to insider information. Specifically, parties may be entered in the register on a permanent or on an occasional basis and Edison's senior managers and other management personnel are responsible for identifying the parties whose names should be communicated to the office charged with keeping the register for entry therein on a permanent or occasional basis. The procedure also deals with the method for informing the parties entered in the register, updating their information and deleting their names.

Entry in the register on a permanent basis is used for those parties who, because of their function, the position they hold or the specific responsibilities entrusted to them, have access to insider information on a regular and continuing basis. Entry on an occasional basis is used for those parties who, because of their involvement in certain nonrecurring projects or activities and/or their temporary performance of certain functions/responsibilities, or because of a specific assignment, have access for a limited period of time to potential insider information.

The data of all Directors and Statutory Auditors are entered in the abovementioned register on a permanent basis at the time of their election and they are informed about their duties and responsibilities.

Upon being elected, Directors and Statutory Auditors are informed of any changes that occurred in the regulatory framework regarding internal dealing issues and the communication obligations that they are required to comply with through the Company. A total of three transactions executed by three Directors or Statutory Auditors and involving Edison common shares were disclosed to the market and the relevant authorities in 2012. The filing forms concerning these transactions and those executed in previous years, are available on the Company website (www.edison.it Governance - Internal Dealing).

Following the reorganization carried out after the changes of the stock ownership, nine officers with strategy responsibility have been identified, all members of the Executive Committee.

Without prejudice to the obligation to comply with the provisions governing market abuse, in 2007, the Board of Directors introduced, for specific periods of the year, the additional obligation of refraining from executing transactions that involve financial instruments issued by the Company. The periods in question have been defined as time periods that begin 30 days before the date of a meeting of the Board of Directors convened to review regularly reported financial statements and end five days after the publication of the corresponding press release.

The 2013 blackout periods are as follows:

- from January 9 to February 13
- from March 24 to April 28
- from June 23 to July 28
- from September 25 to October 30

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors monitors the Company's compliance with the applicable laws and its Bylaws and has a management control function, being specifically required to verify that: the principles of sound management are being followed; the structure of Company's organization, its system of internal controls and its administrative-accounting system are adequate and the administrative-accounting system is reliable; the Code is being concretely implemented; the procedure adopted by the Company regarding related-party transactions is being complied with; and the Company provided its subsidiaries adequate instructions regarding the obligation to disclose insider information to the market. It is not responsible for performing an independent statutory audit of the financial statements, a task that, pursuant to law, must be entrusted to an independent auditing firm chosen among those listed in a special register maintained by the Ministry of the Economy and Finances. However, it is required to submit to the Shareholders' Meeting a detailed proposal concerning the selection of the Independent Auditors. The Board of Statutory Auditors is also required to perform the functions assigned under current laws to the Internal Control and Auditing Committee, created by Legislative Decree No. 39 of January 27, 2010 in implementation of a European Union directive concerning independent statutory audits of annual and consolidated financial statements. Accordingly, it is required to monitor the disclosure of financial information; the effectiveness of internal control, internal auditing and risk management systems; and the statutory independent auditing of annual and consolidated financial statements and the independence of the Independent Statutory Auditors.

Composition and Election of the Board of Statutory Auditors

Pursuant to Company Bylaws, the Board of Statutory Auditors must be comprised of three Statutory Auditors and three Alternates. Pursuant to the amendments made to the Bylaws, upon the election of the next Board of Statutory Auditors, its composition will have to comply with the criteria provided in the law governing gender parity.

The Bylaws also require that Statutory Auditors be elected by means of slates of candidates, in order to allow minority shareholders to elect one Statutory Auditor, who will serve as Chairman of the Board of Statutory Auditors. Only shareholders who, alone or in combination with other shareholders, hold common shares representing in the aggregate a percentage of the common share capital equal at least to the maximum percentage required to file slates of candidates for the post of Director, are entitled to file a slate of candidates, provided, when the slate is filed by minority shareholders, that the filers are not linked directly or indirectly with the controlling shareholder, its direct or indirect shareholders or other companies in the various groups to which each company belongs. In the past, this percentage was equal to at least 1% of the common share capital, based on the Company's stock market capitalization. Currently, in view of the new provision of the Bylaws and the fact that the common shares have been delisted, the percentage has been increased to 2.5% of the common share capital.

Pursuant to the Bylaws, nomination proposals must be filed at the Company's registered office at least 25 days before the date of the Shareholders' Meeting. The proposals must be accompanied by the following documents: information disclosing the identity of the parties filing slates of candidates; if applicable, an affidavit stating that the filers are not linked with the controlling shareholder, its shareholders and group companies belonging to said shareholders; professional curricula of each candidate, listing any management and control posts held at any other companies; affidavits by which the candidates attest that there are no issues that would make them incompatible or unelectable or would cause them to be removed from office, that they meet the requirements for election as Statutory Auditors pursuant to current law and the Bylaws and that they accept the nomination. Moreover, pursuant to the regulations set forth in a Decree issued by the Ministry of Justice on March 30, 2000, the professional requirements of Statutory Auditors are also listed in the Company Bylaws. Under no circumstances may individuals who fail to meet the requirements of independence, integrity and professionalism established in the pertinent laws or the Bylaws or who already serve on the maximum number of management and control bodies allowed pursuant to the applicable laws be elected to the Board of Statutory Auditors.

If no slate is filed at least 25 days before the date of the Shareholders' Meeting or if only one slate is filed or if multiple slates are filed by shareholders who are linked with each other, the deadline for filing slates is extended by three days and the percentage required to file them is halved.

In both cases, the final deadline for delivering to the Company the communication issued by an intermediary, attesting the total equity interest percentage held by the shareholders filing the slate, is twenty-one days before the date when the Shareholders' Meeting is convened on the first calling.

Statutory Auditors are elected for a term of three years and may be reelected.

The Bylaws place no additional restriction on the Statutory Auditors with regard to the number of management and control posts held, beyond those imposed by the laws currently in effect, the intent of which would be to ensure that Statutory Auditors can devote the required time to the performance of their tasks. In any event, responsibility for assessing whether a Statutory Auditor is performing his/her function effectively should rest with the shareholders upon the Statutory Auditor's election and with the Statutory Auditor upon acceptance of the assignment.

Composition of the Board of Statutory Auditors in 2012

As explained earlier in this Report, at the Shareholders' Meeting of April 26, 2012, which, among other items on its Agenda, was convened to elect a new Board of Statutory Auditors, the nominations of candidates were filed within the abovementioned deadline at the Company's registered office by TdE, the Company's controlling shareholder, which at the time it filed its slate owned 61.281% of the voting shares, and by Carlo Tassara Spa, a shareholder who at the time it filed its slate owned 10.025% of the voting shares, together with the required documents. No other shareholders filed slates of candidates. The curriculum of each Statutory Auditor and the additional documents related to the slates of candidates were also posted on the Company website (www.edison.it - Investor Relations - Documents and Prospectuses - 2011 Archive) 21 days before the date of the Shareholders' Meeting. The main documents required for the purpose of filing slates of candidates were later collected in a publication made available and posted on the same page of the Company website (www.Edison.it - Governance/Shareholders' Meetings/ Shareholders' Meetings of April 24 and 26, 2012/Documents).

The current members of the Board of Statutory Auditors are: Alfredo Fossati (Chairman), drawn from the minority slate filed by the shareholder Carlo Tassara Spa, and Leonello Schinasi, drawn from the slate filed by TdE, the majority shareholder, as well as Giuseppe Cagliero, replacing Angelomaria Palma who resigned on May 24, 2012, both of them drawn from the slate filed by the majority shareholder.

The next Shareholders' Meeting will be required to fill the vacancies on the Board of Statutory Auditors, electing a Statutory Auditor and confirming the appointment of two Alternates, due to the fact that the Alternate Luca Aurelio Guarna resigned on May 24, 2012.

With regard to the composition of the Board of Statutory Auditors, it is worth pointing out that, according to the provisions of the Governance Agreements in effect when the current Board of Statutory Auditors was elected, EDF/WGRM and Delmi had each the right to designate one Statutory Auditor and one Alternate. The third Statutory Auditor and Alternate were to be taken from a slate filed by Edison minority shareholders, provided that such a slate was filed. In addition, EDF/WGRM and Delmi were required to decide jointly which of the two Statutory Auditors they designated would be named Chairman of the Board of Statutory Auditors. In 2007, the Bylaws were amended to make them consistent with the law requiring that the post of Chairman of the Board of Statutory Auditors be filled with one of the Statutory Auditors elected from a minority slate. With this change, the election of the entire Board of Statutory Auditors and its current Chairman was carried out in accordance with the amended Bylaws.

All elected Statutory Auditors are listed in the Register of Independent and Statutory Auditors and meet the requirements of current laws and the Bylaws, as well as the Code's independence requirements for Directors, applied, with the requisite adjustments to the Statutory Auditors. The Board of Statutory Auditors informed the Board of Directors that it verified that these requirements were still being met after its election and subsequently, on the occasion of the meeting during which it reviewed the Company's corporate governance system.

Except as stated above with regard to the filling vacancies, the term of office of the current Board of Statutory Auditors will expire with the Shareholders' Meeting convened to approve the 2013 annual financial statements.

The Annexes to this Report include a table that lists the posts that the Statutory Auditors currently in office hold at other companies, together with their curricula and those of Statutory Auditors who left their office in 2012.

Compensation of the Board of Statutory Auditors

The compensation of the Statutory Auditors is determined by the Shareholders' Meeting that elects them.

The compensation of the Board of Statutory Auditors currently in office was determined by the Shareholders' Meeting of April 26, 2011, which confirmed the amounts previously awarded, i.e., an annual compensation of 60,000 euros for the Chairman and 40,000 euros for each Statutory Auditor.

Additional information about the compensation earned by the Statutory Auditors in 2012 is provided in Compensation Report, which is reproduced in the second part of this publication.

Rules of Operation of the Board of Statutory Auditors

To the best knowledge of the Board of Directors, the Statutory Auditors operate autonomously and independently of everyone, including the shareholders who elected them.

The Board of Statutory Auditors is required to meet at least once every 90 days. Meetings of the Board of Statutory Auditors may be held via teleconferencing or videoconferencing, provided all participants can be identified and are able to follow the proceedings, participate in real time in the discussion of the items on the Agenda and receive, transmit and review documents.

In 2012, the Board of Statutory Auditors met 10 times. The average attendance of the Statutory Auditors at these meetings was 93.33%. A breakdown is provided below:

Statutory Auditors	Number of Board of Stat. Aud. meetings attended in 2012	Percentage
<i>Statutory Auditors in office at December 31, 2012</i>		
Alfredo Fossati	9 of 10	90
Leonello Schinasi	10 of 10	100
Giuseppe Cagliero	4 of 4	100
<i>Statutory Auditors out of office</i>		
Angelomaria Palma	5 of 6	83.33

The average length of each meeting was two hours and thirty minutes.

In addition, the Statutory Auditors attended meetings of the Board of Directors held in 2012. As shown in the table below, their average attendance percentage was 94.44%.

Statutory Auditors	Number of Board of Stat. Aud. meetings attended in 2012	Percentage
<i>Statutory Auditors in office at December 31, 2012</i>		
Alfredo Fossati	11 of 12	91.67
Leonello Schinasi	12 of 12	100
Giuseppe Cagliero	5 of 5	100
<i>Statutory Auditors out of office</i>		
Angelomaria Palma	6 of 6	100

The Chairman of the Board of Statutory Auditors coordinates the activities of this entity and serves as liaison with other corporate bodies involved in the governance of the system of controls. In 2012, as was the case in past years, a Statutory Auditor, usually the Chairman of the Board of Statutory Auditors, has been invited to attend the meetings of the Compensation Committee and the Oversight Board. Lastly, the exchange of information between the Board of Statutory Auditors and the Control and Risk Committee takes place through the regular attendance to Committee meetings by a Statutory Auditor and a representative of the Independent Auditors is invited on a regular basis to attend meetings of the Board of Statutory Auditors to report on the findings of the audits they performed. In addition, usually once a year, the Company's Board of Statutory Auditors meets with the Boards of Statutory Auditors of the main subsidiaries to exchange information about the Company's activities.

To the best knowledge of the Board of Directors, in view of the number of meetings held during the year by the Board of Statutory Auditors and the meetings of the Board of Directors and the Various Committee that the Statutory Auditors were invited to attend, it can be concluded that the Statutory Auditors devoted the required time to the performance of its tasks.

The Board of Statutory Auditors did not indicate to the Board of Directors that there was a need to propose corrective actions with regard to the main corporate processes.

In 2012, the Board of Statutory auditors did not request the Internal Auditing Department to perform audits of specific operational areas or Company transactions.

In 2012, the Board of Statutory Auditors provided opinions on the additional assignments that the Board of Directors awarded to the Independent Auditors and to other entities belonging to the same network, verifying that the abovementioned assignments and those awarded by the subsidiaries were within the statutory limitations of exercisable activities. The Board of Statutory Auditors also ascertained the Independent Auditors' independence and performed all of the other functions assigned to the Internal Control and Auditing Committee pursuant to law.

The Board of Statutory Auditors adopted the Code's recommendation requiring that its members disclose any direct or third-party interest they may have in specific transactions submitted to the Board of Directors for approval that concern the Company. During 2012 no situation occurred for which the members of the Board of Statutory Auditors had to make such disclosures.

In order to enable the Board of Statutory Auditors to efficiently discharge its duties, a dedicated Company unit that reports to the office of the Secretary to the Board of Directors provides the Board of Statutory Auditors with the necessary support.

RELATIONS WITH SHAREHOLDERS

Even though Edison's common shares were delisted from the MTA as of September 10, 2012 and EDF currently owns about 99.5% of Edison's voting share capital, the Board of Directors resolved to maintain the existing organizational structure to ensure the delivery of timely information and the preparation of Company documents that are relevant to the holders both of common shares and savings shares.

With this in mind, the Company has maintained constantly updated on its website a special page devoted to corporate governance issues, which contains the Reports on Corporate Governance, and an Investor Relations page, which contains key information about the company. Both pages are easily accessible from the home page.

Edison, acting directly or through representatives, engages in an ongoing dialog with the financial markets with the specific goal of complying with the laws and rules governing the dissemination of insider information and the procedures that apply to the circulation of confidential information. The Group's behavior and procedures are designed to avoid disparity of treatment in the disclosure of information and ensure effective compliance with the principle requiring that all investors and potential investors be provided with the same information about the Company. As part of the credit rating valuation processes, Edison interacts with the rating agencies, supplying them with the necessary information to formulate valuations, in accordance with the modalities and conditions of the mandates of these agencies, and makes promptly available to the market the results of their valuations.

Until July 2012, on the occasion of the release of annual, semiannual or quarterly data, the Company organized conference calls with institutional investors and financial analysts and encouraged the participation of industry press representatives.

In addition, the Company continues to promptly inform its shareholders and bondholders of any action or decision that could have a material impact on their investment. It also makes available on its website (www.edison.it - Investor Relations and Governance) press releases, paid notices published by the Company in the press with regard to rights inherent in the securities it has issued, and documents concerning Shareholders' and Bondholders' Meetings or otherwise provided to the public, so as to ensure that its shareholders and bondholders are informed about the issues on which they will be asked to cast their votes.

Edison established an office responsible for handling relations with shareholders and assigned responsibility for managing relations with institutional investors and the rating agencies to the manager of the Investor Relations Department.

SHAREHOLDERS' MEETING

The Shareholders' Meeting is the tool by which shareholders, through their vote on resolutions, express their will. Resolutions adopted pursuant to law and the Company's Bylaws are binding on all Shareholders, including absent or dissenting Shareholders. However, when permitted, dissenting Shareholders have the right to demand redemption of their shares.

The Shareholders' Meeting adopts resolutions on issues that the law reserves for its jurisdiction, which include mainly those concerning the financial statements and the appropriation of the result for the year, the election and dismissal of Directors, the election of Statutory auditors and the selection of the Independent Auditors, when convened in ordinary session, and amendments to the Bylaws, including capital increases and the issuance of convertible bonds, when convened in extraordinary session. Please note that, as allowed pursuant to law and in accordance with the Bylaws, jurisdiction has been transferred to the Board of Directors with regard to deliberations concerning: reductions of share capital if shareholders demands redemption of their shares, opening and closing secondary head offices, attributing to Directors the power to represent the Company, amending the Bylaws to make them compliant with statutory requirements, mergers and demergers in the instances referred to in Article 2505 and Article 2505-*bis* of the Italian Civil Code, also as cited in Article 2506-*ter*, and bond issues.

Convening of Shareholders' Meetings

Pursuant to Article 9 of the Bylaws, Shareholders' Meetings are convened by means of a notice published within the statutory deadline on the Company's website and with the other methods specified in regulations

issued by the Consob. The deadline for publishing a notice of an ordinary meeting (Shareholders' Meeting convened to approve the financial statements) is 30 days before the date of the meeting. A more extended deadline (40 days) applies to Shareholders' Meeting convened to elect the Board of Directors and the Board of Statutory auditors, while shorter deadlines of twenty-one and fifteen days apply, respectively, to (i) Shareholders' Meetings convened to approve share capital transactions, when losses exceed one-third, or liquidation, and (ii) in the event of a tender offer, to authorize the Board of Directors to carry out transactions that could be in conflicts with the offer.

The Notice of Shareholders' Meeting must be sent to the Consob and Borsa Italiana through the SDIR-NIS system and published in a newspaper with national circulation. Starting in January 2013, the Notice may be published in the press in summary form. The Bylaws leave to the discretion of the Board of Directors the choice of newspaper between *Il Sole 24 Ore* and *Corriere della Sera*. The Company has always published its notices in *Il Sole 24 Ore*.

The Notice of Shareholders Meeting must list the day, time and place of the Meeting (including the day of any subsequent callings) and the items in the Agenda, and must contain, also by way of a reference to the Company website, a description of the procedures that must be followed to attend and vote at the Meeting, as well as: information regarding the deadlines and methods to exercise the right to submit questions prior to the Meeting and amend the Agenda or submit additional motions about items already on the Agenda, how to vote by proxy and file a proxy electronically; the identity of the party designated by the Company as a proxy agent and the procedure for selecting it as proxy agent; an indication of the date when the parties eligible to attend and vote at the Meeting must have ownership of the shares; information about the Company's share capital and how to access a copy of the motions for resolutions and the explanatory reports of the Board of Directors and of the documents that will be submitted to the Shareholders' Meeting. Specific information must be provided with regard to certain subjects, such as the election of the Board of Directors and Board of Statutory Auditors. The Company is required to make available to the public copies of the documents relevant to the Shareholders' Meeting, which it usually prepares also in English, by depositing them at the Company's head office, publishing them on its website via a link on its homepage (www.edison.it) and releasing them through the SDIR-NIS system.

Activities of the Ordinary Shareholders' Meeting

With the amendments to the Bylaws that went into effect on May 25, 2012, the Shareholders' Meeting is validly convened and can validly adopt resolutions, both in ordinary and extraordinary session, in accordance with the laws in effect at the time, except for resolutions concerning the election of the Board of Directors and Board of Statutory Auditors, for which the provisions of Article 14 and 22 of the Bylaws, respectively, require specific deliberative quorums when slates of candidates are filed.

Before May 24, 2012, an Ordinary Shareholders' Meeting, gathered on the first or second calling, was duly convened and could adopt resolutions with the favorable vote more than half of the share capital represented at the Meeting and at least half of the total common share capital, with the following exceptions: (i) a Shareholders' Meeting gathered on the second calling to approve the Annual Report and elect corporate officers or remove them from office was duly convened irrespective of the percentage of capital represented and could adopt resolutions (except for the election of Directors and Statutory Auditors by slate voting) with the favorable vote of more than half of the share capital represented at the Meeting; and (ii) a Shareholders' Meeting convened to elect the Board of Directors and the Board of Statutory Auditors on the basis of slates of candidates, which adopted resolutions with specific majorities.

An Extraordinary Shareholders' Meeting, gathered on the first, second or third calling, was duly convened when more than half of the common share capital was represented at the Meeting and could adopt resolutions with the favorable vote of at least two-thirds of the share capital represented at the Meeting.

Activities and Attributions of the Special Meeting of Holders of Savings Shares

The Special Meeting of Holders of Savings Shares has jurisdiction over the following issues: the election and dismissal of the Common Representative and any liability actions towards him, the approval of resolutions by the Company's Shareholders' Meeting that undermine the rights of savings shareholders, the establishment of a fund for expenses needed to protect their common interests, the settlement of disputes with the Company and any other subject of common interest.

The Special Meeting is governed by the provisions of the laws applicable to special meetings of savings shareholders and, if compatible, the relevant provisions of the Bylaws for the Extraordinary Shareholders' Meeting.

Right to Attend Shareholders' Meetings

Pursuant to Article 10 of the Bylaws, only parties who, based on evidence provided by an intermediary, were the holders of the right to vote at the close of business on the seventh stock market trading day prior to the date of the Shareholders' Meeting convened on the first calling (record date) will be allowed to attend and vote at the Shareholders' Meeting. The shares will be freely transferable at all times, but credit and debit entries posted to the accounting records after the abovementioned seven-day deadline will be irrelevant for the purpose of determining the eligibility to exercise the right to vote at the Shareholders' Meeting.

A party's eligibility is certified by means of a communication issued by an intermediary certifying that, on the abovementioned date, the shares were deposited in the party's account in dematerialized form with the centralized clearing system. Pursuant to the applicable laws, the Company must receive the abovementioned communication before the Shareholders' Meeting is called to order on the first calling. Any party eligible to attend and vote at the Shareholders' Meeting has the right to be represented in accordance with the applicable laws. As required by the relevant rules, the Company Bylaws allow electronic filing of a proxy, carried out by sending the proxy form to the certified e-mail address provided in the Notice of Shareholders' Meeting. In addition, the Company shall designate for each Shareholders' Meeting a party to whom shareholders may grant their proxies.

Holding Shareholders' Meetings

The Company did not adopt Shareholders' Meeting regulations because it believes that the power attributed by the Bylaws to the Chairman of the Meeting (who is responsible for managing the Meeting), which include determining the Meeting's Agenda and the voting method, are sufficient to maintain an orderly performance of Shareholders' Meetings, thereby avoiding the risks and inconveniences that could result, should a Shareholders' Meeting fail to comply with Meeting regulations. However, upon calling the Shareholders' Meeting to order, the Chairman of the Meeting always asks shareholders to make remarks that are concise and pertinent to the items on the Agenda and keep to a maximum of ten minutes the length of their remarks, so that everyone may have a chance to be heard.

In 2012, a Shareholders' Meeting was held on April 24, 2012. The Agenda of the Meeting, convened in ordinary session, included: approval of the 2011 statutory financial statements, election of the Board of Directors for one year and determination of its compensation. Convened in extraordinary session, the Meeting approved certain amendments to the Bylaws. All Directors who could provide a useful contribution to the discussion because of the duties they perform within the Board of Directors or its Committees were present at this Shareholders' Meeting. In the course of the Meeting, the Chairman and the Chief Executive Officer, responding when necessary to specific questions by shareholders and in accordance with the rights of the shareholders to participate in the discussion and receive the desired information, reported on the work performed and on future plans.

A Special Meeting of Holders of Saving Shares was held on April 26, 2012. The items on the Meeting's Agenda included: approval of the report on the management of the fund for expenses needed to protect their common interests, the election of the Common Representative for one year and determination of his/her compensation. At the request of a shareholder, the Agenda was amended to include a disclosure about the reorganization of Edison's stock ownership structure and its impact on the savings shares.

The Board of Directors did not deem it necessary to promote initiatives that would encourage greater attendance at the Shareholders' Meetings, since the percentage of the share capital that was being represented at those Meetings was already quite high, with regard both to meetings of common shareholders and meetings of savings shareholders.

Significant changes in Edison's shareholder base or its market capitalization occurred in 2012 because, as mentioned repeatedly earlier in this report, due to the effect of the Mandatory Offer and the Purchase Obligation carried by TdE and the results of the voluntary conversion of savings shares into common shares, EDF increased to 99.5% its interest in Edison's common share capital and the common shares were delisted from MTA effective September 10, 2012.

Additional Shareholders' Rights and Methods of Exercise

The Company Bylaws do not convey to the shareholders any rights beyond those provided to them pursuant to law nor do they provide methods of exercise that are different from those set forth in the applicable laws and regulations.

However, the Company reserved the right to consider the possibility of introducing in its Bylaws the options allowed by Legislative Decree No. 27/2010 concerning the exercise of actions and prerogatives provided for the protection of minority shareholders once the case law has become established. The developments that affected the control structure and, more specifically, the Edison common shares, as described above, rendered this issue no longer relevant.

INDEPENDENT STATUTORY AUDITORS

Attributions of the Independent Statutory Auditors

The Independent Auditors retained to perform independent statutory audits of the financial statements are required by law to ascertain whether the accounting records are properly maintained and record faithfully the results from operations, and whether the annual financial statements and the consolidated financial statements comply with the rules governing their preparation and provide a fair and truthful presentation of the financial position, cash flows and operating result for the period, rendering an opinion on the financial statements and on the consistency of the Report on Operations with the information provided in the financial statements. A similar review of the semiannual financial report is performed by the Independent Auditors on a voluntary basis, pursuant to a recommendation by the Consob. In addition, the Independent Statutory Auditors are required, pursuant to law, to review certain disclosures of the Report on Corporate Governance.

The Independent Auditors perform also additional reviews required by industry regulations and provide additional services that the Board of Directors may ask them to perform, provided they are not incompatible with their assignment regarding the independent statutory audit of the financial statements.

The assignment for the independent statutory audit of the financial statements must be awarded to a company listed in the Independent and Statutory Auditors Register. The Shareholders' Meeting awards the assignment, based on a detailed report by the Board of Statutory Auditors, and determines the corresponding compensation.

The award of the assignment to the current Independent Auditors, Deloitte & Touche Spa (**Deloitte**) was approved by the Shareholders' Meeting of April 26, 2011. As allowed under current laws, Deloitte's assignment will last for nine years, i.e., from 2011 to 2019.

As required under the Group's general audit plan, the purpose of which is to ensure that the financial statements of all Group companies, and not just those that meet the Consob's "materiality" requirements, undergo an independent statutory audit by Independent Auditors, other Italian and foreign subsidiaries—with strictly limited exceptions concerning mainly companies that were dormant or in liquidation—also chose to follow this path. As a rule, these assignments were awarded to Edison's Independent Auditors in order to allow the Independent Auditors of the Parent Company to take direct responsibility for auditing the financial statements of the subsidiaries. While complying with the restriction that the audit assignment may not be awarded to the same Independent Auditors for more than nine years, when permissible or possible, the expiration of the assignments awarded to Deloitte was aligned with that of the Edison assignment.

An exception with regard to the length of the assignment is the Edison Trading SpA subsidiary, which had already appointed Deloitte in 2010 and, consequently renewed the award to the same company for an additional eight years, i.e., until 2018. Another exception regards the Infrastrutture Trasporto Gas Spa subsidiary, which, having been established in 2012 in accordance with the Independent Transmission Operator (ITO) model required by the unbundling rules applicable to the company's business activities, is required by law to retain different independent auditors from those selected by its Parent Company. Consequently, the statutory independent auditing assignment was awarded to Baker Tilly Revisa Spa for a period of three years.

Consistent with a firmly established Group policy, Edison and its principal subsidiaries have also asked their Independent Auditors to audit their semiannual financial statements and, in the case of companies that operate in the electric power and natural gas industries, the separate financial statements that are prepared annually for the Electric Power and Hydrocarbons operations and to perform special audits needed to comply with contractual requirements or regulations issued by the Electric Power and Gas Authority.

With regard to Italian companies for which only a Board of Statutory Auditors was appointed, the Board of Statutory Auditors was also asked to perform an independent statutory audit, pursuant to law. No Group company chose to appoint a monocratic control body.

Deloitte and its international network, working in accordance with assignments they received directly, audited about 95.35% of total consolidated assets (2012) and about 97.81% of total consolidated revenues.

Please note that the award and management of assignments to independent auditors by Group companies was carried out in accordance with the guidelines approved by Edison's Board of Directors on July 25, 2011.

Fees of the Independent Statutory Auditors

As noted in the previous section, Edison's Shareholders' Meeting that awarded the independent statutory audit assignment also approved the corresponding fees and the corresponding adjustment criteria.

In 2012, the total consideration for the provision of independent statutory auditing services and services other than auditing amounted to 777,804 euros for the Group's parent Company and 1,728,086 euros for the Group, as follows:

Schedule of auditing costs	Deloitte Auditors		Other Auditors		Total	
	Hours	Fee	Hours	Fee	Hours	Fee
Audit of the statutory financial statements	8,410	417,986	-	-	8,410	417,986
Audit of the consolidated financial statements	1,030	52,692	-	-	1,030	52,692
Limited audit of the semiannual report	1,890	93,730	-	-	1,890	93,730
Regular reviews of the accounting records	600	40,399	-	-	600	40,399
Coordination with other auditors	100	6,080	-	-	100	6,080
Audit of the separate annual financial statements	320	16,213	-	-	320	16,213
Additional review and verification activities	2,030	150,704	-	-	2,030	150,704
Total Edison Spa	14,380	777,804	-	-	14,380	777,804
Italian subsidiaries and joint ventures	12,811	701,497	1,095	72,585	13,906	774,082
Foreign subsidiaries and joint ventures	580	51,000	977	125,200	1,557	176,200
Total Edison Group	27,771	1,530,301	2,072	197,785	29,843	1,728,086

Starting in 2008, Edison's auditing costs include the review performed to ascertain that the Report on Operations is consistent with the financial statements, as required by legislative decree No. 32/2007, enacted to implement EU Directive No. 51/2003 (content of the Report on Operations and wording of the Independent Auditors' Report), as well as the tests performed to comply with the requirements of Article 9 of legislative decree No. 471/1997. Starting in 2009, the auditing costs include a review of the Corporate Governance Report, as required by current regulations.

In 2012, the additional review assignments performed, for Edison, by Deloitte and its network required 2,030 hours, at a cost of 150,704 euros, and concerned: attestation of the rates applied to rebill costs to partners in joint ventures; certification of tax deductible costs; certification, required pursuant to a contract, for green certificate trading activities; attestations required in the information memorandum concerning the divestment of Edipower; and verifications concerning the allocation of the purchase price for the acquisition of total control of a company.

Other entities from the Deloitte network, in order to implement and complete contracts that were already in progress when the statutory independent audit assignment was awarded, provided consulting services in connection with projects for the development of non-accounting IT systems, as well as non-evolutionary maintenance for a total amount of 104,066 euros for Edison.

These services, which were provided partly before the date of the award of the auditing assignment for Edison Spa, were completed in 2012.

Milan, February 8, 2013

The Board of Directors
by Bruno Lescoeur
Legal Representative

ANNEXES



The entrance of Edison headquarters in Milan.

BOARD OF DIRECTORS

OVERVIEW OF THE STRUCTURE OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

Board of Directors										Control and Risk Committee		Compensation Committee		Strategy Committee		Committee of Independent Directors	
Post held	Member	Slate (M/m) *	Executive	non-Executive	Independent	**	No. of other posts held***	% attendance at Shareholders' Meet.	****	**	****	**	****	**	****	**	
<i>Directors in office at December 31, 2012 (a)</i>																	
Chairman	Henri Proglgio	M (b)		X		41.67	7	0									
Chief Executive Officer	Bruno Lescoeur	M	X			100	6	100					(o)	(o)			
Director	Béatrice Bigois	(c)		X		75	2	(l)	X	100							
Director	Mario Cocchi	m		X	X (k)	91.67	8	100			X	75			X	100	
Director	Bruno D'Onghia	(c)		X		100	2	(l)									
Director	Gregorio Gitti	M		X	X (k)	100	11	0			X	75			X	100	
Director	Gian Maria Gros-Pietro	M		X	X (k)	91.67	4	100	X	80	X	100			X	100	
Director	Adrien Jami	M		X		100	5	(l)									
Director	Pierre Lederer	(d)		X		100	1	(l)									
Director	Jorge Mora	(c)		X		75	0	(l)									
Director	Thomas Piquemal	M		X		91.67	9	(l)	X	100							
Director	Nicole Verdier-Naves	(c)		X		100	2	(l)			X	(n)					
Director	Steven Wolfram	M		X		91.67	3	0									
<i>Directors who resigned their office in 2012</i>																	
Chairman	Giuliano Zuccoli	M (e)		X		100		(m)					(e)	(p)			
Chairman	Renato Ravanelli	M (f) (g)		X		100		100					(o)	(o)			
Director	Jean-Louis Mathias	M (h)		X		54.55		0			X	100	(o)	(o)			
Director	Mauro Miglio	M (g) (i)		X		100		100					(o)	(o)			
Director	Giovanni Polonioli	M (g)		X		100		(l)	X	100							
Director	Paolo Rossetti	M (g)		X		100		100									
Director	Klaus Stocker	M (j)		X		100		100	X	100							
Director	Andrea Viero	M (g)		X		100		0	X	50							

Number of meetings held in 2012

Board of Directors: 12 Control and Risk Committee: 5 Compensation Committee: 3 Strategy Committee: 0 Committee of Independent Directors: 12 (q)

Quorum needed to file slates for the election of Directors:

until delisting of the Edison common shares (September 10, 2012) 1% of the shares conveying the right to vote at Ordinary Shareholders' Meetings; 2.5% subsequently

- * In this column, the letter **M** indicates that the member was elected from a slate voted by the majority and the letter **m** from a slate voted by the minority.
- ** This column shows the attendance percentages of Directors at meetings of the Board of Directors and Committees, respectively.
- *** This column shows the number of other companies with shares traded in regulated markets in Italy or abroad, as well as financial, banking or insurance companies or companies of significant size of which the party in question is a Director or Statutory Auditor. In the table that follows, these positions are listed in detail.
- **** An "X" marked in this column indicates that the listed Director is a member of the applicable Committee.
- (a) The term of office of the current Directors ends with the approval of the 2012 annual financial statements.
- (b) Elected Chairman by the Board of Directors on June 4, 2012.
- (c) Coopted by the Board of Directors on June 4, 2012.
- (d) Coopted by the Board of Directors on October 26, 2012.
- (e) Ceased to be in office as Chairman and Director on February 10, 2012.
- (f) Chairman of the Board of Directors from March 2 to April 24, 2012.
- (g) Resigned his office on May 24, 2012.
- (h) Resigned his office on October 26, 2012.
- (i) Coopted by the Board of Directors on March 2, 2012.
- (j) In office until the Shareholders' Meeting on April 24, 2012.
- (k) Meets the independence requirements pursuant to law (TUF) and the Code.
- (l) Percentage not applicable because no additional Shareholders' Meetings were held in 2012 subsequent to his appointment.
- (m) Percentage not applicable because he left his office before the date of the only Shareholders' Meeting held in 2012 (April 24, 2012).
- (n) Percentage not applicable because no additional Committee Meetings were held in 2012 subsequent to his appointment.
- (o) Committee in existence until May 24, 2012. No meeting was held in 2012.
- (p) Percentage not applicable because no Committee Meetings were held while he was in office.
- (q) In 2012, the Committee met five times as the Committee of Independent and seven times as Alternative Oversight Entity.

POSTS HELD BY DIRECTORS AT DECEMBER 31, 2012

Director	Post held at other companies	EDF Group companies
Henri Proglio	Director of CNP Assurances Sa (*)	
	Director of Dassault Aviation Sa (*)	
	Chairman and Chief Executive Officer EDF Sa (*)	X
	Chairman of EDF Energy Holdings Ltd	X
	Director of EDF Energies Nouvelles Sa	X
	Director of EDF International Sa	X
	Director of FCC Fomento de Construciones y Contratas Sa (*)	
	Director of Natixis Sa (*)	
	Member of the Supervisory Board of Veolia Eau Sa	
	Director of Veolia Environnement Sa (*)	
	Director of Veolia Propreté Sa	
Bruno Lescoeur	Chairman of the Supervisory Board of Dunkerque LNG Sas	X
	Director and Chief Executive Officer of EDF International Sas	X
	Chairman of EDF Péninsule Ibérique Srl	X
	Director of EDF Trading Limited	X
	Director of Fenice Spa	X
	Chairman and Chief Executive Officer of Transalpina di Energia Srl	X
Béatrice Bigois	Director of EDF Trading Limited	X
	Director of Transalpina di Energia Srl	X
Mario Cocchi	Member of the Supervisory Board of A2A Spa (*)	
	Chief Executive Officer of Borno Energia Pulita Spa	
	Chief Executive Officer of Carlo Tassara Spa	
	Director of Finanziaria di Valle Canonica Spa	
	Director of Lavoro 2 Spa	
	Director of Lavoro 3 Spa	
	Chief Executive Officer of Metalcam Spa	
	Director of Network Capital Partners Srl	
Bruno D'Onghia	Chairman of Fenice Spa	X
	Chairman of EDF EN Italia Spa	X
Gregorio Gitti	Director of Bassilichi Spa	
	Director of Flos Spa	
	Director of Librerie Feltrinelli Srl	
	Chairman of Lombarda 24 - 7 Finance Srl	
	Chairman of Lombarda Lease Finance 3 Srl	
	Chairman of Lombarda Lease Finance 4 Srl	
	Chairman of Metalcam Spa	
	Director of Sabaf Spa (*)	
	Director of Saceccav Spa	
	Chairman of UBI Finance 2 Srl	
	Chairman of UBI Finance 3 Srl	
Gian Maria Gros-Pietro	Chairman of Autostrada Torino-Milano Spa (*)	
	Director of Caltagirone Spa (*)	
	Director of Fiat Spa (*)	
	Director of IVS Group Sa (*)	

POSTS HELD BY DIRECTORS AT DECEMBER 31, 2012 (continued)

Director	Post held at other companies	EDF Group companies
Adrien Jami	Member of the Supervisory Board of Dunkerque LNG Sas	X
	Member of the Advisory Committee of EDF Gas Deutschland GmbH	X
	Chairman of EDF Production UK Ltd	X
	Director of Fenice Spa	X
	Director of Transalpina di Energia Srl	X
Pierre Lederer	Member of the Executive Committee of EDF Sa (*)	X
Jorge Mora		
Thomas Piquemal	Director of Dalkia I Sa	X
	Director of Dalkia Internationa Sa	X
	Member of the Executive Committee of EDF Sa (*)	X
	Director of EDF Energy Holdings Ltd	X
	Director of EDF Energies Nouvelles Sa	X
	Director of EDF International Sa	X
	Member of the Supervisory Board of ERDF	X
	Director of Fimalac	
Member of the Supervisory Board of RTE EDF Transport Sa	X	
Nicole Verdier-Naves	Director of EDF Energies Nouvelles Sa	X
	Member of the Supervisory Board of RTE EDF Transport Sa	X
Steven Wolfram	Director of EDF INC	X
	Director of Constellation Energy Nuclear Group LLC	X
	Chairman of Unistar Nuclear Energy LLC	X

(*) Company with shares traded in regulated markets.

CURRICULA¹ OF THE DIRECTORS IN OFFICE AT DECEMBER 31, 2012

Henri Proglio

Born in Antibes, France, on June 29, 1949.

MBA (Master of Business Administration) in 1971.

Professional Background

- In 1973, he joined Compagnie Générale des Eaux.
- In 1990, he was named President and General Manager of CGEA - Compagnie Générale d'Entreprises Automobiles, which includes the Group's janitorial services and transportation activities.
- In 1991, he was appointed Manager of Compagnie Générale des Eaux, joining the Executive Committee in 1996 and becoming Adjunct General Manager in 1997.
- In 1999, he was named President of CGEA, Director and Executive General Manager of Vivendi Water, President of Compagnie Générale des Eaux and Chief Executive Officer of Vivendi.
- In 2000, he was elected Chairman of the Executive Committee of Vivendi Environnement: Vivendi Water, Onyx, Connex, Dalkia.
- In 2003, he was appointed President and General Manager of Veolia Environnement.
- In November 2009, he was named Chairman of the Board of Directors of Veolia Environnement and President and General Manager of EDF.
- He is currently a Director of CNP Assurances, Natixis, Dassault Aviation and Veolia Environnement.
- In 2006, he was appointed Officer of the Légion d'Honneur and, in 2009, Commander of the National Order of Merit.

Bruno Lescoeur

Born in Paris, France, on November 19, 1953.

He holds degrees in Engineering from Polytechnique College, in Economics from ENSAE (National College for Statistics and Administration) and in Political Sciences from Institut d'Etudes Politiques in Paris.

He is married, with three children, and is a Knight of the National Order of Merit.

He currently serves as EDF's Senior Executive Vice President.

Professional Background

- He joined EDF's General Economic Studies Department in 1978.
- In August 1991, he was named head of EDF GDF Services Var and, in 1993, deputy Chief financial officer of EDF, responsible of Treasury, financing and mergers and acquisitions.
- In 1998, he was appointed Chairman and CEO of the London Electricity Group, now EDF Energy.
- From the beginning of 2002 until the end of 2004, he served as Manager of Production and Engineering.
- In December 2004, he was named Deputy General Manager of EDF and member of the Executive Committee, with responsibility for international operations.
- In 2008, in his capacity as manager responsible for the development of EDF Group's gas operations.
- In 2010, he is also appointed member of the new Steering Committee, in charge of Gas and also responsible for Southern Europe.

Béatrice Bigois

Born in Talence, France, on May 20, 1969.

Degree from Ecole Polytechnique and Ecole Nationale des Ponts et Chaussées, where she specialised in Applied Mathematics and Economics.

Since September 2008 she serves as Chief Financial Officer at EDF Trading.

Professional Background

- In 1994 she joined EDF.
- In 1996 she joined EDF Trading to set up and run its Paris office.
- She held a number of roles in the Finance Department, Risk Management and Asset Optimisation at both EDF and EDF Energy.
- Since September 2008 she is a member of the Board of Directors of EDF Trading.

1. *Curricula* updated at December 31, 2012.

Mario Cocchi

Born in Niardo (BS) on July 18, 1953, a town of which he is still a resident today, he earned a bookkeeping diploma from the Technical Commercial Institute in Darfo B.T. (BS) in 1973.

Professional Background

- In 1973, he joined the Tassara Group, where he handled increasingly challenging assignments, rising to the post of Chief Operating Officer, which he held from September 2, 1997 to September 20, 2007, later becoming the Chief Executive Officer of Carlo Tassara Spa, the Group's Parent Company.
- He also serves as Chairman or Chief Executive Officer of various subsidiaries and affiliates of Carlo Tassara Spa.
- He was a Director and served on the Strategy Committee of Edison Spa from October 2002 until November 2005.
- On March 11, 2008, he was appointed to the Managing Board of A2A. He resigned in May 29, 2012 when he has appointed to the Supervisory Board of the same company.
- In 2005, he was awarded the Star of Merit for Labor.
- In 2007, he was honored as Entrepreneur of the Year by the Entrepreneurs' Association of Vallecamonica, Sebino, Valcavallina and Val di Scalve.
- Married with two children, he is actively involved in social issues, having served as Mayor of Niardo (BS) from 1993 to 2004.

Bruno D'Onghia

Born in Tripoli, Libya, on October 7, 1940; Italian nationality.

Degree in Mechanical Engineering from the University of Rome, followed by Specialization in Nuclear Engineering. Served in the armed forces as an officer engineer in the Air Force Corps of Engineers. He currently serves as Chairman of Fenice Spa and EDF EN Italia.

Professional Background

- In November 1967, he joined Enel until March 2000 covering the following positions: Resident Engineer at General Electric/Nuclear Energy Division (1971-1972); Project Manager for the high-speed Superphénix reactor at NERSA (1974-1986); seconded to Paris to serve as General Secretary of the International Union of Producers and Distributors of Electrical Energy (UNIPÉDE) (01/1990 to 07/1994); in August 1994, appointed European Affairs Manager; from April 1995 to April 1999, Head of the technical secretariat of the Chief Executive Officer and Institutional and International Affairs Manager; Operational Manager of the entity responsible for managing the National Transmission Grid (GRTN) (05-12/1999).
- In May 2000 he joined EDF.
- From June 2001 to July 2003, is Director of Italenergia, in connection with the Montedison/Edison Tender Offer.
- From the end of 2001 to December 2006, is Chairman of EDF Energia Italia.
- From June 2002 to April 2005, is Chairman of Tiru Italia.
- From March 2010 to the end of 2011, is Chairman of Sviluppo Nucleare Italia (SNI), a JV of EDF and ENEL for the Italian nuclear program.
- From 2001 to present, is Chairman of Fenice.
- From 2005 to present, is Chairman of EDF EN Italia.

Gregorio Gitti

Born in Brescia on June 21, 1964.

Law Degree from the University of Pavia with a graduation grade of 110/110 with honors during the 1987/1988 academic year.

Academic and Professional Background

- Tenured professor of Private Law at the Law School of the University of Milan since September 10, 2003.
- Member of the management team of *Rivista di Diritto Privato* since 1995.
- Member of the editorial board of *Rivista di Diritto Civile* since 2002.
- Member of the management team of *Osservatorio del diritto privato e commerciale* since 2012.
- Author of numerous publications (articles, publications and commentaries to court decisions), mainly in the areas of obligation law, contract law and banking and financial market laws, and of two books entitled "Contratti Regolamentari e Normativi," Padua, Cedam, 1994, and "L'Oggetto della Transazione,"

Milan, Giuffré, 1999. Editor of the books "L'Autonomia Privata e le Autorità Indipendenti. La Metamorfosi del contratto," Bologna, Il Mulino, 2006, "Il Terzo Contratto," Bologna, Il Mulino, 2008, "Conciliazione Collettiva," Milan, Giuffré, 2009.

- Founding partner of Studio Legale Pavesi-Gitti-Verzoni, established in Milan on December 27, 2002, which specializes in providing support, in court proceedings and in extrajudicial settings, in the areas of civil law, commercial law, corporate law and financial and banking market law.

Gian Maria Gros-Pietro

Born in Turin on February 4, 1942.

Professor of Business Economics at the Department of Business and Management of Luiss - Guido Carli University, Rome. He is the author of numerous works on economic and industrial subjects.

Academic and professional experiences

- He held various courses in the area of Applied Economics, at the University of Turin (1965-2004) before passing to Luiss.
- From 1974 to 1995 he led the Research Institute on Business and Development, the main economic unit of the National Research Council, supporting different Government bodies on economic and industrial policies.
- From 2004 to 2011 he directed the Department of Economic and Business Science at Luiss.
- Appointed in the Privatization Committee (Comitato Draghi) in 1994, in 1997 he was designated as CEO of Iri, with the mandate of privatizing its main subsidiaries. At the end of 1999 he was designated as Chairman of Eni, with the task of accompanying the gas sector liberalization and the growth of the company in E&P. From 2002 to 2010 he chaired Atlantia, the main private infrastructural operator in Italy.
- He served as director in many industrial, banking and services companies.
- For 13 years he was on the Board of Directors of the University of Turin.
- He served as a member of the National Council for the Economy and Labor, a constitutional body, during 10 years.
- He was a member of the executive of Confindustria (the employers federation) for 13 years.
- From 2000 to 2010 he was a member of the International Business Council, the assembly composed of a hundred representatives of the most important companies in the world which collaborate with the World Economic Forum.

Main present positions

- He is Chairman of Autostrada Torino-Milano and serves as independent director in the listed companies Caltagirone, Fiat, IVS.
- He is Chairman of Vimec Spa and Deputy Chairman of Adige Spa.
- He is the President of Agens, the Association of railways and services companies.
- He is a member of the Management Committee of Compagnia di San Paolo.
- He is a member of the Board of the Censis Foundation.
- He chairs the Scientific Committee of the Cotec Foundation, whose Honorary President is the Head of the State, and of which he was a founder and the first President, and where he now serves as a director.
- He chairs the Scientific Council of Nomisma.
- He is a member of the Scientific Committee of Confindustria's Center of Studies.
- He is a member of the Scientific Committees of the reviews "L'Industria" and "Mercato, Concorrenza e Regole", and is a member of the Commission of the Dematté Award.
- He is a member of SIEPI, the Italian Society of Industrial Economics and Policy.

Adrien Jami

Born in Tunis (Tunisia), on October 12th 1950.

Doctor in Mathematics from *Université Pierre et Marie Curie* of Paris and engineer from *Centre d'Etudes Supérieures de Mécanique*.

Married with five children.

He currently serves as EDF's "*Director Assets and Participations - Gas and South Europe*".

Professional Background

- Engineer at *Ecole Nationale des Techniques Avancées* and Professor in various schools of engineering from 1974; President of the *Société de Mathématiques Appliquées et Industrielles* from 1994 to 1998.

- Enters the *Centre National de la Recherche Scientifique* in 1981.
- At EDF from 1986 in the *Laboratoire National d'Hydraulique*.
- Appointed director of the department for *Mechanics and Numerical Models* in 1990.
- In 1998 he enters as Senior Project Manager the International Department of EDF.
- In 2002, based in Milano, he follows the relations with Edison and the acquisition of Edipower.
- From 2002 to 2004, responsible for Development in Switzerland, Austria and Hungary, he participated in the creation of Alpiq.
- From 2005, Director of the Italian Division, he coordinates the activities of the EDF Group in Italy.

Pierre Lederer

Born in Boulogne Billancourt, France, on July 15, 1949.

Degree in mathematics.

He currently serves as EDF's Special Advisor to the Chairman & CEO.

Professional Background

- In 1974, he joined EDF and held various responsibilities in the General Economic Studies department, the Dispatching department and the Fossil Fuel Generation department.
- In 1993, he was designated Head of the General Economic Studies department.
- In 1996, he was Strategy Manager of EDF.
- In 1999, he was appointed Manager of Strategy - Valuation - Optimization of the Group.
- In 2000, he joined the Executive Board of EnBW - the third player on the energy market in Germany, partly owned by EDF (45%), and became Vice-chairman of the Board in 2007.
- In February 2009, back to EDF in France, he was appointed Senior Executive Vice-President for sales activities and Group Senior Executive Vice-President for Customer, Optimization and Trading one year later.
- From 1st December 2010, he became also responsible for the EDF activities in Continental Europe: Germany, Austria, Benelux, Switzerland as well as Central and Eastern Europe.
- Since 20th September 2012 he has been nominated as Special Advisor to the Chairman & CEO of EDF. He remains Member of COMEX (Executive Committee of EDF Group).

Jorge Mora

Born in Barcelona, Spain, on June 9, 1945.

Married with one child.

Since November 2009 he serves as EDF's Advisor to the Chairman & CEO.

Professional Background

- He worked for Compagnie Générale des Eaux for 25 years and held several positions as CEO Paritherm (Energy Division) and CEO Asia (Veolia Environment) from 1994 to 2012, CEO Latin America (Veolia ES) from 2000 to 2012, CEO Africa Middle East (Veolia ES) from 1997 to 2012, CEO South Europe (Veolia ES) from 1997 to 2012 and Safety General Manager (Veolia Environment) until now. In May 2000 he joined EDF.
- He holds also the position of Special Advisor to the Mayors of Tianjin and Chongqing and to the Governor of Shaanxi in China.

Thomas Piquemal

Born in Lavelanet, France, on May 13, 1969.

Degree from ESSEC (Graduate School of Economic and Commercial Sciences).

He currently serves as EDF's Group Senior Executive Vice President, Finance.

Professional Background

- In 1991, he began his professional career at the Arthur Andersen auditing firm.
- In 1995, he joined the M&A Department of the Lazard Frères bank, where he worked on Veolia's major financial and strategic transactions including, in particular, the restructuring of the share capital and the EDF/Dalkia merger.
- In 2008, working in London, he was assigned responsibility for the strategic partnership between Lazard and the Apollo U.S. investment fund.
- In January 2009, he was named Deputy General Manager in charge of Finance of Veolia Environnement and joined the Group's Executive Committee. In this capacity, he focused on reducing debt levels, specifically through a divestment program. In addition, he worked with Caisse

des Dépôts to merge their respective subsidiaries Transdev and Veolia Transport and create a world leader in the area of public transportation and sustainable mobility.

- In 2008, together with the three-time boxing world champion Christophe Tiozzo, he founded the "Christophe Tiozzo Academy," whose mission is to foster the social and professional development of young people from "at risk" neighborhoods.
- In February 2010 he joined EDF as Group CFO.

Nicole Verdier-Naves

Born in Epinal, France, on October 8, 1953.

Master in Law and a postgraduate degree in Private Law. Married with two children

She currently serves as EDF's Senior Vice President Senior Executive, Managers Training, Mobility Division.

Professional Background

- In 1976 she joined EDF where she held various HR management positions within EDF operational and corporate divisions.
- Between 1997 and 2000, she was Head of Management Control and Deputy Corporate Secretary, including the management of support services.
- In 2000, she joined the Human Resources Division, where she was responsible for EDF corporate HR coordination.
- She has strong expertise in HR and related legal issues as well as management transformation.
- She is Member of the RTE Supervisory board and Chairman of Remuneration Committee.
- She is Director of EDF EN Board and Chairman of Remuneration Committee.
- She chairs the EDF Foundation AGIR pour l'Emploi (FAPE).

Steven Wolfram

Born in Dallas, Texas, on April 28, 1949.

Degree from Harvard in 1971 and Harvard Law School in 1974. Member of the New York Bar.

Serves as EDF's General Counsel-Development, in which role he is responsible for the management and negotiation of the EDF Group's major acquisitions and divestments and other strategic operations from a legal perspective.

Professional Background

- Prior to joining EDF in his present capacity up to September 2010, was engaged in the private practice of law in Paris.
- Is a member of the Board of Directors of Constellation Energy Nuclear Group. EDF's joint-venture with Constellation Energy in the ownership and operation of five nuclear reactors in the United States.
- As a US citizen, he also serves as Chairman of the Board of Directors of Unistar Nuclear Energy, EDF's applicant for an NCR license to build a new reactor in the United States.

CURRICULA¹ OF THE DIRECTORS WHO LEFT THEIR OFFICE IN 2012

Jean-Louis Mathias

Born in Clichy, France, on August 21, 1947.

He earned degrees from Polytechnique College, ENSAE (National College for Statistics and Administration) and Centre de Perfectionnement aux Affaires (Centre for Advanced Business Studies).

He also holds a Sociology Degree.

He currently serves as EDF's Group Senior Executive Vice President, Activities in France.

Professional Background

- From 1973 to 1993, he served in different capacities at the Distribution Department of EDF and Gaz de France.
- From 1996 to 1998, he was Personnel and Social Relations Manager of EDF and Gaz de France.
- From 1998 to 2002, he was Sales Manager and, later, Manager of the Trading Department of Gaz de France.
- From 2002 to 2004, he was Adjunct General Manager of the Gaz de France Group.
- From September 2004 to 2009, he served as EDF's Chief Operating Officer.
- In December 2009, he was named Executive Vice President for the coordination of activities in France and Human Resources of the EDF Group.
- In December 2010, he was appointed Executive Vice President for the coordination of activities in France, the Renewable Energy area, Information Systems and Natural Gas.

Mauro Miglio

Born in Milan on October 19, 1961.

Degree in Economics Business Administration from Milan "Luigi Bocconi" University.

MBA (Master of Business Administration) from INSEAD in Fontainebleau.

Professional Background

- Over the past ten years, he pursued professional endeavors at major groups in the energy sector, including Edison and A2A, where he served in management positions in the areas of Business Development and Mergers and Acquisitions. His earlier business background includes management roles at such other major industrial groups as Montedison and Fiat.
- He serves in the Board of Directors of several A2A group companies.
- He is currently A2A group M&A Director.

Giovanni Polonioli

Born at Bolzano on April 21, 1967.

Degree in Law from the University of Trent, with a graduation grade of 110/110 with honors, Constitutional Law Dissertation entitled "*Ethnic Proportionality in Public Employment.*"

Married, two daughters.

Professional Background

- In 1995, he was one of the authors of "*Commentario delle norme di attuazione dello Statuto Speciale di Autonomia,*" published by the University of Trent and the Autonomous Regional Administration of Trentino-Alto Adige.
- Member of the local Bar Association and practicing attorney since July 4, 1997.
- Specifically provides legal counsel in matters concerning public works, contracts and activities related to Legislative Decree No. 231/2001. He is a member of Oversight Boards established pursuant to the abovementioned legislative decree.
- From May 2005 to May 2010, Mayor of Laives and served as a member of Assemblea della Sasa Spa, Assemblea della Seab Spa and the Board of Directors of the Consortium of Municipalities of the Province of Bolzano.
- Since December 2011, he is Deputy Chairman of the Board of Directors of SEL Spa.

1. *Curricula* updated at December 31, 2011 or at the date of election, if later.

Renato Ravanelli

Born in Milan on April 4, 1965. Degree in Economics and Business Administration with top graduation grade from Università Cattolica in Milan.

Professional Background

- After a period of time spent at university departments, where his research projects focused mainly on the utilities industry, he worked for four years in the research departments of financial institutions, first as a macro-economist and later as an industrial sectors analyst.
- In 1996, he joined AEM as manager of the Research Department. Subsequently, he was appointed Manager of Strategic Group Planning and was later named Chief Financial Officer. At the AEM Group, he also served as General Manager and Chief Executive Officer of AEM Trading Srl.
- In 2005, he was named Group Chief Financial Officer of Edison Spa and served in this capacity until July 2007, when he was appointed General Manager of the AEM Group.
- Since January 2008, he serves as General Manager, Corporate and Market Area, of the A2A Group.
- He is a member of the Boards of Directors of energy sector companies in Italy and abroad.
- He is an independent Director of Fondo Infrastrutturale Inframed.

Paolo Rossetti

Born in Brescia on June 25, 1951.

Degree in Mechanical Engineering from Milan's Politecnico University.

Licensed to practice as a professional engineer in 1976.

Professional Background

- From 1976 to 1981: Ocean Spa Group: Production Quality Manager (1976-1977); Product Manager for the European and U.S. markets (1977-1980); Deputy Director for product design and relations with major customers (1980-1981); member of the ANIE international certification commission and of similar commissions for Europe (BSI, VDE, AFNOR and Kema) and the United States (UL).
- From 1981 to 2007: ASM Spa, now A2A: Manager of the Organizational Development and Training Department (1981-1984); Project Manager of the Sintesi Spa project (1984-1987); Head of Personnel Recruitment, Training and Development (1987-1992); Head of Management Control, Economic Analysis, Organization and Quality (1993-1995); Manager of the Personnel Department (1996-1999); Director of the Corporate Function (2000-2007) and, since 2002, Deputy General Manager.
- Since December 1, 2009 is Member of FederUtility's Managing Board and Chairman of FederUtility's Network Energy Commission.

Klaus Stocker

Born in Aldino (BZ) on April 24, 1949.

Resides at Aldino (BZ).

Education: elementary school, intermediate school and classical studies high school.

Professional Background

- 1967 - 1968 Worked at SAD - Società Automobilistica Dolomiti, Bolzano.
- 1969 - 1975 Worked at the Provincial Labor and Full Employment Office of the Autonomous Province of Bolzano.
- 1976 to present Self-employed with own data processing company in the areas of labor consultancy and payroll processing services.
- 1985 - 1990 Deputy Mayor of Aldino (BZ).
- 1992 to present President of the Hunters' Association of the Province of Bolzano.

Governance Posts Held

- 1989-1999 Member of the Board of Directors of Credito Fondiario Trentino Alto Adige, a bank based in Trent.
- 2000 - 2003 Member of the Board of Directors of RTC - Rail Traction Company Spa, Rome.
- 2003 - 2010 Chairman of the Board of Directors of "Teleriscaldamento Chiusa Srl", Chiusa.
- 2004 - 2008 Sole Director of Ecotherm Srl - Bolzano.
- 1999 - 2002 Member of the Board of Directors of SEL Spa - Bolzano.
- 2002 - November 2011 Chairman of the Board of Directors of SEL Spa - Bolzano.
- 2005 - September 2011 Member of the Board of Directors and Chief Executive Officer of Energas Sudgas Srl - Ora (BZ).

Andrea Viero

Born in Marostica (VI) on April 7, 1964.

Degree in Business Economics from the L. Bocconi University, in Milan and holds a Diploma from the Italian Academy of Business Economics.

Academic and Professional Background

- Since July 2010, Director and General Manager of Iren Spa.
- Since July 2010, Chief Executive Officer of Iren Ambiente Spa.
- Since July 2010, Chief Executive Officer and General Manager of Iren Emilia Spa.
- From July 2008 to October 2011, Chief Executive Officer of Sinergie Italiane Srl.
- Since May 2008, Chief Executive Officer of Enia Spa. and, in this capacity, managed the merger of Enia Spa and Iride Spa.
- From 1996 to 2008 he served as General Manager or Central Manager in various entities of the public administration. More specifically:
 - General Manager of the Autonomous Region of Friuli Venezia Giulia (from January 2004);
 - General Manager of the City of Gorizia (from October 2002);
 - Central Manager of the City of Milan (from September 2001);
 - General Manager of the City of Trieste (from September 1996).
- Since 1989, he has been a professor at the Business Management School of the L. Bocconi University, in Milan.
- From 1989 to 1996, he was a contract professor of Public Administration Economics at the L. Bocconi University, in Milan.
- He has contributed to numerous research projects and served as coordinator in organizational and management rationalization projects, the most recent of which included: the reorganization of the Italian National Highway Administration (formerly ANAS); restructuring of the organization and of the accounting systems required by Decree law No. 77, integrated with the management control system, for numerous municipal administrations.
- As an expert in Project Finance, he collaborated in the definition of the Emster Project for the Brandenburg Land.
- He handled numerous assignments outside Italy, including serving as an assistant to the Director of the Organization Sector of the Senatus für Inneres of the West Berlin Land and the Transportation Sector (BVG - Berliner Verkehrsgesellschaft) from June to October 1989, and as a teacher at New York University from September 1992 to September 1993.

Giuliano Zuccoli

Born in Morbegno (SO) on April 12, 1943.

Degree in Electronic Engineering from the Milan Polytechnic.

Member of the Board of Engineers of the Province of Sondrio.

Professional Background

- He began his professional career at the Falck Group, a steel producer, assuming ever greater responsibilities until, in 1990, he was named General Manager of Falck Nastri.
- In 1985, he was appointed General Manager of Società Nordelettrica Spa - Sondel, a company listed on the Milan Stock Exchange, where he was later appointed Chief Executive Officer.
- In December 1996, he was elected to the Board of Directors of Milan's AEM Spa. In September 1997, he was appointed Chief Executive Officer of AEM Spa and was named Chairman of the Board of Directors in May 1999.
- From March 2002 to July 2006, he served as Chairman of Edipower Spa.
- In July 2000, he was elected Chairman of Federelettrica. In October 2003, he was reelected Chairman of Federelettrica (renamed Federenergia in January 2004) and, from June 2005 to May 2008, served as Chairman of Federutility.
- From April 2003 to April 2010 he served on the Board of Directors of Società Aar e Ticino Sa di Elettricità (ATEL), renamed ALPIQ in 2008.
- In May 2009, he was elected Chairman of Assoelettrica, National Association of Electricity Enterprises.

BOARD OF STATUTORY AUDITORS

OVERVIEW OF THE STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Post held	Member	Slate (M/m) (*)	Independent as per Code	% of attendance at meetings of the Board of Statutory Auditors	% of attendance at meetings of the Board of Directors	% attendance at Shareholders' Meeting	No. of other posts held (**)
<i>Statutory Auditors in office at December 31, 2012 (a)</i>							
Chairman	Alfredo Fossati	m	X	90	91,67	100	25
Statutory Auditor	Giuseppe Cagliari	M (b)	X	100	100	(c)	19
Statutory Auditor	Leonello Schinasi	M	X	100	100	100	11
<i>Statutory Auditors who resigned their office in 2012</i>							
Statutory Auditor	Angelomaria Palma	M	X	83,33	85,71	100	

Number of meetings held in 2012: 10

Quorum needed to file slates for the election Statutory Auditors:

until delisting of the Edison common shares (September 10, 2012) 1% of the shares conveying the right to vote at Ordinary Shareholders Meetings; 2.5% subsequently

* In this column, the letter **M** indicates that the member was elected from a slate voted by the majority and the letter **m** from a slate voted by the minority.

** This column shows the number of other companies of which the party in question is a Director or Statutory Auditor. In the table that follows, these positions are listed in detail.

(a) Elected by the Shareholders' Meeting of April 26, 2011 for a three year period ending with the Shareholders' Meeting convened to approve the 2013 annual financial statements.

(b) Alternate Auditor who replaced the resigning Angelomaria Palma as of May 24, 2012 and will serve until the next Shareholders' Meeting.

(c) Percentage not applicable because no additional Shareholders' Meetings were held in 2012 subsequent to his takeover.

POSTS HELD BY THE STATUTORY AUDITORS AT DECEMBER 31, 2012

Statutory Auditor	Posts held at other companies	EDF Group companies
Alfredo Fossati	Chairman Board Statutory Auditors Ajanta Holding Srl	
	Chairman Board Statutory Auditors Benelli Armi Spa	
	Statutory Auditor Energetic Source Spa	
	Chairman Board Statutory Auditors Flyenergia Spa	
	Statutory Auditor Hewlett Packard Italiana Srl	
	Chairman Board Statutory Auditors Hewlett Packard Customer Delivery Services Italia Srl	
	Chairman Board Statutory Auditors HP Enterprise Service Italia Srl	
	Sole Director Immobiliare Giardino 8 Srl	
	Director Lavoro 2 Spa	
	Director Lavoro 3 Spa	
	Chairman Board Statutory Auditors Linara Srl	
	Statutory Auditor Marazzi Group Spa	
	Chairman Board Statutory Auditors Mediterranean Cement Company Spa (in liquidazione)	
	Director Metalcam Spa	
	Sole Director Mirage Srl	
	Sole Director Milival Srl	
	Statutory Auditor Mittel Spa (*)	
	Chairman Board Statutory Auditors Mittel Corporate Finance Spa	
	Chairman Board Statutory Auditors Permira Associati Spa	
	Chairman Board Statutory Auditors Poinx Srl	
	Chairman Board Statutory Auditors Sintesi Holding Srl	
Chairman Board Statutory Auditors Valentino Fashion Group Spa		
Chairman Board Statutory Auditors Valentino Spa		
Chairman Board Statutory Auditors VFG Distribuzione Spa		
Chairman Board Statutory Auditors VFG Italia Srl		
Giuseppe Cagliari	Statutory Auditor Cooper-Standard Automotive Italy Spa	
	Chairman Board Statutory Auditors Copra Elior Spa	
	Statutory Auditor CSA Italy Holding Srl	
	Statutory Auditor Elichef Holding Spa	
	Statutory Auditor Elior Concessioni Srl	
	Chairman Board Statutory Auditors Elior Investimenti Spa	
	Statutory Auditor Elior Ristorazione Spa	
	Chairman Board Statutory Auditors Elior Servizi Spa	
	Chairman Board Statutory Auditors Finaipport Service Srl	
	Statutory Auditor Fondazioni Speciali Spa	
	Statutory Auditor Gemeaz Elior Spa	
	Statutory Auditor Hypertac Spa	
	Chairman Board Statutory Auditors Liabel Spa	
	Statutory Auditor Meridia Spa	
	Statutory Auditor Mychef Ristorazione Commerciale Spa	
	Statutory Auditor MNTC Holding Srl	X
	Chairman Board Statutory Auditors Nexity Residenziale Italia Spa	
	Chairman Board Statutory Auditors Servizi Integrati Area Fiorentina Spa	
Statutory Auditor Transalpina di Energia Srl	X	
Leonello Schinasi	Chairman Board Statutory Auditors A. Raymond Italiana Srl	
	Chairman Board Statutory Auditors Aran World Srl	
	Statutory Auditor Bticino Spa	
	Chairman Board Statutory Auditors CAM Italy Spa	
	Chairman Board Statutory Auditors Fontex	
	Chairman Board Statutory Auditors Micron Semiconductor Italia Srl	
	Chairman Board Statutory Auditors Micron Technology Italia Srl	
	Chairman Board Statutory Auditors MNTC Holding Srl	X
	Chairman Board Statutory Auditors Tyco Electronics Amp Italia Products Spa	
	Statutory Auditor Transalpina di Energia Srl	X
	Chairman Board Statutory Auditors WGRM Holding 4 Spa	X

(*) Company with shares traded in regulated markets.

CURRICULA¹ OF STATUTORY AUDITORS IN OFFICE AT DECEMBER 31, 2012

Alfredo Fossati

Born in Monza (Milano) on August 2, 1958.

University education: Degree in Economics and Business Administration earned in 1984 from Milan's Bocconi University.

Academic and Professional Background

- Admission to professional licensing boards: Certified Public Accountant admitted to the Milan Board of Certified Public Accountants in 1990.
- Independent Auditor: Listed in the Register of Independent Auditors pursuant to Ministerial Decree dated April 12, 1995, published in Issue No. 31-*bis*, page 317, of the *Official Gazette of the Italian Republic* on April 12, 1995.
- Since June 1, 2003, Partner of Studio Legale e Tributario Fantozzi & Associati, based at the Milan office.
- From 1997 to May 2003, Studio di Consulenza Legale e Tributaria - Andersen Legal - Milan and Treviso.
- From 1990 to 1997, Studio di Consulenza Legale e Tributaria - Milan.
- Beginning on September 1, 1990, partner of Studio di Consulenza Legale e Tributaria in Milan (formerly Studio di Consulenza Fiscale e Societaria), an association of attorneys at law and certified public accountants that was a member of the Andersen Worldwide network with offices in Milan, Rome, Turin, Treviso, Genoa and Bologna. Earlier, he was an employee of this company.
- Teaching activities: Lecturer at conventions and seminars organized by a number of different organizations (Board of Certified Public Accountants, IPSOA, CEGOS, Unindustria Treviso, Lugano Center of Bank Studies, etc.).
- Published works: Contribution of articles and monographs to specialized taxation and corporate affairs publications.

Governance Posts Held

- Special skills: Professional activities of particular significance were those that he performed in connection with such extraordinary transactions as acquisitions, mergers, demergers, etc., providing consulting support in the areas of taxation and corporate affairs and, more in general, within the framework of reorganizations of large and medium-size groups. In addition, he provided taxation and corporate affairs support in connection with various acquisitions of Italian and foreign companies by multinational companies and private equity funds.
- He holds governance posts in several companies. He served as Statutory Auditor of Italenergia Bis Spa from 2002 to 2005 and of AEM Spa from 2001 to 2007.

Giuseppe Cagliari

Born in Turin on February 28, 1965.

Degree in Economics and Business Administration from the University of Turin, in 1990.

Academic and Professional Background

- Certified Public Accountant since 1991. Licensed to practice as a Certified Public Accountant having passed the licensing exam at the University of Turin in the first session of 1991.
- Independent Auditor since 1995.
- Technical consultant to the Court of Turin since 1998.
- From 2000 to 2010, Contract Professor of Business Economics at the School of Engineering of the Turin Polytechnic University.
- Featured speaker at research conferences on corporate and taxation topics.
- Lecturer at the Scuola Superiore dell'Economia e delle Finanze.
- Developed significant and consolidated expertise as a consultant on corporate, taxation, accounting and regulatory issues to publicly and privately held companies and national and multinational groups.
- Serves as Statutory Auditor at several corporations.
- Served as an expert in connection with contribution in kind and mergers and as a consultant in the design and implementation of extraordinary corporate transactions, debt restructuring processes and composition with creditors proceedings.
- Languages known: French and English.

1. *Curricula* updated at December 31, 2012.

Leonello Schinasi

Born in Cairo, Egypt, on June 5, 1950. He is married and earned a Degree in Economics and Business Administration from the Bocconi, in Milan, in 1976.

Graduation grade: 110 out of 110. Dissertation title: Tax Avoidance and Evasion. Dissertation advisor: Prof. Victor Uckmar.

Academic and Professional Background

- Certified Public Accountant since 1979. Licensed to exercise this profession by virtue of having passed the required exam at Urbino University.
- Technical consultant of the Court of Turin since 1993.
- Independent Auditor since 1995.
- 1977 Pirola Pennuto Zei & Associati. Tax and legal consulting firm based in Milan.
- 1988 Founding Partner responsible for the Turin office.
- He developed a significant and consolidated expertise in providing consulting support to publicly traded and privately held companies and to national and multinational groups.
- He sits on the Boards of Statutory Auditors of several companies.
- He served as independent appraiser in connection with conveyances in kind and as consultant in the development and implementation of such extraordinary transactions as mergers, demergers, divestitures, domestic and transnational conveyances and listings of companies on regulated markets.
- In addition, he acquired important knowhow concerning groups that operate in high technology areas and telecommunications, both domestically and internationally.
- He frequently served as a tutor at professional development courses and conventions on taxation and corporate issues in Italy and, thanks to his knowledge of foreign languages, in international settings.
- Languages spoken: French (mother tongue), English, Italian, Arabic.

CURRICULA¹ OF STATUTORY AUDITORS WHO RESIGNED THEIR OFFICE IN 2012

Angelomaria Palma

Born in Como on October 6, 1940, he is married, has three children and holds a Degree in Economics and Business Administration from Milan's Cattolica University.

Academic and Professional Background

- Professor already tenured of Business Economics at the School of Banking, Financial and Insurance Sciences of Milan's Cattolica University.
- Certified Public Accountant and Independent Auditor.
- Founder of Studio Associato Palma, a professional corporation with offices in Como and Milan.
- Member of the Italian Academy of Business Economics.
- Author of numerous publications on corporate issues and of three books on, respectively, statutory financial statements, financial equilibrium in business management and oversight function of the Board of Statutory Auditors in the banking industry.
- Lecturer at numerous national conventions.
- Member of the Scientific Committee of the magazine *Il controllo nelle società e negli enti*.
- He serves on the Boards of Directors and Boards of Statutory Auditors of privately held and publicly traded companies.
- He is actively engaged in charitable activities, serving in various positions with non-profit associations.
- He is a Commander of the Order of St. Sylvester Pope.
- He served as: Director of the Como Board of Certified Public Accountants from 1994 to 2000; Member of the National Commission for the Definition of Accounting Principles from 1980 to 2002; President of the Assessment Unit of Como Chamber of Commerce from 1996 to 2006.

1. *Curricula* updated at December 31, 2011.

BYLAWS

BYLAWS

TITLE I

Name – Registered Office – Purpose – Duration

Article 1 - Name

1. The Company shall be called "EDISON S.p.A." The name can be written in upper or lower case, with no restrictions as to graphic representation.

Article 2 - Registered Office

1. The Company shall have its registered office at 31 Foro Buonaparte, in Milan.

Article 3 - Purpose

1. The Company, on its own or through affiliated companies or subsidiaries, shall engage, directly or indirectly, in the following areas of business:
 - a) electric power, including research, production, importation, exportation, distribution, sale and transmission;
 - b) hydrocarbons in a liquid or gaseous state, including research, exploration, extraction, production, importation, exportation, storage, processing, distribution and sale;
 - c) water, including collection in basins, piping, distribution, disposal through sewer systems and treatment, as well as protection, monitoring and enhancement of bodies of water;
 - d) telecommunications, including construction of wireline and mobile telecommunication systems and networks and supply of related services;
 - e) network services and public utilities;
 - f) maintenance and support services for companies operating in the businesses listed under Letters a), b), c), d), and e) above.
2. The Company may engage directly, or on behalf of its affiliated companies or subsidiaries, in any activity that may be related or beneficial to its businesses or those of its affiliated companies or subsidiaries.
3. The Company may also engage in any commercial, industrial, real estate, financial or securities related (but may not deal with consumers in these latter two areas) transactions that may be useful or otherwise conducive to the attainment of the corporate purpose, including receiving and granting loans and providing (not as a business endeavor) endorsements, sureties, mortgages and any other guarantees or collateral on behalf of third parties.
4. The Company may also continue to manage existing equity investments in companies that operate in industries not listed in Section 1 above, with the intention of selling them to maximize the value of its investments.
5. The Company may not engage in any financial activities involving consumers nor in any activities that are restricted pursuant to law.

Article 4 - Duration

1. The Company's duration is until December 31, 2100 and may be extended, provided statutory formalities are complied with.

TITLE II

Share capital - Shares - Bonds and Borrowings - Redemption of Shares

Article 5 - Share Capital

1. The Company's share capital amounts to 5,291,700,671.00 euros, divided into 5,291,700,671 common and savings shares, each with a par value of 1 (one) euro.
2. The shares are registered shares, if so required by law. Otherwise, provided they have been fully paid in, they can either be registered or bearer shares, at the discretion of each shareholder.

3. The provisions regarding representation, exercise of ownership rights and circulation of equity investments that govern securities traded in regulated markets apply to the Company's shares as well.
4. Future capital increases may be carried out by issuing shares with varying rights and in exchange for varying cash contributions, within the limits of the law.
5. Whenever a capital increase is carried out, holders of the various classes of shares are entitled to receive a prorated number of options to buy shares of the same class and, if none or not enough are available, of a different class (or classes).
6. Resolutions to issue savings shares with the same features as the savings shares outstanding, whether by way of a capital increase or the conversion of shares of another class, do not require the approval of the holders of the various classes of shares convened in Special Meetings.

Article 6 - Savings Shares and Joint Representative

1. The savings shares enjoy the benefits and have the features set forth by the law and by these Bylaws.
2. A reduction in the share capital to absorb losses does not cause the par value of savings shares to decrease, except for the amount in excess of the aggregate par value of the other shares.
3. A copy of all communications and notices published by the Company in connection with transactions that could have an impact on the stock market price of the savings shares must be sent to the Joint Representative.
4. The expenses incurred to protect the common interests of savings shareholders shall be defrayed through the use of a fund established by a resolution approved by a Special Shareholders' Meeting. The Company shall contribute a maximum of 25,000.00 (twenty five thousands point zero zero) euros per year to this fund.
5. If the savings shares are delisted, they will retain all of the rights attributed to them under these Bylaws and may be converted into common shares according to the terms and conditions determined by a Shareholders' Meeting, which must be held within 2 (two) months from the date of delisting.
6. If the common shares are delisted, the savings shares will become convertible, upon a simple request by the shareholder, into common shares on a one-for-one basis in accordance with deadlines and conditions to be determined by the Board of Directors.

Article 7 - Bonds and Borrowings

1. The Company may issue bonds of any type, provided it complies with the applicable statutory requirements.
2. The Extraordinary Shareholders' Meeting has jurisdiction over the issuance of bonds that may be converted into warrants or that have attached warrants to subscribe newly issued shares, but may delegate its authority as allowed under Articles 2420 ter and 2443 of the Italian Civil Code. In all other cases, the Board of Directors has jurisdiction over the issuance of bonds, without the need of a power of attorney.
3. The provisions of Article 5 -, Section 3, apply to bonds as well.
4. The Company, while not allowed to make public solicitations and provided it complies with all relevant laws, may receive financing and loans, including mortgage loans, from lenders that may include shareholders, affiliated companies, subsidiaries and controlling companies.

Article 8 - Redemption of Shares

1. The right to demand redemption of one's shares may be exercised only within the limitations and in accordance with mandatory provisions of the law. In any case, such right is not available with regard to:
 - a) extensions of the Company's duration, or
 - b) the introduction, modification or elimination of restrictions on the circulation of the Company's shares.

TITLE III Shareholders' Meeting

Article 9 - Notice of Shareholders' Meeting

1. Without prejudice to the rights of other parties to convene Shareholders' Meetings pursuant to specific provisions of the law, Ordinary and Extraordinary Shareholders' Meetings are convened by the Board of Directors.

2. Shareholders' Meetings are convened by means of a notice published, within the deadlines required pursuant to applicable law in force from time to time, on the Company website and in any other manner required by the applicable laws and regulations in force from time to time, as well as, when so required by such provisions or so decided by the Board of Directors, in one of the following two newspapers: Il Sole 24 Ore or Corriere della Sera.
3. The Shareholders' Meeting may take place anywhere in Italy, including outside the municipality where the Company's registered office is located.
4. No further calling is allowed beyond the second calling for Ordinary Shareholders' Meetings and the third calling for Extraordinary Shareholders' Meetings.
5. The right to amend the Meeting's Agenda by shareholders representing the statutory minimum percentage of the share capital is governed by the relevant laws.

Article 10 - Attendance and Representation at Shareholders' Meetings

1. Only parties who, based on evidence provided by an intermediary, can show that they held voting rights at the close of the accounting day on the seventh market trading day prior to the date of the Shareholders' Meeting's first calling will be allowed to attend the Shareholders' Meeting and exercise their voting rights. Evidence of the right to attend the Meeting must be provided by means of a communication issued by an intermediary, in accordance with its books of accounts, on behalf of the holder of the voting rights attesting that, by the abovementioned deadline, the shareholder's shares had been deposited in dematerialized form with the centralized clearing system. Pursuant to law, the issuer must receive the abovementioned communication before the Shareholders' Meeting is called to order on the first calling.
2. The right to be represented at the Shareholders' Meeting is governed by the applicable statutes.
3. Notice of the proxy to attend the Shareholders' Meeting may also be given by sending the proxy form to the certified e-mail address provided in the Notice of Shareholders' Meeting.

Article 11 - Convening a Shareholders' Meeting and Requirements for Adopting Valid Resolutions

1. The Shareholders' Meeting is duly convened and resolves in accordance with the applicable laws and regulations in force from time to time, without prejudice to the provisions set forth in Article 14 of these By-laws for the election of the Directors and in Article 22 of these By-laws for the election of the Statutory Auditors.

Article 12 - Chairing and Holding Shareholders' Meetings

1. Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, should he or she be absent or otherwise unavailable, by a person elected by the Shareholders' Meeting, with the vote of the majority of the presents.
2. The Chairman of the Meeting, who may appoint officers to help him with his duties, is responsible for ascertaining whether the Meeting has been properly convened; for verifying the identity of the attendees and their right to attend the Meeting; for managing the progress of the Meeting, which includes determining the order and the manner in which voting takes place (secret ballots are not allowed); and for verifying voting results.
3. The Chairman is assisted by a Secretary, who is appointed by the Chairman and elected by the Shareholders' Meeting, or by a Notary, whenever the law so requires or the Chairman deems it appropriate.
4. The resolutions adopted by the Shareholders' Meeting must be set forth in Minutes signed by the Chairman and the Secretary or Notary.

Article 13 - Special Shareholders' Meetings

1. Special Shareholders' Meetings are governed by the provisions of the laws that apply to special meetings of holders of savings shares and, insofar as they are compatible, the provisions of the Bylaws applicable to Shareholders' Meetings, Extraordinary Shareholders' Meetings in particular.
2. The same time period referred to in Article 10 -, Section 1, applies to Bondholders' Meetings.

TITLE IV Governance

Article 14 - Board of Directors

1. The Company is governed by a Board of Directors comprising of a number of at least 7 (seven) Directors and no more than 13 (thirteen) Directors, or of at least 8 (eight) and no more than 14 (fourteen) when one or more minority slates are filed and included in the balloting pursuant to Article 147-ter of Legislative Decree No. 58/1998, as amended, in accordance with the procedure outlined below, without prejudice to the provisions of Section 23 below. Directors remain in office for a term of 3 (three) fiscal years, unless a shorter term of office is set by the Shareholders' Meeting that appoints them. The term of office of the Directors expires on the date of the Shareholders' Meeting convened to approve the financial statements for the final year of the Directors' term of office. Directors may be reelected. Upon the expiration of their term of office, Directors cease to be in office when a new Board of Directors is empanelled.
2. Directors are required to comply with the requirements set forth in the applicable laws and regulations. In addition, at least 2 (two) directors (or any other number that may be required pursuant to the applicable laws and regulations in force from time to time) must meet the independence requirements set forth by the applicable laws and regulations in force from time to time and, starting from the first renewal of the Board of Directors made after the date on which the laws and regulations relating to the balance between gender will be applicable, the composition of the Board of Directors shall comply with the criteria provided for by applicable laws and regulations in force from time to time.
3. Directors are not bound by the non-compete obligation referred to in Article 2390 of the Italian Civil Code, unless the Shareholders' Meeting resolves otherwise.
4. At the time of appointment, the Shareholders' Meeting determines previously the number of members of the Board of Directors.
5. If the number of the members of the Board of Directors that has been determined is lower than the maximum number provided, the Shareholders' meeting can increase such number during the Board of Directors' term of office, proceeding with the appointments of the relating Directors in accordance with the majorities provided by applicable laws and regulations in force from time to time, without applying the slates mechanism. The office of the Directors so appointed will cease together with that of Directors at the time of their appointment. If such a case the provision set forth in Section 25 shall apply.
6. Except for the cases outlined in Sections 18 and following of this Article, the Board of Directors is elected on the basis of slates of candidates, who are listed in consecutive order. Each slate may not contain more than 13 (thirteen) candidates. The slate filed by a shareholder or more shareholders which own, also in the aggregate, a majority shareholding of the Company, must contain at least 2 (two) candidates (or any other number that may be required pursuant to the applicable laws) which meet the independence requirements set forth by the applicable laws and regulations in force from time to time. The slates which contains three or more than three candidates, effective as from the date on which the laws and regulations relating to the balance between genders will apply, must ensure, in their composition, such balance to the minimum extent provided for by the applicable laws and regulations in force from time to time.
7. Only shareholders who, alone or in combination with other shareholders, represent in the aggregate, on the day in which the slate is filed with the Company, a percentage of the shares conveying the right to vote at Ordinary Shareholders' Meetings equal to the maximum percentage required for this purpose pursuant to the provisions of the laws and regulations in force from time to time are entitled to file a slate of candidates.
8. Individual shareholders or shareholders who are deemed to be linked together, directly or indirectly, pursuant to the regulations issued by the Consob to implement Article 148, Section Two, of Legislative Decree No. 58/1998, as amended, as it applies to issues concerning the Board of Statutory Auditors, may file and vote for only one slate, either directly or through a representative or nominee and each candidate may stand for election only on one slate, on penalty of losing the right to be elected. If this provision is not complied with, only expressions of support and votes cast for the slate filed by or voted

- by the higher number of parties entitled to file and vote for a single slate that received the highest percentage of expressions of support or votes, in both cases in terms of share capital, shall be taken into account and any expressions of support or votes cast for other slates shall not be taken into account.
9. Anyone who does not meet the requirements of the applicable laws or this Article or who are unelectable or are required to relinquish their office pursuant to the relevant legislative provisions or regulations applicable from time to time and to this Article or for which, pursuant to law or regulation, occurs causes of ineligibility or disqualification, may not be listed on a slate.
 10. Slates, signed by the filing shareholder or shareholders (who may appoint one of them as their proxy), must be filed at the Company's registered office within the twenty-fifth days prior to the first calling date of the Shareholders' Meeting convened to elect the Board of Directors and disclosure thereof shall be provided in the Notice of the Shareholders' Meeting. In order to provide evidence of the ownership of the voting rights corresponding to the number of shares needed to file slates of candidates, shareholders are required to send, within the deadline required pursuant to the laws in force from time to time and indicated in the Notice of Shareholders' Meeting, the communications/certifications issued by authorized intermediaries, in accordance with the applicable laws, attesting the registration of the shares in their names on the date the slate is being filed with the Company.
 11. The following documents must be filed, together with the filing of each slate, at the Company's registered office within the abovementioned deadline: (i) information about the identity of the shareholders who are filing a slate and the total equity interest they hold; (ii) an affidavit from shareholders who do not own, individually or jointly, a controlling interest in or a relative majority of the Company's capital attesting that they are not parties to any relationship that would link them with the former, pursuant to law and Section 8 above; (iii) curricula vitae providing detailed information about the personal and professional background of each candidate, listing any management and control posts held at any other companies and indicating whether a candidate qualifies as an independent Director pursuant to the applicable laws; and (iv) statements by which the candidates accept the nomination and attest, under their own responsibility, that there are no issues that would make them incompatible or unelectable or would cause them to be removed from office and that they meet the requirements for election as Directors pursuant to law and these Bylaws.
 12. Slates or individual nominations filed without complying with all of the provisions listed above shall be treated as if they had never been filed.
 13. The vote cast by each authorized party shall be deemed to have been cast for the entire slate and, consequently, for all of the candidates listed therein, in the order in which they appear, no changes, additions or exclusions being allowed, without prejudice to the provisions set forth in Section 18 below in relation to the necessary replacements/integrations to ensure the compliance with the composition requirements referred to in Section 2 above.
 14. The election of Directors shall be carried out as follows:
 - a) A number of the directors equal to that one determined by the Shareholders' Meeting less 1 (one) unit shall be drawn from the slate that ranked first in terms of votes received, in accordance with the consecutive order in which they are listed on such slate;
 - b) 1 (one) Director shall be drawn from the slate that, among all of the slates other than the slate referred to in Letter (a) above, received the highest number of votes and was filed or voted by authorized parties who are not linked in any way, directly or indirectly, with the authorized parties who filed or voted for the slate that ranked first in terms of votes received, selecting the candidate who is listed first consecutively among the slate's candidates.
 15. If the first two or more slates receive an equal number of votes, the Shareholders' Meeting shall proceed with a runoff ballot, voting only for the abovementioned slates. The same runoff ballot rule shall apply if the same number of votes is cast for the slates referred to in Letter (b) of Section 14 above. However, in this case, the abstaining shareholders shall be excluded from the count.
 16. If only one slate is filed, the Shareholders' Meeting shall vote this slate in accordance with the majorities provided by applicable legislative provisions and regulations in force from time to time, and will be elected a number of directors equal to that one determined by the Shareholders' Meeting.
 17. In the event that any slate is filed the Shareholders' Meeting shall pass resolutions in accordance

with the majorities provided by applicable laws and regulations in force from time to time, and will be elected a number of directors equal to that one determined by the Shareholders' Meeting.

18. In the event that (i) the slate referred to in Letter (a) of Section 14, or (ii) the single slate referred to in Section 16, does not contain a sufficient numbers of candidates or does not contain a sufficient number of candidates which meet the independence requirements or, if so required under the applicable legislative provisions and regulations in force from time to time, the appointment mechanisms set forth above do not consent to ensure the compliance with the balance between genders pursuant to Section 2 above, the minimum number of candidates listed in the slate referred to in Letter (a) of Section 14 or in the single slate referred to in Section 16 shall be replaced, in accordance with the consecutive order in which they are listed in the slate going backwards, in order to ensure the compliance with such requirements. This being insufficient, the replacements shall be resolved by the Shareholders' Meeting in accordance with the majorities provided by applicable legislative provisions and regulations in force from time to time.
19. Without prejudice to the provisions relating to the composition of the Board of Directors set forth in Section 2, the foregoing provisions shall not apply to the election of Directors held on occasions other than the replacement of the entire Board of Directors.
20. If one or more Directors should cease to be in office for any reason, they shall be replaced in the manner described below.
21. If the Director who needs to be replaced was drawn from the slate referred to in Letter (a) of Section 14 above and provided a majority of the Directors consists of Directors elected by the Shareholders' Meeting, the Board of Directors shall coopt the replacement Director, as allowed by Article 2386 of the Italian Civil Code, taking him/her from the same slate as the Director who is being replaced, ensuring, if possible and if so required by the applicable legislative provisions and regulations in force from time to time, the balance between genders pursuant to Section 2 above. If for any reason there are no available or electable candidates and if the Directors who needs to be replaced had been drawn from the slate referred to in Letter (a) of Section 14 above, the Board of Directors shall coopt the replacement or replacements, as allowed by Article 2386 of the Italian Civil Code, without any restrictions on their selection, but ensuring the compliance with the minimum required number of Directors which shall meet the independence requirements and, if so required by the applicable laws and regulations in force from time to time, the balance between genders pursuant to Section 2 above.
22. If, pursuant to law, the Shareholders' Meeting should be required to elect Directors to fill vacancies on the Board of Directors, the following procedures shall be followed ensuring, if so required by the applicable legislative provisions and regulations in force from time to time, the balance between genders pursuant to Section 2 above. However, the Shareholders' Meeting may resolve to decrease the number of the members of the Board of Directors to the number of the directors in office, for the remaining period of their office, in compliance with the provisions concerning the composition of the Board of Directors set forth in Section 2, and until the minimum number set forth in Section 1.
23. If the Director who needs to be replaced was drawn from the slate referred to in Letter (b) of Section 14 above, only (unelected) candidates listed on the abovementioned slate may be nominated for election and the candidate who receives the highest number of votes shall be elected. If no names are available for nomination in accordance with the preceding provisions, the right to field candidates for election as replacement for the Director who ceased to be in office, who has been drawn from the slate referred to in Letter (b) of Section 14 above, shall rest exclusively with the shareholders who, alone or jointly with other shareholders, represent in the aggregate as a minimum the percentage of the shares referred to in Section 7 and are not (i) the shareholders who originally filed or voted for the slate that received the highest number of votes; (ii) shareholders who, alone or jointly with others, own a controlling interest in or a relative majority of the Company's share capital; and (iii) shareholders who are linked in any way, directly or indirectly, with (including for the purposes of Section 8 above) one or more of the shareholders referred to in Items (i) and (ii) above. The replacement Director shall be chosen exclusively from among the candidates nominated by minority shareholders, in accordance with the preceding provisions, and the candidate that receives the highest number of favorable votes shall be elected. If the provisions set forth above in this section are not applied, no Director shall be elected to replace the resigning Director

who had been drawn from the slate referred to in Letter (b) of Section 14 above and the number of Directors serving on the Board of Directors shall be reduced by 1 (one) unit.

24. If the Directors who need to be replaced were drawn from the slate that obtained the highest number of votes or had been elected by the Shareholders' Meeting following the filing of a single slate, or absent the filing of a slate, the Shareholders' Meeting shall pass resolutions in accordance with the majorities provided by applicable laws and regulations in force from time to time.
25. In accordance with Sections 23 and 24 above, only candidates who have made available or updated by the date of the Shareholders' Meeting the documents and certifications referred to in Section 11 above may be nominated.
26. The replacements mechanisms set forth in the foregoing Section shall however ensure, if possible and if so required by the applicable legislative provisions and regulations in force from time to time, the balance between genders pursuant to Section 2 above.
27. The term of office of Directors elected as replacements by the Shareholders' Meeting expires concurrently with the term of office of Directors who were in office when the replacements were elected.
28. Whenever a majority of the members of the Board of Directors elected by the Shareholders' Meeting leaves office for any reason, the entire Board of Directors will be deemed to have resigned and a Shareholders' Meeting must be convened on an urgent basis by the Directors still in office to elect a new Board of Directors.

Article 15 - Compensation of the Board of Directors

1. The compensation of the Board of Directors and of the Executive Committee, if one has been established, is determined by the Shareholder's Meeting and does not change until the Shareholders' Meeting approves a new resolution.
2. The Board of Directors decides how the amount of compensation is to be allocated among its members and the members of the Executive Committee, if one has been established.
3. The compensation of Directors who perform special functions is determined by the Board of Directors, with the input of the Board of Statutory Auditors.
4. Directors are entitled to be reimbursed for expenses incurred in discharging the duties of their office.

Article 16 - Corporate Officers - Committees

1. The Chairman is elected by the Shareholders' Meeting, and if not by the Board of Directors.
2. The Board of Directors may delegate its powers (except for those that the law or these Bylaws place within its jurisdiction) to one of its members to whom it entrusts special assignments, setting limits on the exercise of such powers. The Board of Directors may also entrust one or more of its members with assignments relating to specific transactions.
3. The Board of Directors appoints - also from time to time - the Secretary to the Board of Directors, who need not be a Director.
4. The Board of Directors may also establish: (i) an Executive Committee to which it may delegate its attributions, except for those that the law or these Bylaws place within its jurisdiction; (ii) the Committees required by the codes of conduct published by institutions that operate regulated securities markets; and (iii) other Committees with special functions. The Board of Directors determines the size of these Committees and the rules under which they operate.
5. Insofar as they are applicable, the rules provided in these Bylaws for the Board of Directors apply also to the Executive Committee.

Article 17 - Powers of the Board of Directors

1. The Board of Directors shall have all of the powers needed to govern the Company. Accordingly, it may carry out all acts of disposition that it may deem useful for the furtherance of the Company's purpose, except for those that the law reserves exclusively for the Shareholders' Meeting.
2. Without prejudice to the limitations provided by applicable laws and with no power to delegate, the Board of Directors shall have jurisdiction over decisions relating to:
 - a) The establishment or closure of secondary offices by Edison;

- b) The designation of Directors who may act as Edison's legal representatives;
- c) Share capital reductions, when an authorized party elects to redeem his or her shares;
- d) The amendments to the Bylaws in response to changes in regulatory provisions;
- e) Mergers and demergers, in the instances referred to in Article 2505, Article 2505-bis and Article 2506-ter of the Italian Civil Code;
- f) Issuance of bonds within the limits referred to in Article 7, Section 2.

Article 18 - Procedures for Convening and Holding Meetings of the Board of Directors and Approving Resolutions

1. The Board of Directors meets at the Company's registered office, or at a different location in Italy, the European Union, Switzerland, the United States of America or any other country in which the Company has operations, at the request of the Chairman of the Board of Directors or the Chief Executive Officer, whenever necessary or appropriate.
2. Meetings of the Board of Directors may also be called by the Board of Statutory Auditors, or by any of its members, provided the Chairman of the Board of Directors is informed in advance.
3. Meetings of the Board of Directors must be convened by means of a written communication, which must be sent by fax, telegram or e-mail at least 5 (five) days in advance (in urgent cases at least 2 (two) days before the meeting) to the domicile or address provided by each serving Director or Statutory Auditor.
4. The Notice of the meeting must indicate the day, time and place of the meeting and the meeting's Agenda. Within the limits of confidentiality requirements, the Chairman of the Board of Directors ensures that the Notice contains adequate information about the items on the Agenda.
5. However, the Board of Directors can adopt valid resolutions even if a meeting has not been formally convened, provided that all the directors in office and the serving Statutory Auditors are present, or the majority of the Directors in office and the majority of the serving Statutory Auditors are present and the Agenda of the meeting has been communicated in advance to the absent Directors and serving Statutory Auditors in writing and they have not object to the discussion on these items.
6. Meetings of the Board of Directors may be held via teleconferencing or videoconferencing, provided all participants can be identified and are able to follow the proceedings, participate in real time in the discussion of the items on the Agenda and receive, transmit and review documents. If these requirements are met, the meeting of the Board of Directors is deemed to have been held at the place where both the Chairman and the Secretary are located.
7. Meetings of the Board of Directors are chaired by the Chairman of the Board of Directors or, if he or she is absent or incapacitated, by another Director designated by the Board of Directors.
8. The Board of Directors is validly convened with the intervention of the majority of the Directors in office.
9. The resolutions of the Board of Directors may be passed with the favorable vote of the majority of the directors in office. However, if one or more Directors decide to abstain from voting on a motion, such resolution may be adopted also without the favorable vote of the majority of the Directors in office, provided that all Directors intervened at the meeting who did not abstain vote in favor.
10. Resolutions must be recorded in the Minutes of the meeting, which must be signed by the Chairman and the Secretary, who is appointed in accordance with the provisions of Article 16, Section 3, above.

Article 19 - Publication of Regular Reports

1. Without prejudice to the provisions of Article 16, the Board of Directors and the Board of Statutory Auditors, either directly or through the Directors to whom special powers have been delegated, are informed on a timely basis about the operating performance and outlook of the Company and its subsidiaries, and about operating, financial and asset transactions of a material amount, with special emphasis on transactions in which Directors have an interest, either directly or through third parties, or which may be influenced by a person with management and coordination authority. This information is made public on the occasion of Board meetings at least once every three months. When circumstances make it appropriate, information may be provided to the Board of Statutory Auditors by means of a written communication addressed to its Chairman, without prejudice to the obligation to provide a report at the next meeting.

Article 20 - Representatives of the Company

1. The Chairman of the Board of Directors and the Chief Executive Officer are the Company's legal representative vis-à-vis third parties and in court proceedings, with the authority to grant powers of attorney, appoint representatives and retain legal counsel.
2. Directors to whom powers have not been delegated on a permanent basis can sign documents on behalf of the Company and represent the Company vis-à-vis third parties in connection with the implementation of resolutions adopted by the Board of Directors, when specifically authorized to do so.
3. The right to represent the Company in individual transactions or classes of transactions may be entrusted to Company employees or outsiders by the persons who have been empowered to act as the Company's legal representatives.

Article 21 - Corporate Accounting Documents Officer

1. Pursuant to law, the Board of Directors, after receiving the mandatory input of the Board of Statutory Auditors, shall appoint a Corporate Accounting Documents Officer, selecting an executive with proven, multi-year experience in the areas of accounting, finance and/or control working at companies with shares traded on regulated markets. The Board of Directors shall also have the right to dismiss the Corporate Accounting Documents Officer.

TITLE V Board of Statutory Auditors - Statutory Audit

Article 22 - Board of Statutory Auditors

1. The Board of Statutory Auditors shall comprise 3 (three) Statutory Auditors and 3 (three) Alternates elected in accordance with the procedures described below, which is designed to ensure that minority shareholders are able to elect one Statutory Auditor and one Alternate, as well as, starting from the first renewal of the Board of Statutory Auditors made after the date on which the laws and regulations relating to the balance between gender will be applicable, the composition Board of Statutory Auditors shall comply with the criteria provided for by the applicable laws and regulations in force from time to time.
2. Except for the cases outlined in Sections 16 and following of this Article, Statutory Auditors are elected through voting on slates of candidates. Candidates must be assigned a number and listed on the slates in consecutive order. These slates shall consist of two sections: one for candidates for the post of Statutory Auditor and another for candidates for the post of Alternate. The slates may not contain a number of candidates greater than the number of posts to be filled and shall contain one or more candidates to the posts of Statutory Auditor and Alternate. The slates which contain, for each section, more than three candidates, must ensure the balance between genders to the minimum extent provided for by the applicable laws and regulations in force from time to time.
3. Only shareholders who, alone or together with other shareholders, hold, on the day they are filing the slate with the Company, a number of shares equal in the aggregate to at least the percentage of the Company's shares that convey the right to vote at an Ordinary Shareholders' Meeting required to file slates of candidates for election to the post of Director shall have a right to file a slate, it being understood that the abovementioned percentage may be reduced pursuant to laws, regulations and the provisions of Section 8 below.
4. Individual shareholders or shareholders who are deemed to be linked together, directly or indirectly, pursuant to the regulations issued by the Consob to implement Article 148, Section Two, of Legislative Decree No. 58/1998, as amended, may file and vote for only one slate, either directly or through a representative or nominee, and each candidate may stand for election only on one slate, on penalty of losing the right to be elected. If this provision is not complied with, only expressions of support and votes cast for the slate filed by or voted by the higher number of parties entitled to file and vote for a single slate that received the highest percentage of expressions of support or votes, in both cases in terms of share capital, shall be taken into account and any expressions of support or votes cast for other slates shall not be taken into account.
5. Individuals who already hold the maximum allowable number of posts in a management and control body, as determined in accordance with the applicable regulations, or who fail to meet the requirements of independence, professionalism and integrity required by the applicable statutes and by this Article,

and who would otherwise be unfit for election or be required to resign under the applicable laws and regulations, may not be listed on a slate and, if elected, must forfeit their office. Statutory Auditors may be reelected at the end of their term of office.

6. Without prejudice to those instances in which a different deadline may be applicable pursuant to laws or regulations, the slates, signed by the filing shareholder or shareholders (who may appoint one of them as their proxy), must be filed at the Company's registered office within the twenty-fifth days prior to first calling date of the Shareholders' Meeting convened to elect the Board of Statutory Auditors and disclosure thereof shall be provided in the Notice of the Shareholders' Meeting. In order to provide evidence of the ownership of the voting rights corresponding to the number of shares needed to file slates of candidates, shareholders are required to send, within the deadline required pursuant to the laws currently in effect and set forth in the Notice of Shareholders' Meeting, communications/certifications issued by authorized intermediaries, in accordance with the applicable laws, attesting the registration of the shares in their names on the date the slate is being filed with the Company.
7. The following documents must be filed, together with the filing of each slate, at the Company's registered office within the abovementioned deadline: (i) information about the identity of the shareholders who are filing a slate and the total equity interest they hold; (ii) an affidavit from shareholders who do not own, individually or jointly, a controlling interest in or a relative majority of the Company's capital attesting that they are not parties to any relationship that would link them with the former, pursuant to law and Section 4 above; (iii) curricula vitae providing detailed information about the personal and professional background of each candidate, listing any management and control posts held at any other companies; and (iv) statements by which the candidates accept the nomination and attest, under their own responsibility, that there are no issues that would make them incompatible or unelectable or would cause them to be removed from office and that, as required by Section 5 above, they meet the requirements for election as Directors pursuant to law and these Bylaws.
8. If no slate has been filed by the deadline referred to in Section 6 above, or if just one slate or slate presented by shareholders who are linked with each other, as described in the first and/or third sentence of Section 4 above, the deadline for filing the slates set forth in Section 6 above shall be extended by 5 (five) days and the percentage referred to in Section 3 above shall be reduced by half.
9. The candidates listed on the slates must meet the following professional requirements:
 - At least 1 (one) of the candidates for the post of Statutory Auditor and at least 1 (one) of the candidates for the post of Alternate Auditor must be listed in the Register of Certified Public Accountants and must have exercised a statutory auditing function for at least 3 (three) years;
 - The remaining candidates, if they do not meet the requirements listed in the previous section, must have at least three years' uninterrupted experience as:
 - managers of accounting or finance and control departments of publicly traded companies;
 - professionals or teachers at the university level in the fields of law, economics, finance or energy-related technologies and science;
 - managers of public agencies or public administrations in the energy field.
10. Slates or individual nominations filed without complying with all of the provisions listed above shall be treated as if they had never been filed.
11. The vote cast by each authorized party shall be deemed to have been cast for the entire slate and, consequently, for all of the candidates listed therein, in the order in which they appear, no changes, additions or exclusions being allowed, without prejudice to the provisions set forth in Section 20 below in relation to the necessary replacements/integrations to ensure the compliance with the composition requirements referred to in Section 1 above.
12. The election of Statutory Auditors will be carried out in the following manner:
 - a) 2 (two) Statutory Auditors and 2 (two) Alternates will be taken from the slate that ranked first in terms of votes received, in the order in which they are listed on the corresponding sections of the slate or, in the event that, taking into account the Statutory Auditors drawn from the slate referred to in Letter (b) below, the balance between genders is not ensured as provided for by the applicable laws and regulation in force from time to time, the second candidate will be replaced by the third candidate listed on the corresponding sections of the slate;

- b) 1 (one) Statutory Auditor and 1 (one) Alternate shall be drawn, in the order in which they are listed on the corresponding sections of the slate, from the slate that, among all of the slates other than the slate referred to in Letter (a) above, received the highest number of votes and was filed or voted by shareholders who are not linked in any way, directly or indirectly, with the shareholders who filed or voted for the slate that ranked first in terms of votes received.
13. If the first two or more slates receive an equal number of votes, the Shareholders' Meeting shall proceed with a runoff ballot, voting only for the abovementioned slates. The same runoff ballot rule shall apply if the same number of votes is cast for the slates referred to in Letter (b) of Section 12 above. In this case abstaining shareholders shall be excluded from the counts.
14. The Statutory Auditor who is listed on the slate referred to in Letter (b) of Section 12 above shall be elected Chairman of the Board of Statutory Auditors.
15. Any Statutory Auditor who no longer meets the requirements of the applicable laws and these Bylaws shall be removed from his or her office.
16. Without prejudice to the provisions relating to the compliance with the gender representation requirements set forth in Section 1 above the foregoing provisions shall not apply to the election of Statutory Auditors held on occasions other than the replacement of the entire Board of Statutory Auditors.
17. If a Statutory Auditor elected from the slate referred to in Letter (b) of Section 12 above should forfeit his/her office for any reason, the vacancy (including the post of Chairman of the Board of Statutory Auditors) shall be filled, without prejudice to the compliance with the gender representation requirements set forth in Section 1 above, until the next Shareholders' Meeting, by the Alternate elected from the same slate as the Statutory Auditor who is being replaced or, should no Alternate be available, by unelected candidates to the post of Statutory Auditor (or, as a secondary choice, Alternate) listed in the abovementioned slate in the consecutive order in which they are listed on the slate or, as a secondary choice, the candidates listed in the minority slate that received the second highest number of votes, in the consecutive order in which they are listed. The Shareholders' Meeting shall fill vacancies on the Board of Statutory Auditors and, should a Statutory Auditor elected from the slate referred to in Letter (b) of Section 12 above forfeit his/her office for any reason, the candidates put forth for the posts of Statutory Auditor or Alternate, in the consecutive numerical order in which they are listed on the slate, shall be, respectively, the candidates to the posts of Statutory Auditor or Alternate listed in the corresponding sections of the slate referred to in Letter (b) of Section 12 above or, should no such candidate be available, the candidates listed in the minority slate that received the second highest number of votes, in the consecutive order in which they are listed. The candidate who receives the highest number of favorable votes shall be elected. If no candidates are available to stand for election in the manner described above, the shareholders who alone or together with others represent in the aggregate a percentage of the share capital equal to at least the percentage referred to in Section 3 above - provided they are not (i) shareholders who originally filed or voted for the slate that received the highest number of votes; (ii) shareholders who own, individually or jointly, a controlling interest in or a relative majority of the Company's share capital; and (iii) shareholders who are linked in any way, directly or indirectly (also for the purposes of Section 4 above) with one or more of the shareholders referred to in Items (i) and (ii) above - shall have the exclusive right to nominate candidates to replace the lapsed Statutory Auditor who was taken from the slate referred to in Letter (b) of Section 12 above. The replacement Statutory Auditor may be drawn exclusively from the candidates submitted by minority shareholders, in the manner described above, and the candidate who receives the highest number of votes will be elected. The newly elected minority Statutory Auditor shall serve as Chairman of the Board of Statutory Auditors. If the foregoing provisions of this Section cannot be applied, the Shareholders' Meeting shall approve resolutions in accordance with the majorities provided by applicable laws and regulations in force from time to time. Only candidates who have made available or updated by the date of the Shareholders' Meeting the documents and certifications referred to in Section 7 above may be nominated.
18. If a Statutory Auditor elected from the slate referred to in Letter (a) of Section 12 should forfeit his/her office for any reason, he/she shall be replaced, until the next Shareholders' Meeting, by the first Alternate in the same slate or, if doing so the balance between genders pursuant to Section 1 above is not ensured, by the first Alternate, in accordance with the consecutive order in which they

are listed on such slate, which ensures the compliance with such requirement. If the foregoing provisions of this Section cannot be applied, the Shareholders' Meeting shall approve resolutions in accordance with the majorities provided by applicable laws and regulations in force from time to time, without prejudice to the compliance with the gender representation requirements set forth in Section 1 above. The provisions of the last paragraph of Section 17 also shall apply.

19. If only one slate has been filed or if no slate has been filed, the Shareholders' Meeting shall approve resolutions in accordance with the majorities provided by applicable laws and regulations in force from time to time, without prejudice to the compliance with the gender representation requirements set forth in Section 1 above. The provisions of the last paragraph of Section 17 shall also apply and if pursuant to law, after the election, the Shareholders' Meeting is required to elect Statutory Auditors and/or Alternates and the Chairman of the Board of Statutory Auditors to fill vacancies on the Board of Statutory Auditors, the Shareholders' Meeting shall approve resolutions in accordance with the majorities provided by applicable laws and regulations in force from time to time. The provisions of the last paragraph of Section 17 shall also apply.
20. In the event that the appointment mechanisms set forth above do not consent to ensure the compliance with the balance between genders pursuant to Section 1 above, the minimum number of candidates to the office of Statutory Auditors and/or Alternates listed in the slate referred to in Letter (a) of Section 12 or in the single slate referred to in Section 19, shall be replaced, in accordance with the consecutive order in which they are listed respectively in the first and the second section of the slate going backwards, in order to ensure the compliance with such requirements. This being insufficient, the replacements shall be resolved by the Shareholders' Meeting in accordance with the majorities provided by applicable legislative provisions and regulations in force from time to time.
21. The Board of Statutory Auditors is required to meet at least once every 90 (ninety) days.
22. Meetings of the Board of Statutory Auditors may be held via teleconferencing or videoconferencing, provided all participants can be identified and are able to follow the proceedings, participate in real time in the discussion of the items on the Agenda and receive, transmit and review documents. If these requirements are met, the meeting of the Board of Statutory Auditors is deemed to have been held at the place where both the chairman of the meeting and the person drawing up the minutes are located.

Article 23 - Statutory Audit

1. The Statutory Audit is performed by independent auditors who meet statutory requirements and are members of the applicable official board and have been retained and operate pursuant to the applicable laws and regulations in force from time to time.

TITLE VI Financial Statements - Earnings

Article 24 - Fiscal year

1. The Company's fiscal year ends each year on December 31.
2. The Ordinary Shareholders' Meeting that approves the annual financial statements must be convened not later than 120 (one hundred twenty) days from the end of the fiscal year; if the legal conditions, in force from time to time, to do so are met, it can be convened within 180 (one hundred and eighty) days after the end of the Company's financial year.

Article 25 - Appropriation of Earnings

1. The remainder of the earnings shown in the financial statements, after allocating 5% (five percent) to the statutory reserve, which must be set aside until the reserve reaches one-fifth of the share capital, are distributed to the savings shares up to an amount that may not be greater than 5% (five percent) of their par value.
2. If in a given fiscal year the savings shares receive a dividend that is less than 5% (five per cent) of their par value, the difference will be brought forward and added to the preferred dividend over the following 4 (four) fiscal years.

3. If no dividend is distributed to the savings shares for 5 (five) consecutive years, these shares become convertible one for one into common shares, upon a simple request by the shareholder, during the period from January 1 to March 31 of the sixth year.
4. Any remaining earnings that the Shareholders' Meeting decides to distribute are allocated to all of the shares such that the savings shares receive a total dividend that is greater than the dividend paid to the common shares by 3% (three percent) of their par value.
5. If reserves are distributed, the savings shares have the same rights as the other shares. However, if the company has no earnings in a given year, the benefits granted to the savings shares by Sections 1 and 4 of this Article may be provided by the Shareholders' Meeting through a resolution approving the distribution of reserves.

Article 26 - Interim Dividends

1. The Board of Directors may approve the distribution of interim dividends, provided the rights of the holders of savings shares are protected, in the manner and according to the procedures set forth in the applicable statutes.

TITLE VII Liquidation

Article 27 - Dissolution and Liquidation

1. In addition to cases of statutory liquidation, the Company may be dissolved by a resolution approved by the Shareholders' Meeting.
2. If the Company is dissolved at any time or for any reason, the Shareholders' Meeting decides the method of liquidation, appoints one or more liquidators and specifies their powers and compensation.
3. Upon liquidation of the Company, the savings shareholders take precedence in the redemption of the share capital up to the full par value of their shares.

TITLE VIII General Provisions

Article 28 - Legal Framework

1. All matters not covered by these Bylaws shall be governed by the provisions of the applicable laws.

Article 29 - Domicile of Shareholders

1. For all issues concerning transactions with the Company, the domicile of the shareholders is the one listed in the stock record.

ANNUAL COMPENSATION REPORT

2012

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This Compensation Report (hereinafter the "Compensation Report" or the "Report") is available on the Company website (www.edison.it – "Governance - Corporate Governance Reports and Compensation Report").

1. INTRODUCTION



Detail of the fountain located in the homonymous room at Edison headquarters in Milan.



The entrance of the Edison building in Foro Buonaparte, Milan, and details of the stained-glass dome inside.

1.1 Foreword

The Shareholders' Meeting elected the current Board of Directors on April 24, 2012, defining its term of office as covering only the 2012 reporting year. As a result, the term of office of the Board of Directors and the Committees established by the Board will end with the Shareholders' Meeting convened to approve the 2012 financial statements.

Nevertheless, after completing the stock ownership restructuring and in view of the clear and consistent situation resulting from this process, with the aim of establishing scenario guidelines to guide and oversee the Company's management during the current year, the Board of Directors currently in office, upon a recommendation by the Compensation Committee and with the input of the Board of Statutory Auditors, deemed it appropriate to define the framework for the 2013 compensation policies presented in this Report, as a useful and appropriate reference tool for the governance bodies charged with the ongoing management of the Company during the current year, without prejudice to any of the prerogatives of the abovementioned governance bodies with regard to any resolutions they may choose to adopt in this regard.

Consequently, specifically with regard to the compensation policy for 2013, should it undergo material changes compared with the approach followed thus far and described in this Report, owing in part to the change in stock ownership, the Company reserves the right to provide adequate disclosures to the market and the public with subsequent communications in the course of the year.



1.2 Regulatory Framework

This Report was developed pursuant to and in implementation of the provisions of Article 123-*ter* of the Legislative Decree No. 58 of February 24, 1998 (“TUF”) and was prepared in accordance with the guidelines provided in Article 84-*quarter*, 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 promoted by Borsa Italiana, which the Company agreed to adopt.

1.3 Purpose and Content

This Annual Compensation Report provides disclosures aimed at enhancing the knowledge and awareness of shareholders, investors and 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.

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 2012 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 2012 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.

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*, as cited in said Article.

2. SECTION ONE



The chandelier of the entrance at the Edison building in Milan.

2.1 Governance and compliance

The Board of Directors currently in office, comprised of 13 members, was elected by the Shareholders' Meeting of April 24, 2012 for a term of office that ends with the approval of the financial statements for the 2012 reporting year. The abovementioned **Shareholders' Meeting** set the Board's total gross annual compensation at 585,000 euros, plus an attendance fee of 1,800 euros for each meeting of the Board of Directors or its internal Committees attended by a Director.

On June 4, 2012, the **Board of Directors** then discussed resolutions concerning:

- the allocation of the total annual compensation of 585,000 euros, which was divided by awarding to each of the 13 Board members a share of a gross annual compensation, amounting to 45,000 euros;
- the compensation of Directors who perform special functions (Chairman and Chief Executive Officer);
- the compensation of Directors appointed to the Board's internal Committees (Control and Risk Committee; Compensation Committee; Strategy Committee for the period from 4/24/12 to 5/24/12, which is the date when it ceased to operate; and Committee of Independent Directors) and the Oversight Board.

The abovementioned resolutions were adopted by the Board of Directors, further to a proposal and opinion by the **Compensation Committee** - provided also in the capacity as the Committee of Independent Directors, pursuant to the internal procedure approved by the Board of Directors in accordance with the rules governing Related-party Transactions set forth in the corresponding Consob Regulations - and with the input 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 considers 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 2012 reporting year, the Committee did not avail itself of this option.

2.3 Structure and Composition of the Compensation in 2012

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 usually 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 current term of office for the 2012 reporting year, 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 and taking into account the revisions implemented as of the 2011 reporting year, confirmed the amounts decided at previous meetings of the Board of Directors.
- **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 2012 reporting year, the Board of Directors, based on a proposal by the Compensation Committee, resolved to confirm the amounts defined as of the 2011 reporting year, which were significantly reduced compared with the previous year. The variable component accounts for about 40% of the total compensation package defined for the Chief Executive Officer.
For 2012, the following items were identified as reference targets used to determine the variable compensation: EBITDA (50% weight), net financial position (20% weight) and three operating performance targets (combined weight 30%) consisting of unavailability of the Company's electric power facilities, production level of hydrocarbons, growth of the customer portfolio and 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, below which the specific target is not deemed to have been achieved and no economic effect is produced, a target level and a maximum level. The abovementioned general targets also represent common annual objectives for the Company's top management and its managers in general as a whole, in addition to specific area and/or personal objectives.
- 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, the first three-year cycle of the **medium/long-term variable cash compensation (LTI)** program launched in 2011 is still ongoing for some top managers and other managers.
As described in the 2011 Compensation Report, the purpose of the current LTI Program is to attract and retain resources who will contribute to the Company's growth, focus their objectives and conduct on medium/long-term objectives 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 applies to about 60 beneficiaries, is correlated to a Net Result objective for each year in the cycle and potentially to a

medium-term strategic growth objective consistent with the Company's Strategic Plan. No additional cycles under this program or other medium/long-term incentive programs for Company managers were launched in 2012.

- 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, organizations 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 for service on the Board of Directors and a fixed attendance fee earned when actually attending meetings of the Board of Directors. For the members of the different Committees, the Board continued the practice of the previous three years, awarding the same compensation to the individual members of each Committee, 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.
- Special **benefits** being provided to the current Chief Executive Officer include the use of a residence for family use, which reflects his personal situation resulting from having been internationally seconded by the Company's controlling shareholder specifically to perform the function assigned to him. 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 **is not** and has no plans to be a party to any agreements with Directors, including the Chief Executive Officer, calling for the payment **indemnities in the event of resignation or termination of the mandate/assignment** for any reason and/or cause, or if the mandate/assignment is not renewed upon its scheduled expiration.

2.4 Compensation Framework and Guidelines for 2013

Consistent with the considerations provided in the Foreword to this Report, the current 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 2013:

- With regard to the domestic context, the general economic and market scenario, in all areas including the energy sector, is characterized by a persisting slump in internal demand and inflation rates that are projected to be slightly lower than in 2012, while a growing tax pressure on businesses and workers is continuing to erode the real purchasing power of wages. On a percentage basis, this effect is more pronounced for workers whose employment relationship is governed by national collective bargaining agreements that do not include systems for periodic adjustments to 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 in general, monitored through systematic and periodic surveys performed by the Company through specialized external companies, confirm a downward trend in salary policies compared with previous years and a slightly increase in the selectivity of programs. For the current year, expense projections for salary policies show percentage increases in line with expected inflation.
- 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 (Chairman and Chief Executive Officer) and, consistent with this approach, it reduced the salary policies for all managers and specifically for top management.

- Having completed the complex transition phase entailed by the restructuring of the Company's stock ownership, which came to a conclusion in the second half of 2012 determining a new, stable and clear structure, the Company must now tackle over the short term the key challenge of protecting and recovering its profitability, while at the same time launching a new medium/long-term growth cycle.
- Given the abovementioned market context, the new mission assigned to the Company within the Group to which it belongs, the salary policy for the current year should be developed taking into account the following considerations:
 - With regard to the compensation of non-executive Directors, at the present time, the current guidelines, as set forth in Section 2.3 above, remain in effect.
 - With regard to the compensation for the posts of Chairman and Chief Executive Officer, it may be appropriate to consider a review of the total package in term both of structure and value, always ensuring that it is market competitive and taking into account the specific subjective conditions of the persons asked to serve in those capacities, with all changes in effect as of the new term of office.
 - With regard to top management and Company managers in general, the salary policy adopted should be "moderate," in line with market projections, current inflation forecasts 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 also constitute a set of common Company targets applied to top management (60% weight) and, with a lower weight, to all 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.

2.5 Operating Procedures

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

- The **Shareholders' Meeting**, which defines the total annual compensation of the Board of Directors relative to the duration of each term of office and, consistent with Article 123-ter of the Uniform Financial Code, 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 determines how the compensation awarded by the Shareholders' Meeting should be allocated among its members and 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**, which was established by the Board of Directors. The Board also defined its functions and approved its Operating Regulations. In the performance of its functions, the Committee relies on the operational support of the Personnel and Organization Department and, when appropriate, the support of qualified external consulting companies different from those normally used by the Company's management.
When a majority of the members of the Compensation Committee are independent Directors, as is the case for the Committee currently in office, the Committee may also function in the capacity as the **Committee of Independent Directors**, in accordance with the regulations governing related-party transactions, in connection with decisions concerning the compensation of Directors who perform special functions (including those who serve on Board Committees), with regard to which it provides in advance the Board of Directors with an opinion, which is mandatory but, depending on the amount involved, could be non-binding.
- 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 or another Statutory Auditor 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 Personnel and Organization Department, a member of which may attend Committee meeting upon request and invitation by the Committee).

3. SECTION TWO



1883 dynamo "Z" model at Edison Headquarters in Foro Buonaparte.

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 2012 for any reason and in any form, attributable to the Company and its subsidiaries and affiliated companies at December 31, 2012.

Reference period: January 1, 2012 to December 31, 2012 (in thousands of euros)

Beneficiary		Descrip. of post and term office			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 (*)		
<i>Directors in office at December 31, 2012</i>						
Henri Proglio (a) (b)	Chairman	01.01.12	12.31.12	12.31.2012	400	0
Bruno Lescoeur (a)	Chief Executive Officer (i)	01.01.12	12.31.12	12.31.2012	1,067	12
Béatrice Bigois (c)	Director (l)	06.04.12	12.31.12	12.31.2012	31	20
Mario Cocchi (a)	Director (m) (n)	01.01.12	12.31.12	12.31.2012	65	29
Bruno D'Onghia (c)	Director	06.04.12	12.31.12	12.31.2012	33	0
Gregorio Gitti (a)	Director (m) (n) (o)	01.01.12	12.31.12	12.31.2012	67	85
Gian Maria Gros-Pietro (a)	Director (l) (m) (n) (o)	01.01.12	12.31.12	12.31.2012	65	123
Adrien Jami (c)	Director	06.04.12	12.31.12	12.31.2012	33	0
Pierre Lederer (d)	Director	10.26.12	12.31.12	12.31.2012	10	0
Jorge Mora (c)	Director	06.04.12	12.31.12	12.31.2012	31	0
Thomas Piquemal (a)	Director (l)	01.01.12	12.31.12	12.31.2012	65	34
Nicole Verdier-Naves (c)	Director (m)	06.04.12	12.31.12	12.31.2012	33	9
Steven Wolfram (a)	Director	01.01.12	12.31.12	12.31.2012	65	0
Total compensation of Directors in office at December 31, 2012					1,965	312
<i>Directors who resigned their office in 2012</i>						
Giuliano Zuccoli	Chairman (p)	01.01.12	02.10.12	02.10.2012	74	3
Renato Ravanelli (a) (e)	Chairman (i)	01.01.12	05.24.12	05.24.2012	169	12
Jean-Louis Mathias (a)	Director (i) (m)	01.01.12	10.26.12	10.26.2012	48	31
Mauro Miglio (a) (f)	Director (i)	03.02.12	05.24.12	05.24.2012	19	7
Giovanni Polonioli (a)	Director (l)	04.24.12	05.24.12	05.24.2012	9	4
Paolo Rossetti (a)	Director	01.01.12	05.24.12	05.24.2012	31	0
Klaus Stocker	Director (l)	01.01.12	04.24.12	04.24.2012	21	10
Andrea Viero (a)	Director (l)	01.01.12	05.24.12	05.24.2012	30	12
Total compensation of Directors who resigned their office in 2012					401	79
Total compensation of Directors					2,366	391
<i>Statutory Auditors in office at December 31, 2012</i>						
Alfredo Fossati (g)	Chairman Board Stat. Audit.	01.01.12	12.31.12	12.31.2013	60	0
Giuseppe Cagliero (g)(h)	Statutory Auditor	05.24.12	12.31.12	03.22.2013	24	0
Leonello Schinasi (g)	Statutory Auditor	01.01.12	12.31.12	12.31.2013	40	0
Total compensation of Statutory Auditors in office at December 31, 2012					124	0
<i>Statutory Auditors who resigned their office in 2012</i>						
Angelomaria Palma (g)	Statutory Auditor	01.01.12	05.24.12	05.24.2012	16	0
Total compensation of Statutory Auditors who resigned their office in 2012					16	0
Total compensation of Statutory Auditors					140	0
Total compensation Directors and Statutory Auditors					2,506	391
Executive with strategic responsibilities in office at December 31, 2012 (w)					2,397 (x)	0

(*) 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 conventional value of the car used by the beneficiary.

(a) Elected by the Shareholders' Meeting of April 24, 2012.

(b) Elected Chairman by the Board of Directors on June 4, 2012.

(c) Coopted by the Board of Directors on June 4, 2012.

(d) Coopted by the Board of Directors on October 26, 2012.

(e) Appointed Chairman of the Board of Directors on March 2, 2012 and elected to that post by the Shareholders' Meeting on April 24, 2012.

(f) Coopted by the Board of Directors on March 2, 2012.

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

(h) Alternate Auditor who replaced the resigning Angelomaria Palma as of May 24, 2012.

(i) Member of the Strategy Committee until May 24, 2012.

(l) Member of the Control and Risk Committee.

(m) Member of the Compensation Committee.

Variable non-equity compensation		Non-cash benefits (**)	Compensation		Total	Fair Value of equity compensation	End-of-service or employment termination indemnity
Bonuses and other incentives	Profit sharing		Other compensation				
0	0	0	0	0	400 (r)	0	0
668 (q)	0	0	0	0	1,747 (r)	0	0
0	0	0	0	0	51 (r)	0	0
0	0	0	0	0	94 (s)	0	0
0	0	0	0	0	33 (r)	0	0
0	0	0	0	0	152 (s)	0	0
0	0	0	0	0	188 (s)	0	0
0	0	0	0	0	33 (r)	0	0
0	0	0	0	0	10 (r)	0	0
0	0	0	0	0	31 (r)	0	0
0	0	0	0	0	99 (r)	0	0
0	0	0	0	0	42 (r)	0	0
0	0	0	0	0	65 (r)	0	0
668	-	-	-	-	2,945	0	0
0	0	0	0	0	77 (s)	0	0
0	0	0	0	6	187 (t)	0	0
0	0	0	0	0	79 (r)	0	0
0	0	0	0	0	26 (s)	0	0
0	0	0	0	0	13 (s)	0	0
0	0	0	0	0	31 (s)	0	0
0	0	0	0	19	50 (s)	0	0
0	0	0	0	0	42 (u)	0	0
0	0	0	0	25	505	0	0
668	0	0	0	25	3,450	0	0
0	0	0	0	0	60 (s)	0	0
0	0	0	0	0	24 (s)	0	0
0	0	0	0	0	40 (s)	0	0
0	0	0	0	0	124	0	0
0	0	0	0	0	16 (s)	0	0
0	0	0	0	0	16	0	0
0	0	0	0	0	140	0	0
668 (z)	0	0	0	25 (v)	3,590	0	0
945 (z)	0	132	47		3,521	0	0

(n) Member of the Committee of Independent Directors.

(o) Member of the Oversight Board.

(p) Member of the Strategy Committee until February 10, 2012.

(q) Variable compensation for 2012.

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

(s) Compensation paid directly to the beneficiary.

(t) Compensation, for the period in office, of 49,000 euros paid directly to the beneficiary and of 138,000 euros paid to the A2A Spa company.

(u) Compensation paid directly to the Iren Emilai Spa company and not to the beneficiary.

(v) Includes annual honoraria received for posts held at subsidiaries and affiliates at December 31, 2012. In 2012, such compensation was paid only by affiliates, no amounts being paid by subsidiaries.

(w) Includes nine executives.

(x) Compensation for service as an employee.

(z) Please see Table 3.2 below for details.

Annual Compensation Report

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

Reference period: January 1, 2012 to December 31, 2012 (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 Committee meetings (1)	Fixed compensat. for post held (2)	
Directors in Office at December 31, 2012									
Henri Proglio (a)(b)	Chairman	01.01.12	12.31.12	12.31.2012	400	45	9	346	-
Bruno Lescoeur (a)	Chief Executive Officer (i)	01.01.12	12.31.12	12.31.2012	1,067	45	22	1,000	12
Béatrice Bigois (c)	Director (l)	06.04.12	12.31.12	12.31.2012	31	26	5	-	20
Mario Cocchi (a)	Director (m)(n)	01.01.12	12.31.12	12.31.2012	65	45	20	-	29
Bruno D'Onghia (c)	Director	06.04.12	12.31.12	12.31.2012	33	26	7	-	-
Gregorio Gitti (a)	Director (m)(n)(o)	01.01.12	12.31.12	12.31.2012	67	45	22	-	85
Gian Maria Gros-Pietro (a)	Director (l)(m)(n)(o)	01.01.12	12.31.12	12.31.2012	65	45	20	-	123
Adrien Jami (c)	Director	06.04.12	12.31.12	12.31.2012	33	26	7	-	-
Pierre Lederer (d)	Director	10.26.12	12.31.12	12.31.2012	10	8	2	-	-
Jorge Mora (c)	Director	06.04.12	12.31.12	12.31.2012	31	26	5	-	-
Thomas Piquemal (a)	Director (l)	01.01.12	12.31.12	12.31.2012	65	45	20	-	34
Nicole Verdier-Naves (c)	Director (m)	06.04.12	12.31.12	12.31.2012	33	26	7	-	9
Steven Wolfram (a)	Director	01.01.12	12.31.12	12.31.2012	65	45	20	-	-
Total compensation of Directors in office at December 31, 2012					1,965	453	166	1,346	312
Director who resigned their office in 2012									
Giuliano Zuccoli	Chairman (p)	01.01.12	02.10.12	02.10.2012	74	5	2	67	3
Renato Ravanelli (a)(e)	Chairman (i)	01.01.12	05.24.12	05.24.2012	169	18	13	138	12
Jean-Louis Mathias (a)	Director (i)(m)	01.01.12	10.26.12	10.26.2012	48	37	11	-	31
Mauro Miglio (a)(f)	Director (i)	03.02.12	05.24.12	05.24.2012	19	10	9	-	7
Giovanni Polonioli (a)	Director (l)	04.24.12	05.24.12	05.24.2012	9	4	5	-	4
Paolo Rossetti (a)	Director	01.01.12	05.24.12	24.05.2012	31	18	13	-	-
Klaus Stocker	Director (l)	01.01.12	04.24.12	04.24.2012	21	14	7	-	10
Andrea Viero (a)	Director (l)	01.01.12	05.24.12	05.24.2012	30	18	12	-	12
Total compensation of Directors who resigned their office in 2012					401	124	72	205	79
Total compensation of Directors					2,366	577	238	1,551	391
Statutory Auditors in office at December 31, 2012									
Alfredo Fossati (g)	Chairman Board Stat. Audit.	01.01.12	12.31.12	12.31.2013	60	60	-	-	-
Giuseppe Cagliero (g)(h)	Statutory Auditor	05.24.12	12.31.12	03.22.2013	24	24	-	-	-
Leonello Schinasi (g)	Statutory Auditor	01.01.12	12.31.12	12.31.2013	40	40	-	-	-
Total compensation of Statutory Auditors in office at December 31, 2012					124	124	0	0	0
Statutory Auditors who resigned their office in 2012									
Angelomaria Palma (g)	Statutory Auditor	01.01.12	05.24.12	05.24.2012	16	16	-	-	-
Total compensation of Statutory Auditors who resigned their office in 2012					16	16	0	0	0
Total compensation of Statutory Auditors					140	140	0	0	0
Total compensation					2,506	717	238	1,551	391

(*) 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 April 24, 2012.

(b) Elected Chairman by the Board of Directors on June 4, 2012.

(c) Coopted by the Board of Directors on June 4, 2012.

(d) Coopted by the Board of Directors on October 26, 2012.

(e) Appointed Chairman of the Board of Directors on March 2, 2012 and elected to that post by the Shareholders' Meeting on April 24, 2012.

(f) Coopted by the Board of Directors on March 2, 2012.

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

(h) Alternate Auditor who replaced the resigning Angelomaria Palma as of May 24, 2012.

(i) Member of the Strategy Committee until May 24, 2012.

(l) Member of the Control and Risk Committee.

(m) Member of the Compensation Committee.

(n) Member of the Committee of Independent Directors.

(o) Member of the Oversight Board.

(p) Member of the Strategy Committee until February 10, 2012.

(1) Compensation approved by the Shareholders' Meeting of April 26, 2011 and, subsequently, by the Shareholders' Meeting of April 24, 2012.

(2) Compensation approved by the Board of Directors on July 25, 2011, and, subsequently, by the Board of Directors on June 4, 2012.

(3) Compensation approved by the Board of Directors on July 25, 2011 and, subsequently, by the Board of Directors on June 4, 2012.

(4) Attendance fee only, as confirmed by the Board of Directors on July 25, 2011 and the Board of Directors on June 4, 2012.

Detail of Compensation for serving on Committees

Honoraria for participating in meetings of the Strategy Committee ⁽³⁾	Attendance fees for meetings of the Strategy Committee ⁽¹⁾	Honoraria for participating in meetings of the Compensation Committee ⁽³⁾	Attendance fees for meetings of the Compensation Committee ⁽¹⁾	Honoraria for participating in meetings of the Control and Risk Committee ⁽³⁾	Attendance fees for meetings of the Control and Risk Committee ⁽¹⁾	Attendance fees for meetings of the Committee of Independent Directors ⁽⁴⁾	Honoraria for participating in meetings of the Oversight Board ⁽³⁾	Attendance fees for meetings of the Oversight Board ⁽³⁾
-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-
-	-	-	-	15	5	-	-	-
-	-	15	5	-	-	9	-	-
-	-	-	-	-	-	-	-	-
-	-	15	5	-	-	20	40	5
-	-	15	7	25	7	20	40	9
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	25	9	-	-	-
-	-	9	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
12	-	54	17	65	21	49	80	14
3	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-
12	-	12	7	-	-	-	-	-
7	-	-	-	-	-	-	-	-
-	-	-	-	2	2	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	8	2	-	-	-
-	-	-	-	10	2	-	-	-
34	-	12	7	20	6	-	-	-
46	-	66	24	85	27	49	80	14
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
0	0	0	0	0	0	0	0	0
-	-	-	-	-	-	-	-	-
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
46	0	66	24	85	27	49	80	14

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

Reference period: January 1, 2012 to December 31, 2012 (in thousands 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 2012 BoD June 4, 2012	668 (b)	-	-	-	-	-	-
Total			668	-	-	-	-	-	-
Executives with strategic responsibilities (a)									
Compensation in the reporting company		Annual Monetary Incentive Plan 2012	840 (c)	-	-	-	-	-	105
		Long Term Monetary, three-year, Incentive Plan Period 2011 - 2013 BoD December 2, 2011	-	-	-	-	-	480	-
Compensation from subsidiaries and affiliates		Annual Monetary Incentive Plan 2012	-	-	-	-	-	-	-
Total			840	-	-	-	-	480	105
Total			1,508	-	-	-	-	480	105

(a) No executives with strategic responsibilities were identified the previous year.

(b) Variable compensation for 2012.

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

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, 2011 to December 31, 2012, in Edison and its subsidiaries at December 31, 2012, based on data obtained from the Shareholders' Register, communications received and other available information.

Reference Period: December 31, 2011 to December 31, 2012

First and last name	Post held	Investee company	Number of shares held at the end of the previous year (12.31.2011)	Number of shares bought	Number of shares sold	Number of shares held at the end of the current year (12.31.2012)
<i>Directors in office at December 31, 2012</i>						
Henri Proglio	Chairman		-	-	-	-
Bruno Lescoeur	Chief Executive Officer		-	-	-	-
Béatrice Bigois	Director		-	-	-	-
Bruno D'Onghia	Director	Edison Spa - Common shares	47,000	-	47,000	-
Mario Cocchi	Director	Edison Spa - Common shares	1,330,000	-	1,330,000	-
Gregorio Gitti	Director		-	-	-	-
Gian Maria Gros-Pietro	Director	Edison Spa - Common shares	30,000	-	30,000	-
Adrien Jami	Director		-	-	-	-
Pierre Lederer	Director		-	-	-	-
Jorge Mora	Director		-	-	-	-
Thomas Piquemal	Director		-	-	-	-
Nicole Verdier-Naves	Director		-	-	-	-
Steven Wolfram	Director		-	-	-	-
<i>Directors who resigned their office in 2012</i>						
Giuliano Zuccoli	Chairman	Edison Spa - Common shares	46,000	-	-	46,000 (a)
Renato Ravanelli	Chairman		-	-	-	-
Jean-Louis Mathias	Director		-	-	-	-
Mauro Miglio	Director		-	-	-	-
Giovanni Polonioli	Director		-	-	-	-
Paolo Rossetti	Director		-	-	-	-
Klaus Stocker	Director		-	-	-	-
Andrea Viero	Director		-	-	-	-
<i>Statutory Auditors in office at December 31, 2012</i>						
Alfredo Fossati	Chairman Board Stat. Audit.		-	-	-	-
Giuseppe Cagliero	Statutory Auditor		-	-	-	-
Leonello Schinasi	Statutory Auditor		-	-	-	-
<i>Statutory Auditors who resigned their office in 2012</i>						
Angelomaria Palma	Statutory Auditor	Edison Spa - Common shares	6,100	-	-	6,100 (a)
Executive with strategic responsibilities at December 31, 2012 (b)						
			- (c)	-	-	-

(a) Number of shares held on the date the term of office ended.

(b) Includes nine executives.

(c) Shares held as of September 20, 2012, date of appointment as member of the Executive Committee with the status of Executive with Strategic Responsibilities.



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 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 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 8, 2013

The Board of Directors
by: Bruno Lescoeur
Legal Representative

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