

COMPENSATION REPORT

2011

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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

1.1 Foreword

The current Board of Directors was elected by the Shareholders' Meeting on April 26, 2011 for a term of office of just one year, i.e., until the Shareholders' Meeting approves the 2011 financial statements. On that date, the term of office of the Board of Directors and its Committees will end and the Shareholders' Meeting will be required to determine their compensation.

It is worth mentioning that, on December 26, 2011, the shareholders of Transalpina di Energia Srl (the controlling company) reached an agreement in principle that, in the early months of 2012, lead to the definition of a series of contracts governing various contractual issues covered by the agreement. The execution and implementation of those contracts, which is expected to occur in the first half of 2012, will produce important changes in the Company's control structure that will be reflected in its governance structure.

Consequently, in view of a scenario characterized by significant change, starting at the beginning of 2012, the Board of Directors agreed that it would be best to refrain from putting forth in this Report recommendations to modify the current compensation policy until this announced change is fully implemented.

However, if, due inter alia to changes in the stock ownership structure, conditions should develop requiring the implementation of major changes in the compensation policy compared with the approach followed thus far and described in this Report, the Company will provide adequate and timely disclosures to the market and the public 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 Italian Uniform Financial Code 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 Legislative Decree No. 58 of February 24, 1998.

In addition, this Report adopts as its general reference guidelines concerning compensation policies the principles set forth in Article 7 of the Corporate Governance Code for listed companies promoted by Borsa Italiana, which the Company agreed to adopt, as well as those stated in Article 6 of the December 2011 version of the Code.

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 and executives with strategic responsibilities, 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 and executives with strategic responsibilities, listing fixed and variable cash components, any compensation based on financial instruments, non-cash benefits, any equity interests held in the Company or its subsidiaries, as well as any other indemnity or type of compensation stipulated in the event of early termination or scheduled termination without renewal of the appointment to the post held.

1.4 Preparation and Structure

This Compensation Report, prepared by the Company, was approved by the Board of Directors (further to an opinion rendered by the Audit 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 2011 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 2011 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

2.1 Governance and Compliance

The Board of Directors currently in office was elected by the Shareholders' Meeting of April 26, 2011 for a term of office that ends with the approval of the financial statements for the 2011 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.

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 (Audit Committee, Compensation Committee, Strategy Committee, 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**.

In view of the specific governance structure adopted by the Company with regard to the responsibilities and jurisdictional authority attributed to the Company's governance bodies (Board of Directors and Board Committees) and the proxy system for the delegation of authority to executive Directors, no executives with strategic responsibilities, as defined in IAS 24, were identified.

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 or current 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 objectives and the challenges posed by the medium/long-term strategies defined in the Company's approved 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 2011 reporting year, the Committee did not avail itself of this option.

2.3 Structure and Composition of the Compensation

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 2011 reporting year, taking into account the principles and general criteria presented in Section 2.2 above, the Board of Directors, upon a recommendation by the Compensation Committee, resolved to lower the fixed component, compared with the previous year, reducing it by 5% for the Chairman and 7.5% for the Chief Executive Officer.
- **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. With regard to the current term of office for the 2011 reporting year, the Board of Directors, based on a proposal by the Compensation Committee, resolved to reduce by 35% compared with the previous year the maximum amount of the bonus that potentially could be earned.

The variable component accounts for about 40% of the total compensation package defined for the Chief Executive Officer.

In 2011, the following items were identified as reference objectives used to determine the variable compensation: EBITDA (50% weight), net financial position (30% weight) and three operating performance objectives (combined weight 20%) consisting of unavailability of the Company's production facilities, growth of the customer portfolio and injury incidence rate. The objectives thus defined are measured on a linear scale based on three levels: a minimum assigned result level, below which the specific objective is not deemed to have been achieved and no economic effect is produced, a target level and a maximum level. The abovementioned general objectives also represent common annual objectives for the Company's management as a whole, in addition to specific area and/or personal objectives.

- Because of the peculiar situation created by the limited length of the term of office of the current Board of Directors (elected for a term of office of one year only, ending with the approval of the 2011 annual financial statements), it would have been inappropriate to introduce medium/long-term incentivizing mechanisms for the Chief Executive Officer. On the other hand, the Board of Directors, based on a proposal by the Compensation Committee, determined that it would be appropriate, in continuity with past practice, to introduce **a medium/long-term variable cash compensation (LTI) for some managers** and approved special regulations governing this program.

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 2011-2016 period, which applies to about 60 beneficiaries, is correlated to a Net Result objective for each year in the cycle and to a medium-term strategic growth objective linked to the Company's new Strategic Plan.

- 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.
- **No special benefits** are being provided to the current Chief Executive Officer, taking into account in his case the peculiar situation created by the limited length of his term of office and his contractual relationship with the shareholder who, based on the shareholders' agreement currently in effect, nominated him for the post of Chief Executive Officer. Because of the abovementioned contractual relationship, all compensations defined currently by the Board of Directors for service in the capacity as Chief Executive Officer are paid to the company that employs the Chief Executive Officer.

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

- There are **no** agreements between the Company and the Directors, including the current and previous Chief Executive Officer, providing special **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 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 (see the 2011 Activity Report, cited here by reference) and approved its Operating Rules (annexed to this Report). 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

3.1 Schedule of the Compensation of Directors and Statutory Auditors

The schedule that follows lists in detail the compensation that Directors and Statutory Auditors, including those whose term of office ended during the year, earned in 2011 for any reason and in any form, attributable to the Company and its subsidiaries and affiliated companies at December 31, 2011.

Reference period: January 1, 2011 to December 31, 2011

(in thousands of euros)

Beneficiary		Descrip. of post and term office				
First and last name	Post held	Period during which the post was held		End of term of office (*)	Fixed compensation	Compensation for serving on Committees
<i>Directors in office at December 31, 2011 (a)</i>						
Giuliano Zuccoli	Chairman (e)	01.01.11	12.31.11	12.31.2011	680	35
Bruno Lescoeur (b)	Chief Executive Officer (e)	01.14.11	12.31.11	12.31.2011	750	34
Mario Cocchi	Director (f) (g) (h)	01.01.11	12.31.11	12.31.2011	70	35
Gregorio Gitti	Directore (f) (h) (i)	01.01.11	12.31.11	12.31.2011	69	82 (m)
Gian Maria Gros-Pietro	Director (f) (g) (h) (i)	01.01.11	12.31.11	12.31.2011	70	118 (m)
Jean-Luis Mathias (c)	Director (e) (f)	01.14.11	12.31.11	12.31.2011	68	53
Thomas Piquemal	Director (g)	01.01.11	12.31.11	12.31.2011	70	36
Henry Proglio	Director	01.01.11	12.31.11	12.31.2011	60	0
Renato Ravanelli	Director (e)	01.01.11	12.31.11	12.31.2011	70	35
Paolo Rossetti	Director	01.01.11	12.31.11	12.31.2011	70	0
Klaus Stocker	Director (g)	04.26.11	12.31.11	12.31.2011	49	24
Andrea Viero	Director (g)	01.01.11	12.31.11	12.31.2011	67	36
Steven Wolfram (d)	Director	12.21.11	12.31.11	04.24.2012	5	0
<i>Directors who resigned their office in 2011</i>						
Umberto Quadrino	Chief Executive Officer (e)	01.01.11	04.26.11	04.26.2011	364	10
Marc Boudier	Director (e) (f)	01.01.11	01.14.11	01.14.2011	2	1
Marco Merler	Director	01.01.11	04.26.11	04.26.2011	21	12
Gerard Wolf	Director	01.01.11	01.14.11	01.14.2011	2	0
Adrien Jami	Director (a)	04.26.11	12.21.11	12.21.2011	39	0
Total compensation of Directors					2,526	511
<i>Statutory Auditors in office at December 31, 2011 (a)</i>						
Alfredo Fossati	Chairman Board Stat. Audit.	01.01.11	12.31.11	12.31.2011	60	0
Angelo Palma	Statutory Auditor	01.01.11	12.31.11	12.31.2011	40	0
Leonello Schinasi	Statutory Auditor	01.01.11	12.31.11	12.31.2011	40	0
Total compensation of Statutory Auditors					140	0
Total compensation					2,666	511

(*) 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.

(***) Other compensation includes annual honoraria received for posts held at subsidiaries and affiliates at December 31, 2011. In 2011, such compensation was paid only by affiliates, no amounts being paid by subsidiaries.

(a) Elected by the shareholders' Meeting of April 26, 2011.

(b) Coopted by the Board of Directors on January 14, 2011 to replace Marc Boudier, who resigned, and appointed CEO by the Board of Directors on April 26, 2011.

(c) Coopted by the Board of Directors on January 14, 2011 to replace Gerard Wolf, who resigned.

(d) Coopted by the Board of Directors on December 21, 2011 to replace Adrien Jami, who resigned.

(e) Member of the Strategy Committee.

(f) Member of the Compensation Committee.

(g) Member of the Audit Committee.

(h) Member of the Committee of Independent Directors.

(i) Member of the Oversight Board.

(l) Variable compensation for 2011 for the Chief Executive Officer currently in office.

(m) Includes honoraria and attendance fees for participating in meetings of the Oversight Board amounting to 47,000 euros.

(n) Compensation paid directly to the employer company and not to the beneficiary.

(o) Compensation paid directly to the beneficiary.

(p) Compensation of 120,000 euros paid directly to the beneficiary and annual compensation of 13,000 euros paid to the employer company.

(q) Compensation of 33,000 euros paid directly to the beneficiary and annual compensation of 3,000 euros paid to the employer company.

(r) Designation to posts at affiliated companies made by parties other than Edison.

(s) Variable compensation for the period from January 1, 2011 to April 26, 2011, which is the date when his term of office ended.

Compensation								
Variable non-equity compensation		Non-cash benefits (**)	Other compensation (***)	Total	Fair Value of equity compensation	End-of-service or employment termination indemnity		
Bonuses and other incentives	Profit sharing							
0	0	0	0	715 (o)	0	0		
421 (l)	0	0	97	1,302 (n)	0	0		
0	0	0	0	105 (o)	0	0		
0	0	0	0	151 (o)	0	0		
0	0	0	0	188 (o)	0	0		
0	0	0	0	121 (n)	0	0		
0	0	0	0	106 (n)	0	0		
0	0	0	0	60 (n)	0	0		
0	0	0	28 (r)	133 (p)	0	0		
0	0	0	0	70 (o)	0	0		
0	0	0	58 (r)	131 (o)	0	0		
0	0	0	0	103 (n)	0	0		
0	0	0	0	5 (n)	0	0		
320 (s)	0	10	6	710 (o)	0	0		
0	0	0	0	3 (n)	0	0		
0	0	0	3 (r)	36 (q)	0	0		
0	0	0	0	7 (n)	0	0		
0	0	0	0	39 (n)	0	0		
741	0	10	192	3,980	0	0		
0	0	0	0	60 (o)	0	0		
0	0	0	0	40 (o)	0	0		
0	0	0	0	40 (o)	0	0		
0	0	0	0	140	0	0		
741	0	10	192	4,120	0	0		

Compensation Report

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

Reference period: January 1, 2011 to December 31, 2011

(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. la carica for post held (2)	
<i>Directors in office at December 31, 2011 (a)</i>									
Giuliano Zuccoli	Chairman (e)	01.01.11	12.31.11	12.31.2011	680	45	25	610	35
Bruno Lescoeur (b)	Chief Executive Officer (e)	01.14.11	12.31.11	12.31.2011	750	43	25	682	34
Mario Cocchi	Director (f) (g) (h)	01.01.11	12.31.11	12.31.2011	70	45	25	-	35
Gregorio Gitti	Director (f) (h) (i)	01.01.11	12.31.11	12.31.2011	69	45	24	-	82
Gian Maria Gros-Pietro	Director (f) (g) (h) (i)	01.01.11	12.31.11	12.31.2011	70	45	25	-	118
Jean-Luis Mathias (c)	Director (e) (f)	01.14.11	12.31.11	12.31.2011	68	43	25	-	53
Thomas Piquemal	Director (g)	01.01.11	12.31.11	12.31.2011	70	45	25	-	36
Henry Proglgio	Director	01.01.11	12.31.11	12.31.2011	60	45	15	-	-
Renato Ravanelli	Director (e)	01.01.11	12.31.11	12.31.2011	70	45	25	-	35
Paolo Rossetti	Director	01.01.11	12.31.11	12.31.2011	70	45	25	-	-
Klaus Stocker	Director (g)	04.26.11	12.31.11	12.31.2011	49	31	18	-	24
Andrea Viero	Director (g)	01.01.11	12.31.11	12.31.2011	67	45	22	-	36
Steven Wolfram (d)	Director	12.21.11	12.31.11	04.24.2012	5	1	4	-	-
<i>Directors who resigned their office in 2011</i>									
Umberto Quadrino	Chief Executive Officer (e)	01.01.11	04.26.11	04.26.2011	364	14	7	343	10
Marc Boudier	Director (e) (f)	01.01.11	01.14.11	01.14.2011	2	2	-	-	1
Marco Merler	Director	01.01.11	04.26.11	04.26.2011	21	14	7	-	12
Gerard Wolf	Director	01.01.11	01.14.11	01.14.2011	2	2	-	-	-
Adrien Jami	Director (a)	04.26.11	12.21.11	12.21.2011	39	30	9	-	-
Total compensation of Directors					2,526	585	306	1,635	511
<i>Statutory Auditors in office at December 31, 2011 (a)</i>									
Alfredo Fossati	Chairman Board Stat. Audit	01.01.11	12.31.11	12.31.2011	60	60	-	-	-
Angelo Palma	Statutory Auditor	01.01.11	12.31.11	12.31.2011	40	40	-	-	-
Leonello Schinasi	Statutory Auditor	01.01.11	12.31.11	12.31.2011	40	40	-	-	-
Total compensation of Statutory Auditors					140	140	0	0	0
Total compensation					2,666	725	306	1,635	511

(*) 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 26, 2011.

(b) Coopted by the Board of Directors on January 14, 2011 to replace Marc Boudier, who resigned, and appointed CEO by the Board of Directors on April 26, 2011.

(c) Coopted by the Board of Directors on January 14, 2011 to replace Gerard Wolf, who resigned.

(d) Coopted by the Board of Directors on December 21, 2011 to replace Adrien Jami, who resigned.

(e) Member of the Strategy Committee.

(f) Member of the Compensation Committee.

(g) Member of the Audit Committee.

(h) Member of the Committee of Independent Directors.

(i) Member of the Oversight Board.

(1) Compensation approved by the Shareholders' Meeting of March 23, 2010 and, subsequently, by the Shareholders' Meeting of April 26, 2011.

(2) Compensation approved by the Board of Directors on October 30, 2009, effective as of March 23, 2010, and, subsequently, by the Board of Directors on July 25, 2011.

(3) Compensation approved by the Board of Directors on July 25, 2008 and, subsequently, by the Board of Directors on July 25, 2011.

(4) Attendance fee only, as approved by the Board of Directors on July 25, 2011.

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 Audit Committee ⁽³⁾	Attendance fees for meetings of the Audit 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⁾
30	5	-	-	-	-	-	-	-
29	5	-	-	-	-	-	-	-
-	-	15	13	-	-	7	-	-
-	-	15	13	-	-	7	40	7
-	-	15	13	25	11	7	40	7
20	5	15	13	-	-	-	-	-
-	-	-	-	25	11	-	-	-
-	-	-	-	-	-	-	-	-
30	5	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	17	7	-	-	-
-	-	-	-	25	11	-	-	-
-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-
-	-	-	-	8	4	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
120	20	60	52	100	44	21	80	14
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
0	0	0	0	0	0	0	0	0
120	20	60	52	100	44	21	80	14

3.2 Schedule of equity interests held by Directors and Statutory Auditors

The schedule that follows lists the equity interests that Directors and Statutory Auditors, 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, 2010 to December 31, 2011, in Edison and its subsidiaries at December 31, 2011, based on data obtained from the Shareholders' Register, communications received and other available information.

Reference Period: December 31, 2010 to December 31, 2011

First and last name	Post held	Investee company	Number of shares held at the end of the previous year (12.31.10)	Number of shares bought	Number of shares sold	Number of shares held at the end of the current year (12.31.11)
<i>Directors in office at December 31, 2011</i>						
Giuliano Zuccoli	Chairman	Edison Spa - Common shares	46,000	-	-	46,000
Bruno Lescoeur	Chief Executive Officer		-	-	-	-
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
Jean-Luis Mathias	Director		-	-	-	-
Thomas Piquemal	Director		-	-	-	-
Henry Proglino	Director		-	-	-	-
Renato Ravanelli	Director		-	-	-	-
Paolo Rossetti	Director		-	-	-	-
Klaus Stocker	Director		-	-	-	-
Andrea Viero	Director		-	-	-	-
Steven Wolfram	Director		-	-	-	-
<i>Directors who resigned their office in 2011</i>						
Umberto Quadrino	Chief Executive Officer	Edison Spa - Common shares	850,000	-	-	850,000
Marc Boudier	Director		-	-	-	-
Marco Merler	Director		-	-	-	-
Gerard Wolf	Director		-	-	-	-
Adrien Jami	Director		-	-	-	-
<i>Statutory Auditors in office at December 31, 2011</i>						
Alfredo Fossati	Chairman Board Statutory Auditor	-	-	-	-	-
Angelo Palma	Statutory Auditor	Edison Spa - Common shares	6,100	-	-	6,100
Leonello Schinasi	Statutory Auditor		-	-	-	-

ANNEX**Operating Rules of the Compensation Committee****Article 1 (Officers)**

1. The Committee shall appoint its Chairman, unless one has already been appointed by the Board of Directors.
2. The Committee shall designate, permanently or on each occasion, a Secretary, who need not be a Committee member.

Article 2 (Calling of Meetings)

1. Committee meetings may be called outside the registered office, in Italy or abroad, by its Chairman, a person designated by the Chairman or, if one has been appointed, its Secretary, with written notice sent by telegram, fax or e-mail at least five days or, in urgent cases, at least two days before the date of the meeting.
2. The participants in the meeting can intervene remotely using systems of telephone/audio visual connection, which must ensure that all the participants can be identified at all times while they are connected, each of them being able to express verbally his/her opinion, examine, receive or transmit all documents, and review and resolve simultaneously with the other participants. In such a case, the meeting of the Committee shall be deemed to have been held at the place listed in the notice of the meeting. Article 3, Section 5, shall also apply.
3. The Committee shall be deemed to have been validly convened even absent the issuance of a formal notice, if all of its members are present.
4. The meeting's Agenda shall be set by the Chairman of the Committee, taking into account suggestions received from other members.
5. The notice of the meeting shall specify whether the parties listed in Article 3, Section 4, will be attending the meeting. In such a case, a copy of the notice of the meeting shall be sent to the parties invited each time.
6. A copy of the notice of the meeting shall be sent to the Chairman of the Board of Directors and the Chief Executive Officer.

Article 3 (Meetings)

1. Meetings shall be chaired by the Chairman or, if absent, by another member designated by the Committee.
2. The Committee shall be validly convened if all of the members or an absolute majority of them, i.e., at least three of members, are present, and the absent member consented to the meeting being held.
3. The Committee shall adopt resolutions by absolute majority of its members, i.e., at least three members.
4. Company employees and experts may be invited by the Committee from time to time to attend Committee meetings in a mere consultative capacity and, therefore, without the right to participate in the Committee's resolutions. The Chairman of the Board of Statutory Auditors or another Statutory Auditor may be invited to attend Committee meetings from time to time.
5. Resolutions shall be recorded in minutes signed by the Chairman and the Secretary, after being approved by all present Committee members.
6. The Chairman of the Board of Directors and the Chief Executive Officer are entitled to attend Committee meetings in a mere consultative capacity and, therefore, without the right to participate in the Committee's resolutions, it being understood that they may not be present when issues concerning their compensation are being discussed.

Article 4 (Tasks Assigned to the Committee)

1. Consistent with the guidelines of Borsa Italiana's Corporate Governance Code, the role of the Compensation Committee is to provide the Board of Directors with research and recommendations concerning the compensation of executive Directors and senior executives.
2. More specifically, the following functions have been assigned to the Compensation Committee:
 - i. Submit recommendations to the Board of Directors concerning the Company's general policy about the compensation 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 periodically assess its adequacy, overall consistency and correct implementation, also vis-à-vis the market.
 - ii. Consistent with the general policy referred to in Letter (I) above, submit recommendations to the Board of Directors 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 correlated with the short-term and medium/long-term variable component, for those Directors to whom this component applies. In the performance of this task, if committee composition requirements can be met, the Compensation Committee may act in the capacity as, and render the opinions required of, the Committee of Independent Directors referred to in the Procedure Governing Related-party Transactions approved by the Board of Directors on December 3, 2010.
 - iii. Monitor the implementation of the resolutions adopted regarding the compensation of the parties referred to in Letter (ii) above, as identified by the Board of Directors, specifically verifying that performance targets were in fact achieved and, consequently, submitting to the Board of Directors recommendations for determining the amount of the variable component based on the results achieved.
 - iv. Provide opinions and recommendations with regard to any stock option or stock award plans or other long-term incentive (LTI) plans;
 - v. Review proposals by the Chief Executive Officer concerning the compensation of the Chief Financial Officer and the Chief Operating Officer and the reference targets with which the variable annual compensation is correlated, providing the Chief Executive Officer with an opinion about such proposals.
 - vi. Evaluate the guidelines and criteria concerning management's compensation and render the corresponding opinion.

Article 5 (Recommendations and Information for the Board of Directors and the Shareholders' Meeting)

1. The Committee Chairman shall provide the Chairman of the Board of Directors and/or the Chief Executive Officer with recommendations about any items that should be included in the Agenda of meetings of the Board of Directors.
2. The Chairman of the Committee shall inform the Board of Directors, usually at the first meeting held after the adoption of specific resolutions, about assessments and opinions obtained concerning issues under its jurisdiction. The abovementioned information may be provided in the form of a recommendation to the Board of Directors.
3. The Committee shall inform the Shareholders' Meeting about the modalities by which it performs its functions.

4. MOTION

Dear Shareholders:

Starting with the current year, 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, March 2, 2012

The Board of Directors
by: Renato Ravanelli
Chairman

