



Report on the Proposal for
reappointment of
José D. Bogas Gálvez

en dGesa

Report drawn up by the Endesa, S.A. Board of Directors for the purposes set forth in Article 529 (10) of the Capital Corporations Law, as relates to the proposal for reappointment of José D. Bogas Gálvez as Executive Director of the Company

1. Purpose

In accordance with Article 529 (10) of the Capital Corporations Law (*Ley de Sociedades de Capital - LSC*), the Endesa, S.A. Board of Directors ("Endesa" or the "Company") has drafted this Explanatory Report to be submitted with the proposal for reappointment, Agenda Item 5, of José D. Bogas Gálvez as Executive Director of the Company.

This Report will assess the skills, experience and merits of the proposed candidate and will be attached to the minutes for the General Meeting and/or Board Meeting.

Article 529 (10) LSC:

The members of the Board of Directors of a listed company shall be appointed by the General Shareholders' Meeting or, in the event of an unexpected vacancy, by co-optation by the Board itself.

The appointments and compensation committee shall be responsible for the proposal for appointment or reappointment of the members of the board of directors, in the case of independent directors, and in all other cases, responsibility shall lie with the Board itself.

The proposal for appointment or reappointment shall in any case be accompanied by a justifying report of the board of directors assessing the skills, experience and merits of the proposed candidate. This report shall be attached to the meeting minutes for the general meeting or for the board itself.

The proposal for appointment or reappointment of any non-independent director shall also be preceded by a report from the appointments and compensation committee.

2. Introduction

Mr. Bogas was appointed as an Executive Director on 21 October 2014 for a term of four years. His mandate is set to expire in the current fiscal year (2018). This proposal for reappointment as Executive Director is made in accordance with the Capital Corporations Law, which provides that directors may be reappointed to office one or more times for terms of equal or less duration, and with Article 11 of Endesa's Board of Directors Regulations, which provides that directors shall hold office for a term of four years, after which time they may be reappointed for terms of equal duration.

3. Justification of the Proposal

The Board of Directors hereby submits this proposal for reappointment to the General Shareholders' Meeting, following a report from the Appointments and Compensation Committee, having analyzed the current composition and needs of the Board and having assessed the conditions and dedication required of directors to properly perform their duties, all in compliance with Endesa's Corporate Governance Policy and Director Selection Policy.

In particular, the Board of Directors has confirmed the conclusions and arguments of the Report submitted by the Appointments and Compensation Committee and, in such regard, has concluded that in light of said Report, reappointment of Mr. Bogas as a Executive Director is appropriate:

- **Board Size:** The current structure of Endesa's Board of Directors, in terms of number of members, complies with all recommendations under the corporate governance code for listed companies (the "**CBG**") and with best international practices. The Company considers that maintaining the current number of directors would be in its best interests.

Endesa's Board of Directors is comprised of 11 members. This number ensures the efficient and interactive operation thereof and complies with Recommendation 13 of the CBG, which recommends a minimum membership of five and a maximum of fifteen.

It should also be noted that this number falls within the customary practice of Ibex 35 companies, which have an average of 13.1 directors. The most common size is 11, 13 or 15 members; each such size is maintained by six companies.

The number of members on Endesa's Board is thus in light of the above considered appropriate at this time.

- **Board Structure:** In accordance with Recommendation 15 of the CBG, shareholder-appointed and independent directors constitute a broad majority of the Board of Directors and the number of executive directors is limited to the minimum necessary.

The percentage of shareholder-appointed directors in relation to the total number of non-executive directors, in accordance with Recommendation 16 of the CBG, does not exceed the proportion between the share capital of the Company represented by said directors and the remaining share capital.

Approval of the proposed reappointment would result in a continued representation of 36% by Shareholder-Appointed Directors and 45% by Independent Directors; this would result in similar weight being given to both categories of Directors, thus ensuring proper functioning of the governing body, as provided in Recommendation 17 of the CBG, and in accordance with international practices and proxy advisors recommendations, which specify that when the company has a shareholder that controls more than 30% of the share capital, the number of independent directors should represent at least a third of total directors.

The structure of Endesa's Board is thus in light of the above considered appropriate at this time.

- The internal corporate governance rules and Corporate Governance Policy of Endesa have been drawn up to, as a whole, balance the interests of the different shareholding groups, paying particular attention to minority shareholders, as well as to ensure the equal treatment of all shareholders in identical circumstances and, for such purpose, the number of Independent Directors is greater than the number of Shareholder-Appointed Directors appointed by the majority shareholder.
- Mr. Bogas is a renowned individual with the relevant professional expertise required to perform his duties on Endesa's Board and has shown significant commitment during his years as a Director, having made several positive contributions to the functioning of the Board. Mr. Bogas meets all applicable requirements under law

and as set forth in Endesa's corporate regulations on the reappointment of directors.

- Mr. Bogas' professional profile fits the needs of the Board, taking into account his extensive professional experience and long tenure with the Company, as well as his extensive management experience and his commitment and dedication to performance of his tasks and duties, as well as over twenty years in Endesa positions involving high responsibility, complexity and skill levels. He has extensive experience with and knowledge of the Company and its governing rules.
- His academic qualifications include graduation as an Industrial Engineer from ICAI.
- At Endesa, he has held the positions of General Manager of Spain and Portugal, General Manager of the Electricity Business, General Manager of Endesa, General Manager of Generation, and Director of Energy Control and Management.
- At present, and since his appointment in 2014, he has served as the Company's CEO, simultaneously serving as the Iberia Country Manager for the Enel Group and Director of Operador del Mercado Ibérico de Energía-Polo Español, S.A. (OMIP) and of the Iberian Gas Market (MIBGAS).

This information is supplemented by José D. Bogas Gálvez's CV, a copy of which is attached hereto.

4. Conclusion

As a result of the aforementioned and based on the prior favorable report issued for such purpose by the Appointments and Compensation Committee, Endesa's Board of Directors unanimously concluded that José D. Bogas Gálvez has the required skills, experience and merits for the purpose of submitting his reappointment as an Executive Director to the Company's Annual General Shareholders' Meeting, for the statutory period of four years.

5. Proposed resolution for submission to the General Shareholders' Meeting

Reappointment of José Damián Bogas Gálvez as Executive Director of the Company.

Reappoint José Damián Bogas Gálvez as Director of the Company, following a report from the Appointments and Compensation Committee, for the statutory term of four years.

In accordance with Article 529 (12) of the Capital Corporations Law, the Director is considered an Executive Director.

The report on this proposal together with a biographical sketch on Mr. Bogas is available to the shareholders on the Company's website.

JOSÉ D. BOGAS GÁLVEZ

Born in Madrid in 1955. Industrial Engineer from ICAI (1978).

Career Path

At ENDESA he has held the positions of General Manager of Spain and Portugal (2004–2014), General Manager of the Electricity Business (1998–2004), General Manager of ENDESA and General Manager of Generation (1997–1998), Director of Energy Control and Management (1988–1997), Adjunct Director of Energy Control and Management (1988), Head of the Commercial Relations Department (1984–1986) and Head of the Market Studies Section of the Planning Department (1982–1984). He was also Technical-Economic Advisor to the Directorate General of Energy at the Ministry of Industry (1986–1988) and, previously, he worked as a systems analyst at ERIA (1981–1982) and as a systems engineer in the Engineering Division at DIMETRONIC (1980–1981).

Current Position(s)

Chief Executive Officer of Endesa, S.A.
Iberia Country Manager for the ENEL Group

Other Boards of Directors

Chairman of Elcogas, S.A.
Director of Operador del Mercado Ibérico de Energía-Polo Español, S.A. (OMIP)
Director of Enel Iberia, S.R.L.
Director of MIBGAS, S.A. (Iberian Gas Market)

Participation in Energy Sector Associations and Organizations

Member of the Executive Board of UNESA
Honorary Vice Chairman of the Spanish Energy Club
Member of the Executive Board of the Spanish Energy Club
Member of the Spanish Committee of INSEAD
Member of the Board of Trustees of the Endesa Foundation
He was awarded the 16th "Javier Benjumea Award" in 2010 (ICAI)
Member of the APD (Association for Managerial Progress) Steering Committee