Enel Finance International N.V.

Annual Report 2012

Contents

Directors' report

General information

The Management of the Company hereby presents its financial statements for the financial year ended on 31 December 2012.

Enel Finance International N.V. ("the Company") is a public company with limited liability, where 100% of the shares are held by Enel S.p.A., the ultimate parent company, having its seat in Rome, Italy. The Company operates as a financing company for the Enel Group, raising funds through bond issuances, loans and other facilities and on turn lending the funds so raised to the companies belonging to the Enel Group.

Reference scenario

The global economy in 2012 was characterized by a significant slowdown compared with the trends recorded in 2011.
In key emerging economies, the economic activity in 2012, although positive, continued to slow, reflecting the negative impact of the economic situation in the mature countries and especially for the euro countries.
Despite a weak economy, international financial markets have shown signs of stabilization, mainly in the second half of the year 2012. Stock prices showed a general increase and sovereign risk premiums have declined, especially in the euro area countries which were more exposed to stress. Reducing tensions on government bonds has also helped to improve the financing conditions for businesses by reducing the risk premium required.
This risk remains mainly related to the outlook for global growth and the stabilization of the economies in Europe.
The main European stock indices ended 2012 in positive, except the Spanish index (Ibex35) that registered a decrease around 5% during the year.
In this context, the European utilities sector has gone against with a slight decrease in 2012 (the change in the Stoxx 600 Utilities, which includes major companies by market capitalization listed on several exchanges in Europe, ended 2012 with a decrease of -1%).
As at 31 December 2012, the shareholder Enel is made up of 31.2% by the Ministry of Economy and Finance, to 40.5% by institutional investors and 28.3% by individual investors.
For more information, please visit the Group website (www.enel.com) at Investor Relations link (http://www.enel.com/en-EN/investor/), which contains the main financial data, information on the composition of the governing bodies and the regulation of assemblies, as well as periodic updates on Group governance issues.

Significant events in 2012

Funding operations

Credit Facility Agreement (CFA)

On 10 April 2012 the Original Facility C of the CFA has been totally repaid for an amount of Euro 777 million.

In December 2012, following an internal agreement between the Company and Enel S.p.A., since the cash position inside Enel S.p.A. and its subsidiaries (Enel Group) was strongly and carefully assessed, it has been deemed opportune to proceed with a voluntary partial prepayment of the CFA; on 27 December 2012, following such management recommendation, an amount of Euro 528 million, under Facility C Increase, has been prepaid. The impact in income statement for the period is immaterial.

Bank loans

On 16 February 2012 the Board of Directors, according with the resolution of 14 November 2011, resolved the entering by the Company into the following financial agreements:

> 5 years Term Loan Facility Agreement of Euro 3.200 million with a pool of major international banks. Such Term Loan pays an interest based on Euribor plus a 250 bps fixed margin and an additional variable fee varying depending upon Enel S.p.A.'s pro tempore rating (0,875% per annum, as at 31 December 2012). As for the year 2012, the financial charge has been accounted as financial expense for an amount of Euro 100 million;

> 5 years Term Loan Facility Agreement of Euro 250 million with JP Morgan Chase Bank N.A.. Such Term Loan pays an interest based on Euribor plus a variable margin between 250 and 375 bps varying depending upon Enel S.p.A.'s pro tempore rating (337,5 bps, as at 31 December 2012). *As for the year 2012, the financial expense recorded amounts to Euro 8 million*;

> 5 years Term Loan Facility Agreement of Euro 100 million with Banco Bilbao Vizcaya Argentaria S.A.. Such Term Loan pays an interest based on Euribor plus a 230 bps fixed margin and an additional variable fee varying depending upon Enel S.p.A.'s pro tempore rating (0,875% per annum, as at 31 December 2012). As for the year 2012, the financial charge has been accounted as financial expense for an amount of Euro 3 million.

All the above term loans have been signed on 20 February 2012 and have been fully utilised with the following timing: 10 April 2012, as for the Euro 3.200 million Term Loan and the Euro 250 million Facility Agreement with JP Morgan Chase Bank N.A.; 11 May 2012, as for the Euro 100 million Facility Agreement with Banco Bilbao Vizcaya Argentaria S.A..

Global Medium Term Note Programme (GMTN) – 2012 Update, Increase and Note Issuances

On 24 May 2012, in order to profit from any possible market opportunity, the Company entered into an update of the Euro 30.000 million GMTN Programme, pursuant to which the Company and Enel S.p.A. (the Guarantor) may from time to time issue notes in bearer form and in order to get any possible market opportunities for new bonds issuance.

On 18 September 2012 the Company resolved (i) the revocation of its resolution dated 14 November 2011 for the still-to-be-executed part of approximately Euro 370 million and (ii) the issuance of notes or bonds to be performed by 31 December 2013 for an aggregate maximum principal amount of up to Euro 5.000 million.
On 19 December 2012 the Company resolved the increase of the aggregate nominal amount of the Programme from Euro 30.000 million to Euro 35.000 million.
In the overall context of the GMTN program and considering the resolutions above, during the current year the Company issued the following Notes and Bonds:

> January 2012: (i) a private placement of Zero Coupon Medium Term Notes in an aggregate principal amount of Euro 177 million with maturity in 2032 and a yield of 6,47% per annum. As for the year 2012, the financial charge has been accounted as financial expense for an amount equal to Euro 3 million.

> February 2012: (i) a private placement of Zero Coupon Bond in an aggregate principal amount of Euro 155 million with maturity in 2032 and a fixed interest rate of 5,80% per annum. The impact in income statement for the period is negative resulting in higher financial expenses for Euro 3 million;

(ii) a private placement of notes in an aggregate principal amount of Euro 50 million with maturity in 2027 and a fixed interest rate of 6,15% per annum. The impact in income statement for the period is negative resulting in higher financial expenses for Euro 3 million;

(iii) a private placement of European Inflation-Linked Notes in an aggregate principal amount of Euro 100 million with maturity in 2024 and bearing a yield linked to an inflation index. The impact in income statement for the period is negative resulting in higher financial expenses for Euro 4 million;

(iv) a private placement of Floating Rate Notes in an aggregate principal amount of Euro 50 million with maturity in 2022 and a yield linked to EUR CMS 10 Years plus 2,71% per annum. The impact in income statement for the period is negative resulting in higher financial expenses for Euro 2 million;

(v) a private placement of Floating Rate Notes in an aggregate principal amount of Euro 50 million with maturity in 2022 and a yield linked to EUR CMS 10 Years plus 2,69% per annum. The impact in income statement for the period is negative resulting in higher financial expenses for Euro 2 million;

(vi) a private placement of notes in an aggregate principal amount of Euro 50 million with maturity in 2022 and a fixed interest rate of 5,80% per annum. The impact in income statement for the period is negative resulting in higher financial expenses for Euro 3 million;

> September 2012: (i) a Bond issuance in an aggregate principal amount of Euro 1.000 million, with maturity in 2020 and a fixed Coupon of 4,875% per annum (all-in yield: 5,0698%). The impact in income statement for the period is negative resulting in higher financial expenses for Euro 15 million;

> October 2012: (i) a Bond issuance in an aggregate principal amount of Euro 1.000 million, with maturity in 2018 and a fixed Coupon of 3,625% per annum (all-in yield: 3,8059%). The impact in income statement for the period is negative resulting in higher financial expenses for Euro 8 million;

(ii) a Bond issuance in an aggregate principal amount of Euro 1.000 million, with maturity in 2023 and a fixed Coupon of 4,875% per annum (all-in yield: 5,0698%). The impact in income statement for the period is negative resulting in higher financial expenses for Euro 11 million;

(iii) a private placement of notes in an aggregate principal amount of CHF 350 million, with maturity in 2018 and a fixed Coupon of 2,75% per annum, hedged by a cross currency interest rate operation (all-in yield: 4,10%). The impact in income statement for the period is negative resulting in higher financial expenses for Euro 2 million;

(iv) a private placement of notes in an aggregate principal amount of CHF 130 million, with maturity in 2027 and a fixed Coupon of 4% per annum, hedged by a cross currency interest rate operation (all-in yield: 5,7978%). The impact in income statement for the period is negative resulting in higher financial expenses for Euro 1 million;

> November 2012: (i) a private placement of notes in an aggregate principal amount of Euro 50 million with maturity in 2022 and a floating yield linked to EUR CMS 10 Years plus 0,50% per annum, with a floor of 4,25% and a cap of 7%. The impact in income statement for the period is immaterial.

Lending Operations

In the framework of the adoption of the Enel Group financial model which envisages to entrust the Company the role of main financial entity of the Enel Group, acting as:

(i) funding company on the open market

(ii) lending company to vis-à-vis Enel S.p.A. and the other Group subsidiaries and, therefore,

(iii) preliminary cash concentration unit,

the Company, during the current year, has progressively increased and diversified the lending portfolio and, based on the resolutions of BOD, has entered into the following long term loans:

Millions of euro

Counterparty	Nominal amount	Currency	Rate of Interest	Start date	Maturity date
Enel Distribuzione S.p.A.	3.500	EUR	6,30%	20/04/2012	20/04/2022
Enel Produzione S.p.A.	2.000	EUR	5,25%	25/10/2012	23/10/2020
Enel Distribuzione S.p.A.	2.000	EUR	5,70%	26/10/2012	26/10/2022

As a further step in the adoption of the above mentioned Enel Group financial model, the Company has granted also the italian Group subsidiaries with a more diversified portfolio of short term financial instruments, such as revolving credit lines and time deposits, in order to better match the short term financial requirements deriving by the working capital.

In this frame, the Company has entered into the following short term financial operations:

Millions of euro

Borrower	Financial relationship	Commitment amount	Currency	Rate of Interest	Spread until 30 Dec. 2012	Commitment fee until 30 Dec. 2012	Start date	Maturity date
Enel Investment Holding B.V.	Revolving credit	300	EUR	Euribor	1,40%	1/3 of spread	9 Nov. 2012	31 Dec. 2013
Enel Produzione S.p.A.	Revolving credit	1.000	EUR	Euribor	1,10%	1/3 of spread	9 Nov. 2012	31 Dec. 2013
Enel S.p.A.	Short-term deposit agreement	N/A	EUR	Euribor	0,50%	N/A	9 Nov. 2012	31 Dec. 2013

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Overview of the Company's performance and financial position

Analysis of the Company financial position

Millions of euro

	31 Dec. 2012	31 Dec. 2011	Change
Net non-current assets/(liabilities):			
Other non-current financial assets	387	864	(477)
Other non-current financial liabilities	(393)	(226)	(167)
Total	**(6)**	**638**	**(644)**
Net current assets/(liabilities):			
Net Tax Balance	(1)	(17)	16
Other Current financial assets	255	226	29
Other Current financial liabilities	(470)	(335)	(135)
Other Current liabilities	(2)	(1)	(1)
Total	**(218)**	**(127)**	**(91)**
Gross capital employed	**(221)**	**511**	**(732)**
Provisions	**0**	**0**	**0**
Net Capital Employed	**(221)**	**511**	**(732)**
Total Shareholders' Equity	**1.048**	**1.471**	**(423)**
Net Financial Debt	**(1.269)**	**(960)**	**(309)**

The net non-current assets/(liabilities), as at 31 December 2012, dropped by Euro 644 million compared to 31 December 2011. The variation refers essentially to the decrease of non-current derivative asset (Euro 477 million) and to the increase of non-current derivative liabilities (Euro 167 million).

Net current assets/(liabilities) came to a negative Euro 218 million with a decrease of Euro 91 million compared to 31 December 2011. The variation comes from the combined effect of the following factors: (i) rise of accrued interest charges related to funding activity (Euro 133 million); (ii) increase of current assets Cash flow hedge derivatives fair value (Euro 38 million).

Net capital employed came to a negative Euro 221 million at 31 December 2012, down Euro 732 million compared to the same period of 2011. The variation is due to the decrease of shareholders' equity (Euro 423 million) and to the reduction of the Net Financial Debt (Euro 309 million). The debt-to-equity ratio at 31 December 2012 came to a negative 121% (negative 65% as of 31 December 2011).

Net financial debt

Millions of euro

	31 Dec. 2012	31 Dec. 2011	Change
Long-term debt:			
- bank loans	3.728	1.733	1.995
- bonds	20.635	17.668	2.967
- debt assumed and loans from Group companies	296	296	1
Long-term debt	*24.659*	*19.696*	*4.963*
- loans to Group companies	(27.961)	(22.775)	(5.186)
Net long-term debt	**(3.302)**	**(3.078)**	**(224)**
Short-term debt/(liquidity):			
- short-term portion of bonds	758	0	758
- short-term portion of long-term bank debt	0	777	(777)
- other short-term bank debt	2	0	2
Short-term bank debt	*760*	*777*	*(17)*
- short-term loans from Group companies	1.720	1.338	382
- commercial paper	2.556	2.016	540
Other short-term loans	*4.276*	*3.354*	*922*
- short-term financial receivables due from Group companies	(2.893)	(987)	(1.906)
- intercompany current account - Enel S.p.A.	(100)	(21)	(79)
- cash and cash equivalents	(10)	(1.005)	995
Cash and cash equivalents and short-term financial receivables	*(3.003)*	*(2.013)*	*(990)*
Net short-term debt/(liquidity)	**2.033**	**2.118**	**(85)**
NET FINANCIAL DEBT	**(1.269)**	**(960)**	**(309)**

Net financial debt amounting to negative Euro 1.269 million at 31 December 2012 showed a significant decrease (Euro 309 million) compared with the corresponding period of last year.

Net long-term debt stood at negative Euro 3.302 million, up Euro 224 million mainly as a result of the new long-term loans granted to Enel Group companies (Euro 5.186 million) partially compensated by higher bonds (Euro 2.967 million) issued during 2012 and new bank loans (Euro 1.995 million).

Net short-term debt decreased by Euro 84 million to Euro 2.034 million with the change principally referring to:

(i) the increase of the short-term financial receivables due from Group companies (Euro 1.906 million);

(ii) the increased intercompany current account with Enel S.p.A. (Euro 79 million);

partially offset by:

(i) the rise of short-term loans from Group companies (Euro 382 million) mainly due to the growth of the intercompany current accounts from Enel Green Power International BV (Euro 328 million);

(ii) the increase of the Commercial Paper issued (Euro 540 million);

(iii) the reduction of cash and cash equivalents (Euro 990 million) due to the transfer of the whole amount in the short-term deposit agreement with Enel S.p.A.

Main Risks and uncertainties

Credit risk

Credit Risk is the risk that the Company will suffer from losses when a counterparty defaults on meeting its obligations on a trade or financial transaction. In compliance with counterparty credit risk policy defined at Enel Group level, the Company operates almost entirely in its lending activity with other entities belonging to the Enel Group and therefore the level of credit risk is deemed negligible by the Company. There are few and not significant transactions entered into and by market counterparties with high credit standards as regards financial derivatives intended to hedge currency risks on commercial paper issued by the Company.

Liquidity risk

Liquidity Risk is the risk that the Company will become unable to settle obligations with immediacy, or will be able to meet them only at uneconomic conditions. Enel Finance International N.V. together with its shareholder Enel S.p.A. is responsible for the centralized Enel Group Treasury function, meeting liquidity requirements primarily through cash flows generated by ordinary operations and drawing on a range of sources of financing. In addition, it manages any excess liquidity as appropriate.

Exchange rate and interest rate risk

The Company is exposed to exchange rate risk associated with cash flows in respect of investments or other items in foreign currencies and debt denominated in currencies other than the functional currency of the Company. During the year, management of exchange rate risk was pursued through compliance with Enel Group's risk management policies, which call for hedging of significant exposures, encountering no difficulties in accessing the derivatives market. Interest rate risk management is aimed at balancing the structure of the debt, reducing the amount of debt exposed to interest rate fluctuations and minimizing borrowing costs over time, limiting the volatility of results. The main source of the exposure to this category of risk for the Group is floating-rate debt. In order to obtain a balanced structure for the debt, Enel Finance International N.V. manages the risk by reducing the amount of debt exposed to interest rate fluctuations, curbing borrowing costs over time and limiting the volatility of results.

Related Parties

The main activity of Enel Finance International N.V. is to operate as financing company of the Enel Group, raising funds through bonds issuance, loans and other facilities and on turn lending the funds so raised to the companies belonging to Enel Group; all the transactions are part of the ordinary operations of the Company and are settled on the basis of Standard intra-Group contract market prices.

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Outlook

The Company should evolve normally during 2013, with the aim to maintain the same funding and lending activities currently ongoing, keeping on supporting Enel Group in its developing and consolidation process.

Subsequent events

Funding operations

Revolving Facility Agreement

On 7 February 2013 the Board of Directors of the Company, following the resolution of Enel's board of directors dated 17 January 2013 and in order to maintain also for the next years a liquidity position compliant with the market assessments, resolved to refinance the Euro 10.000 million Revolving Credit Facility and to extend up to April 2018 the original expiry date.

Following those resolutions, on 8 February 2013 the Company as Original Borrower and Enel S.p.A. as Original Borrower and Guarantor have signed a "forward starting" Revolving Facility Agreement with Mediobanca – Banca di Credito Finanziario S.p.A. and a pool of banks leaded by Mediobanca for the amount of Euro 9.440 million that will be replacing the Euro 10.000 million Revolving Credit Facility set to expire in April 2015, starting from the latter expiry date and up to April 2018.

Such revolving credit line is "forward starting", meaning that it may be used starting from the expiry date of the abovementioned Euro 10.000 million Revolving Credit Facility or from a previous date, concurrently with the possible early cancellation of the latter.

Global Medium Term Note Programme (GMTN) – Note Issuances

The only note issued by the Company, under the GMTN Programme, as from 1 January 2013 is the following:

> February 2013: a private placement of Floating Rate Notes in an aggregate principal amount of Euro 100 million, with maturity in 2023. It bears:

  > a fixed interest rate of 5% per annum from the issuance date until February 2015;

  > a floating rate linked to EUR CMS 10 Years plus 1,50% per annum capped at 7% per annum as from February 2015 up to the maturity date.

  The expected impact in income statement for 2013 may be assumed negative for Euro 4 million as financial charge.

> March 2013: a private placement of Floating Rate Notes in an aggregate principal amount of Euro 50 million, with maturity in 2023. It bears a floating rate linked to Italian inflation rate (FOI) plus 2,0% per annum.

  The expected impact in income statement for 2013 may be assumed negative for Euro 2 million as financial charge.

> April 2013: a private placement of Floating Rate Notes in an aggregate principal amount of Euro 50 million, with maturity in 2025. It bears a floating rate linked to EUR CMS 10 Years plus 1,95% per annum.
>
> The expected impact in income statement for 2013 may be assumed negative for Euro 2 million as financial charge.

Personnel

As at 31 December 2012 the Company employs seven people.

Statement of the Board of Directors

Statement ex Article 5:25c Paragraph 2 sub c Financial Markets Supervision Act ("Wet op net Financieel Toezicht").

To our knowledge,

- the financial statements give a true and fair view of the assets, liabilities, financial position and result of Enel Finance International N.V.;
- the Director's Report gives a true and fair view of the Company's position as per 31 December 2012 and the developments during the financial year 2012;
- the Director's Report describes the principal risks the Company is facing.

This annual report is prepared according to International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and it is externally fully audited by Ernst & Young Accountants LLP. Furthermore this annual report complies with the EU Transparency Directive enacted in the Netherlands in 2008 and subsequently came into force as from 1 January 2009. The Company's main obligations under the aforementioned Transparency Directive can be summarized as follows:

- filing its approved annual financial statements electronically with the AFM (Autoriteit Financiele Markten) in the Netherlands within five days after their approval;
- making its annual financial report generally available to the public by posting it on Enel S.p.A. official website within 4 months after the end of the 2012 fiscal year (by 30 April 2013);
- making its annual financial report generally available to the public by issuing an information notice on a financial newspaper or on a financial system at European level within 4 months after the end of the 2012 fiscal year (by 30 April 2013).

Amsterdam, 19 April 2013

A.J.M. Nieuwenhuizen
F. Mauritz
H. Marseille
E. Di Giacomo
C. Palasciano Villamagna
A. Canta

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Enel

Enel Finance International N.V.

Separate financial statements 2012

Prepared in accordance with the
International Financial Reporting Standards
as adopted by the European Union

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Statement of comprehensive income

Millions of euro	Note	2012	2011
Other revenues and income		0	0
Services	1	(3)	(3)
Personnel	1	(1)	(1)
Result from operating activities		**(4)**	**(4)**
Financial income	2	1.640	1.542
Financial expense	2	(1.549)	(1.423)
	Total	**91**	**119**
Profit before income taxes		**87**	**115**
Income tax expense	3	14	16
Net income for the period attributable to Equity Owners of the Company'		**73**	**99**
Other components of comprehensive income:			
- Effective portion of change in the fair value of cash flow hedges	5.c	*(496)*	*191*
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY		**(423)**	**290**

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Statement of financial position

Millions of euro ASSETS	Note	31 Dec 2012	31 Dec 2011
Non-current assets			
Non-current financial assets	4.a	28.348	23.639
	Total	**28.348**	**23.639**
Current assets			
Current financial assets	4.b	3.248	1.234
Income tax receivable	4.c	1	0
Cash and cash equivalents	4.d	10	1.005
	Total	**3.259**	**2.239**
TOTAL ASSETS		**31.607**	**25.878**

Millions of euro LIABILITIES AND SHAREHOLDERS' EQUITY		31 Dec 2012	31 Dec 2011
Share capital	5.a	1.479	1.479
Share premium reserve	5.b	43	43
Cash flow hedge reserve	5.c	(646)	(150)
Retained earnings		99	0
Net income for the period		73	99
Equity attributable to Equity owners of the Company		**1.048**	**1.471**
TOTAL EQUITY		**1.048**	**1.471**
Non-current liabilities			
Long-term loans and borrowings	5.d	24.659	19.696
Other non-current financial liabilities	5.e	393	226
	Total	**25.052**	**19.922**
Current liabilities			
Short-term loans and borrowings	5.g	4.278	3.354
Current portion of long-term loans	5.d	758	777
Income tax payable		0	17
Other current financial liabilities	5.h	470	336
Other current liabilities		1	1
	Total	**5.507**	**4.485**
TOTAL EQUITY AND LIABILITIES		**31.607**	**25.878**

Statement of changes in equity

Millions of euro	Share capital	Share premium reserve	Other legal reserve	Other reserves	Retained earnings	Cash flow hedge reserve	Net income for the period	Equity attributable to the shareholders
31 Dec 2010	**1.479**	**43**	**-**	**-**	**-**	**(341)**	**78**	**1.259**
Allocation of net income from the previous year	-	-	-	-	78	-	(78)	-
Dividends Payment	-	-	-	-	(78)	-	-	(78)
Net change in fair value of cash flow hedge reserve	-	-	-	-	-	191	-	191
Income/(loss) recognized in other comprehensive income	-	-	-	-	-	*191*	-	*191*
Net income for period	-	-	-	-	-	-	*99*	*99*
31 Dec 2011	**1.479**	**43**	**-**	**-**	**-**	**(150)**	**99**	**1.471**
Allocation of net income from the previous year	-	-	-	-	99	-	(99)	-
Net change in fair value of cash flow hedge reserve	-	-	-	-	-	(496)	-	(496)
Income/(loss) recognized in other comprehensive income	-	-	-	-	-	*(496)*	-	*(496)*
Net income for period	-	-	-	-	-	-	*73*	*73*
31 Dec 2012	**1.479**	**43**	**-**	**-**	**99**	**(646)**	**73**	**1.048**

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Statement of cash flows

Millions of euro	Note	2012	2011
Income for the period		**73**	**99**
Adjustments for:			
Financial (income)	*2*	(1.640)	(1.542)
Financial expense	*2*	1.549	1.423
Income taxes	*3*	14	16
(Gains)/Losses and other non-monetary items		0	1
Cash flow from operating activities before changes in net current assets		*(4)*	*(3)*
(Increase)/Decrease in financial and non-financial assets/liabilities		9	0
Interest income and other financial income collected		1.544	1.118
Interest expense and other financial expense paid		(1.310)	(1.017)
Income taxes paid		(33)	(26)
Cash flows from operating activities (a)		**206**	**72**
New loans granted to Enel S.p.A. and affiliates	*4.a/b*	(10.825)	(1.658)
Repayments and other movements from Enel S.p.A. and affiliates	*4.b*	3.730	234
Cash flows from investing/disinvesting activities (b)		**(7.095)**	**(1.424)**
Financial debt (new borrowings)	*5.d/g*	8.415	7.104
Financial debt (repayments and other changes)		(2.442)	(4.564)
Dividends paid to Enel S.p.A.		0	(78)
Cash flows from financing activities (c)		**5.973**	**2.463**
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**(916)**	**1.111**
Cash and cash equivalents at the beginning of the year		**1.026**	**(85)**
Cash and cash equivalents at the end of the year		**110**	**1.026**
current account with banks		*10*	*1.005*
current account with Enel S.p.A.		*100*	*21*

Financial statements for the year ended 31 December 2012

Form and content of the financial statement

General, relationship with Parent Company and principal activities

Enel Finance International N.V. ("the Company") was incorporated (with the denomination of Enel Trading Rus B.V.) as a limited liability company under the laws of the Netherlands on 26 September 2008. The Company is registered with the trade register of the Dutch chamber of commerce under number 34313428 with business address at Herengracht 471, 1017 BS Amsterdam, the Netherlands. The Company is established for an indefinite duration.

The Company is a public company with limited liability, where 100% of the shares are held by Enel S.p.A., the ultimate parent company, having its seat in Rome, Italy.

Company's financial statements are included into the consolidated financial statements of Enel S.p.A., which can be obtained from the investor relations section of Enel S.p.A. official website (http://www.enel.com).

Principal activities

The Company operates as a financing company for the Group, raising funds through bond issuances, loans and other facilities and on turn lending the funds so raised to the companies belonging to the Enel Group. The Company is also part of the centralising financial process and acts as the primary reference for the management of financial needs or liquidity generated by the Enel Group companies.

The Company acts solely as a financing company for Enel Group and therefore is not engaged in market competition in the energy sector with third parties.

Corporate purpose

Pursuant to the articles of association dated 1 December 2010, the object of the Company includes: (i) issuing, purchasing and selling bonds and other securities, (ii) acquiring, holding and selling participations in other companies and businesses, (iii) financing such other companies and businesses, borrowing and lending funds, guaranteeing and providing security for third parties (including its group companies), (iv) acquiring, holding and disposing of real property, (v) providing management and administrative services to other companies and businesses, (vi) acquiring, disposing of, holding, licensing and administering patents, trade names, licenses, know-how and other intellectual property rights, and (vii) doing anything that is connected with the above.

The Company is managed by a management board composed of six members, appointed by the general meeting of shareholders, which may dismiss them at any time. The management board has the power to perform all acts of administration and disposition in compliance with the corporate objects of the Company.

The joint signatures of any two members of the management board or the single signature of any person to whom such signatory shall have been appointed by the management board may bind the Company.

Independent auditor

The independent auditor of the Company is Ernst & Young Accountants LLP. The Company does not have a separate audit committee, but reference is made to the Audit Committee of Enel S.p.A.

Employees

As at the date hereof, the Company employs seven people.

Going Concern

Enel S.p.A. has provided financial support to the Company should it not be able to meet its obligations. This intent has been formally confirmed by Enel S.p.A. in a support letter issued on 4 March 2013. Based upon this comfort letter received by the parent company, Company's management has prepared the financial statements on the basis of a positive going concern assumption.

Solvency

Given the objectives of the company, the Company is strictly economically interrelated with Enel S.p.A.. In assessing the solvency as well as the general risk profile of the Company, the solvency of the Enel Group as a whole, headed by Enel S.p.A. should be considered.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by European Union (IFRS-EU) and with the statutory provisions of the Netherlands Civil Code, Book 2, Title 9.

The financial statements were approved by the Board of Directors and authorized for issue effective on 19 April 2013.

Significant accounting policies and measurement criteria

Basis of presentation

The financial statements consist of the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and the related notes.

The financial statements have been prepared on the historical costs basis except for the following material items:

> Derivative financial instruments, valued at fair value;

> Loans and receivable and financial liabilities recognized at amortized cost.

The assets and liabilities reported in the financial position are classified on a "current/non-current basis". Current assets, which include cash and cash equivalents, are assets that are intended to be used during the normal operating cycle of the Company or in the twelve months following the balance-sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the twelve months following the close of the financial year. The income statement is classified on the basis of the nature of expenses, while the indirect method is used for the cash flow statement.

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Functional and presentation currency

The financial statements are presented in euro, the functional currency of Enel Finance International N.V.. All figures are shown in millions of euro unless stated otherwise.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Use of estimates

Preparing the financial statements under IFRS-EU requires the use of estimates and assumptions that affect the carrying amount of assets and liabilities and the related information on the items involved, as well as the disclosure required for contingent assets and liabilities at the balance sheet date. The estimates and the related assumptions are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects

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of any changes are reflected in the income statement if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the period in which the revision is made and in the related future periods. Estimates were used only with regard to the valuation of financial instruments. These estimates and assumptions are discussed in the note on the accounting policies adopted.

Related parties

Definition

Related parties are mainly parties that have the same Parent Company (Enel S.p.A.), companies that directly or indirectly, through one or more intermediaries' control, are controlled or are subject to the joint control of Enel S.p.A., and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include the managers with strategic responsibilities, and their close relatives, of Enel S.p.A. and of the companies over which it exercises direct, indirect, or joint control and over which it exercises a significant influence. Managers with strategic responsibilities are those persons who have the power and direct or indirect responsibility for planning, managing and controlling of the activities of the Company. They include company directors.

Transaction with related parties

The Company is subject to transactions with related parties, and adopted the policy defined by the Parent Company Enel S.p.A..

According to this policy, the Board of Directors of Enel S.p.A. adopted regulations that establish the procedures for approving and carrying out transactions undertaken by Enel S.p.A. or its subsidiaries with related parties, in order to ensure the transparency and correctness, both substantial and procedural, of the transactions. According to these regulations, the Internal Control Committee of Enel S.p.A. is entrusted with the prior examination of the transactions with related parties, with the exception of those that present a low level of risk for Enel S.p.A. and the Enel Group.

After the Internal Control Committee has completed its examination, the Board of Directors gives its prior approval (if the transactions regard the Enel S.p.A.) or prior evaluation (if the transactions regard Group companies) of the most significant transactions with related parties, by which is meant (i) atypical or unusual transactions; (ii) transactions with a value exceeding Euro 25 million (with the exception of the previously mentioned ones that present a low level of risk for Enel S.p.A. and the Group); and (iii) other transactions that the Internal Control Committee thinks should be examined by the Board of Directors.

Translation of foreign currencies

Transactions in currencies other than the functional currency are recognized in these financial statements at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency other than the functional currency are later adjusted using the balance sheet exchange rate.

Non-monetary assets and liabilities in foreign currency stated at historic cost are translated using the exchange rate prevailing on the date of initial recognition of the transaction. Non-monetary assets and liabilities in foreign currency stated at fair value are translated using the exchange rate prevailing on the date when that value was determined.

Any exchange rate differences are recognized through the income statement.

Financial instruments

Loans and receivables

This category includes non-derivative financial and trade receivables, including debt securities, with fixed or determinable payments that are not quoted on an active market that the entity does not originally intend to sell. Such assets are initially recognized at fair value, adjusted for any transaction costs, and subsequently measured at amortized cost using the effective interest method, net of any impairment losses. Such impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate.

Trade receivables falling due in line with generally accepted trade terms are not discounted.

Cash and cash equivalents

This category is used to record cash and cash equivalents that are available on demand or at very short term, clear successfully and do not incur collection costs.

Financial liabilities

Financial liabilities other than derivatives are recognized at the settlement date when the company becomes a party to the contractual clauses representing the instrument and are initially measured at fair value, less directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Derivatives are recognized at fair value and are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge (assessed periodically) meets the thresholds envisaged under IAS 39.

The manner in which the result of measurement at fair value is recognized depends on the type of hedge accounting adopted.

When the derivatives are used to hedge the risk of changes in the fair value of hedged assets or liabilities, any changes in the fair value of the hedging instrument are taken to profit or loss. The adjustments in the fair values of the hedged assets or liabilities are also taken to profit or loss.

When derivatives are used to hedge the risk of changes in the cash flows generated by the hedged items (cash flow hedges), changes in fair value are initially recognized in equity, in the amount qualifying as effective, and subsequently released to profit or loss in line with the gains and losses on the hedged item. The ineffective portion of the fair value of the hedging instrument is taken to profit or loss.

Changes in the fair value of trading derivatives and those that no longer qualify for hedge accounting under IAS 39 are recognized in profit or loss. Derivative financial instruments are recognized at the trade date. Financial and non-financial contracts (that are not already measured at fair value) are analyzed to identify any embedded derivatives, which must be separated and measured at fair value. This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows.

Fair value is determined using the official prices for instruments traded on regulated markets. For instruments not traded on regulated markets fair value is determined on the basis of the present value of expected cash flows using the market yield curve at the reporting date and translating amounts in currencies other than the euro at end-year exchange rates.

Derecognition of financial assets and liabilities
Financial assets are derecognized when the rights to receive the cash flows associated with the instrument expire or the company has transferred substantially all the risks and rewards associated with ownership or control of the instrument.
Financial liabilities are derecognized when they are extinguished or the company transfers all the risks and benefits associated with the instrument.

Fair value hierarchy pursuant to IFRS 7
Assets and liabilities measured at fair value are classified in a three-level hierarchy as described below, in consideration of the inputs used to determine such fair value.
In particular:

> Level 1 includes financial assets or liabilities measured at fair value on the basis of quoted prices in active markets for such instruments (unadjusted);
> Level 2 includes financial assets/liabilities measured at fair value on the basis of inputs other than those included in Level 1 that are observable either directly or indirectly on the market;
> Level 3 includes financial assets/liabilities whose fair value was calculated using inputs not based on observable market data.

Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Financial income and expense
Financial income and expense is recognized on an accruals basis in line with interest accrued on the net carrying amount of the related financial assets and liabilities using the effective interest rate

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method. They include the changes in the fair value of financial instruments recognized at fair value through profit or loss and changes in the fair value of derivatives connected with financial transactions.

Dividends

Dividends and interim dividends payable to the Company's sole shareholder are recognized as changes in equity at the date they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

Income taxes

Income tax expense comprises current and deferred tax.

Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding values recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are in force or substantively in force at the balance sheet date.

Deferred tax assets are recognized when recovery is probable, i.e. when an entity expects to have sufficient future taxable income to recover the asset.

The recoverability of deferred tax assets is reviewed at each year-end. Taxes in respect of components recognized directly in equity are taken directly to equity.

Recently issued accounting standards

First-time adoption and applicable standards

In addition to the accounting standards adopted in the preparation of the financial statements at 31 December 2011, the following international accounting standards and interpretations took effect as from 1 January 2012:

> "Amendments to IFRS 7 – *Financial Instruments: Disclosure*": this change introduced new disclosure requirements to help users of financial statements to assess risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. In particular, the amended standard requires a specific disclosure, to be included in a single note to the financial statements, referring to all transferred financial assets that are not derecognized and for any continuing involvement in a transferred asset at the reporting date. The retrospective application of the amendment did not impact the Company.

Standards not yet adopted and not yet applicable

During financial year 2012, the European Commission approved the following amendment, which is expected to apply to the Company from 1 January 2013:

> "Amendment to IAS 1 – *Presentation of items of other comprehensive income*", issued in June 2011, provides that the profit and loss statement and the aspects of "Other Comprehensive Income (OCI)" must be presented in two separate sections. Furthermore, the amended standard provides that the elements of OCI should be separated between those elements that will be reclassified ("recycled") to profit and loss and those that will never be reclassified to profit and loss. The amendment will apply retroactively, subject to approval, from the financial years beginning 1 January 2013 onwards. The future application of the new provisions is not expected to have any significant impact.

> "IAS 19 – *Employee Benefits*", issued in June 2011, replaces the current version of IAS 19, the reference accounting standard for employee benefits. The most significant change to the standard relates to the obligation to recognize all actuarial gains and losses in OCI, thereby eliminating the so-called 'corridor approach'. The amended principle also introduces more stringent rules for the presentation of figures in the financial statements, separating costs into three components. The amended standard also eliminates the expected return on plan assets, disallows deferred recognition of past service cost, enhances the disclosure to be presented in the financial statements and introduces more detailed rules on the recognition of termination benefit. The new standard will apply retroactively, subject to approval, from the financial years beginning 1 January 2013 onwards. The Company is assessing the impact of the future application of the new provisions; however, it is believed that such impacts arise mainly from the change in the accounting policy of past service cost and actuarial gains/losses the recognition of which, as mentioned above, cannot be deferred.

> "IFRS 13 – Fair value measurement", issued in May 2011; it represents a broad framework to refer to whenever other accounting standards require or allow the application of the fair value system. The standard provides a guide on how to determine fair value, while also introducing specific disclosure requirements. The new standard is expected to be applicable from the financial years beginning 1 January 2013 onwards. The future application of the new provisions is not expected to have any significant impact.

> "Amendments to IFRS 7 – *Offsetting Financial Assets and Financial Liabilities*", issued in December 2011, in parallel with the amendments to IAS 32, requires expanded disclosure on set-off of financial assets and liabilities. The purpose of this is to allow users of financial statements to assess the effects and potential effects of the netting contracts on the financial position of the entity, including rights of off-set associated with assets or liabilities recognized in the financial statements. The amendment will apply retroactively from the financial years beginning 1 January 2013 inwards. The future application of the new provisions is not expected to have any significant impact.

> "Amendments to IAS 32 – *Offsetting Financial Assets and Financial Liabilities*", issued in December 2011. Whereas "*IAS 32 – Financial Instruments*" provides that financial assets and liabilities shall be offset and the relevant net amount reported in the balance sheet when, and only when, the entity:

a) currently has a legally-enforceable right to set-off the amounts recognized in the accounts; and

b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The amendment to IAS 32 clarifies the necessary conditions for satisfying these two requirements. In relation to the first requirement, the amendment expands the explanation of the cases in which an entity "currently has a legally-enforceable right to set-off". In relation to the second requirement, the amendment clarifies that if the entity realizes financial assets and liabilities separately for the purposes of set-off, the credit or liquidity risk will be insignificant and hence explains the features that the gross settlement system must have. The amendment will apply retroactively from the financial years beginning 1 January 2014 onwards. The Company is assessing the impact of the future application of the new provisions.

During the years 2009-2012 the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have published new standards and interpretations that, as of 31 December 2012, have not yet been approved by the European Commission. Descriptions of the new standards and interpretations that may have an impact on the Company's financial statements are set out below:

> "IFRS 9 – *Financial Instruments*", issued in November 2009 and revised in October 2010, is the first of the three stages of the plan to replace IAS 39. The new standard sets out the criteria for classifying financial assets and liabilities. Financial assets must be classified on the basis of the entity's "business model" and the characteristics of the related contractual cash flows. In terms of valuation criteria, the new standard provides that financial assets and liabilities ought initially to be valued at fair value, including any transaction costs which are directly associated with their receipt or issue. Thereafter, financial assets and liabilities can be valued at fair value or amortized cost, without prejudice to exercising the so-called 'fair value option'. In relation to valuation criteria for investments in equities not held for trading purposes, it is possible to opt irrevocably to present variations in fair value among Other Comprehensive Income; the related dividends must, in any case, be allocated to profit and loss. The new standard, which was amended in terms of the date of first adoption in December 2011, will apply – subject to approval – from the financial year beginning 1 January 2015. The Company is assessing the impact of the future application of the new provisions.

> "Amendments to IFRS 9 and IFRS 7 - *Mandatory effective date and transition disclosure*", issued in December 2011, modifies "IFRS 9 – Financial Instruments", deferring the date of mandatory first adoption from 1 January 2013 to 1 January 2015 and setting out new rules on the transition from the application of IAS 39 to the application of IFRS 9. It also amends IFRS 7 Financial Instruments: Disclosures, introducing a new comparative disclosure, which may be mandatory or optional depending on the transition date to IFRS 9.

Specifically, the amendments in question provide that entities that are applying IFRS 9 to their financial statements for the first time continue to have the option of not providing the restatement of the prior financial years. More precisely: entities that adopted IFRS 9 before 1 January 2012 do not have restatement obligations or additional disclosure obligations beyond those already provided for following the amendments made to IFRS 7 by the introduction of IFRS 9; entities that adopt IFRS 9 between 1 January 2012 and 31 December 2012 may choose whether to provide the restatement of previous financial years or to provide the additional comparative disclosure in accordance with the changes made to IFRS 7; entities that adopt IFRS 9 between 1 January 2013 and 1 January 2015 are required to provide the additional comparative disclosure in accordance with the changes to IFRS 7, regardless of the decision made on the restatement, which is optional and not mandatory.

The amendments will be applicable, subject to approval, from the financial years beginning 1 January 2015 onwards. The Company is assessing the impact of the future application of the new provisions.

> "Amendments to IFRS 10, IFRS 11 and IFRS 12 - *Transition Guidance*", issued in June 2012. The amendment aims to clarify some aspects of the early application of IFRS 10, IFRS 11 and IFRS 12. In particular, the IFRS 10 has been amended to clarify that the date of initial application of the standard must be the beginning of the year in which the same is applied for the first time (i.e. 1 January 2013); was, furthermore, limited the comparative information to be provided in the first year of application. IFRS 11 and IFRS 12 were amended in a similar way, limiting the effects, both in terms of the correction of budgetary data that disclosure, arising from the first application of IFRS 11.
The changes will apply retroactively, subject to endorsement, for accounting periods beginning on 1 January 2013. It should be noted however, that the European Commission is considering whether to delay the first application at 1 January 2014. The Company is assessing the future impact of the application of the new provisions.

Annual improvements to IFRSs 2009-2011 Cycle", issued in May 2012; it contains formal amendments and clarifications to existing standards. The amendments will apply retrospectively, subject to approval, to annual periods beginning on or after 1 January 2013. The Group is assessing the impact of the future application of the new provisions. Descriptions of the new standards and interpretations are set out below:

- IFRS 1 – *First-time Adoption of International Financial Reporting Standards*; the amendment clarifies that an entity that has stopped applying IFRS may choose to either re-apply IFRS 1, even if the entity applied IFRS 1 in a previous reporting period, or apply IFRS retrospectively in accordance with IAS 8 in order to resume reporting under IFRS. Furthermore, the amendment clarifies that, upon adoption of IFRS, an entity that capitalised borrowing costs in accordance with its previous GAAP, may carry forward, without adjustment, the amount previously capitalised in its opening statement of financial position at the date of transition. Once an entity adopts IFRS, borrowing costs

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are recognized in accordance with IAS 23, including those incurred on qualifying assets under construction.

- IAS 1 – *Presentation of Financial Statements;* the amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information.
- IAS 16 – *Property, Plant and Equipment;* the amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.
- IAS 32 – *Financial Instruments: Presentation;* the amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity shareholders.
- IAS 34 – *Interim Financial Reporting;* the amendment clarifies that total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

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Risk management

Market risk

As a part of its operations, Enel Finance International N.V. is exposed to a variety of market risks, notably the risk of changes in interest rates and exchange rates.

Enel Finance International N.V., acting as a financial intermediary, provides the necessary resources to Enel Group companies with the funding activity performed in the international capital markets.

In order to hedge these exposures, the Company employs financial derivative instruments such as interest rate swaps, currency forwards and cross currency interest rate swaps that are negotiated both with Enel S.p.A. and on the market.

The fair value of a financial derivative is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts.

The fair value of listed instruments is the market price as of 31 December 2012. The fair value of over the counter (OTC) instruments is calculated with standard pricing models for each instrument typology. The expected future cash flows are discounted with market interest rate curves, while foreign currency amounts are converted to Euro using the official European Central Bank exchange rates as of 31 December 2012. No changes occurred in evaluation criteria over the year.

The notional amount of a financial derivative is the nominal on which payments are calculated.

The transactions compliant with IAS 39 requirements can be designated as cash flow hedge, otherwise are classified as trading.

Interest rate risk

Interest rate risk is the risk borne by an interest-bearing financial instrument due to variability of market interest rates. The optimal debt structure results from the trade-off between reducing the interest rate exposure and minimizing the average cost of debt.

The Company is exposed to interest rate fluctuation both on liabilities and on assets.

Interest rate swaps are stipulated to mitigate the exposure to interest rates fluctuation, thus reducing the volatility of economic results. Through an interest rate swap, the Company agrees with a counterparty to exchange, with a specified periodicity, floating rate interest flows versus fixed rate interest flows, both calculated on a reference notional amount. In order to ensure effectiveness, all the contracts have notional amount, periodicity and expiry date matching the underlying financial liability and its expected future cash flows.

The following table reports the notional amount and fair value of interest rate derivatives at 31 December 2012 and 31 December 2011:

Millions of euro	Notional		Fair value		Fair value assets		Fair value liabilities	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Cashflow hedge derivatives:								
Interest rate swap	200	700	(12)	(4)	-	-	12	4
Trading derivatives:								
Interest rate swap	100	-	(7)	-	-	-	7	-
Total interest rate derivative	**300**	**700**	**(19)**	**(4)**	**-**	**-**	**19**	**4**

The following table reports expected cash flows related to derivative instruments for the coming years:

Millions of euro	Fair value	Expected cash flows					
	31 Dec. 2012	2013	2014	2015	2016	2017	Beyond
Cashflow hedge derivatives:							
Interest rate swap	(12)	(2)	(2)	(3)	(2)	(2)	(7)
Trading derivatives:							
Interest rate swap	(7)	-	-	-	-	-	(2)
Total Interest rate derivatives	**(19)**	**(2)**	**(2)**	**(3)**	**(2)**	**(2)**	**(9)**

Regarding the details of interest rate swap contracts on the basis of hierarchy of inputs used to determine fair value, as specified by IFRS 7, refer to the note 5.h.

At 31 December 2012, 26% of long term debt towards third parties was floating rate (12% as at 31 December 2011). Taking into account interest rate derivatives designated as cash flow hedge considered effective pursuant to the IFRS – EU, 25% of such debt was definitively exposed to interest rate risk (9% as at 31 December 2011).

Having both assets and liabilities indexed to floating rate indices, the sensitivity of the Company income statement to the fluctuation of interest rates depends upon its net long term financial position.

An increase (decrease) of 25 basis points in market interest rates would have a negative (positive) impact on the income statement in terms of higher (lower) interest net expenses of about Euro 16 million on an annual basis (Euro 5 million as of 31 December 2011).

As regards the potential impact on equity of a change in interest rates, if interest rates rate would have been 25 basis point higher as of 31 December 2012, all other variables being equal, net equity would have increased by Euro 2 million (Euro nil million as of 31 December 2011) due to the increase of the fair value of cash flow hedge derivatives. Conversely, if interest rates rate would have been 25 basis point lower, all other market data remaining stable, net equity would have decreased by Euro 2 million (Euro nil million as of 31 December 2011) due to decrease of fair value of Cash Flow Hedge derivatives.

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Exchange rate risk

Exchange rate risk is a type of risk that arises from the change in price of one currency against another. Enel Finance International N.V. exposure to such risk is mainly due to foreign currencies denominated flows, originated by financial assets and liabilities.

In order to mitigate this risk, the Company enters into plain vanilla transactions such as currency forwards and cross currency interest rate swaps. In order to ensure effectiveness, all the contracts have notional amount and expiry date matching the underlying expected future cash flows of the hedged items.

Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent fixed- or floating-rate liability in euro, while currency forwards are used to hedge commercial papers and intercompany loans.

The following table reports the notional amount and fair value of exchange rate derivatives at 31 December 2012 and 31 December 2011:

Millions of euro

	Notional		Fair value		Fair value assets		Fair value liabilities	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Cashflow hedge derivatives:								
Cross currency interest rate swap	9.702	9.397	29	608	404	834	375	226
Trading derivatives:								
Forward	1.807	953	(4)	(4)	3	6	7	10
Total interest rate derivative	**11.509**	**10.350**	**25**	**604**	**407**	**840**	**382**	**236**

The following table reports expected cash flows related to derivative instruments for the coming years:

Millions of euro

	Fair value	Expected cash flows					
	31 Dec. 2012	2013	2014	2015	2016	2017	Beyond
Cross currency interest rate swap							
Positive Fair value derivatives	404	72	122	27	27	82	494
Negative fair value derivatives	(375)	(5)	(5)	(4)	(4)	(4)	343
Forwards							
Positive Fair value derivatives	3	3	-	-	-	-	-
Negative fair value derivatives	(7)	(7)	-	-	-	-	-
Total Interest rate derivatives	**25**	**63**	**117**	**23**	**23**	**78**	**837**

Regarding the details of derivatives contracts on the basis of hierarchy of inputs used to determine fair value, as specified by IFRS 7, refer to the notes: 4.a, 4.b, 5.e, 5.h.

As regards the potential impact on equity of a change in foreign exchange rates as of 31 December 2012, assuming a 10% depreciation of Euro against other currencies, all other variables being equal, equity would have been about Euro 1.512 million higher (Euro 1.474 million at 31 December 2011) as a result of the increase of the fair value of Cash Flow Hedge derivatives. Conversely, assuming a 10% appreciation of Euro against other currencies, all other variables being equal, equity would have been about Euro 1.237 million lower (Euro 1.206 million at 31 December 2011) as a result of the decrease of the fair value of Cash Flow Hedge derivatives.

Credit risk

Credit Risk is the risk that the Company might suffer from losses when a counterparty defaults in meeting its obligations on a trade or transaction of any kind when it is supposed to.

In compliance with counterpart credit risk policy defined at Enel Group level, the Company is operating solely with market counterparties with high credit standing and with other companies belonging to Enel Group.

Liquidity risk

Liquidity Risk is the risk that the Company will become unable to settle obligations with immediacy, or will be able to meet them only at uneconomic conditions. In order to mitigate this risk Enel Finance International N.V. meets liquidity requirements primarily through cash flows generated by ordinary operations and drawing on a range of financing sources while managing any liquidity excess as appropriate.

Moreover the Company has access to a long term revolving credit line amounting to Euro 5.000 million (fully available as of 31 December 2012), and has outstanding commercial paper programs with a maximum ceiling of Euro 6.000 million, of which only Euro 2.556 million drawn at 2012 year ended.

Furthermore Enel S.p.A. has confirmed through a letter dated 4 March 2013 its commitment to explicitly provide the Company with the financial support until the date of approval of full year 2013 financial statements of the Company.

Capital Management

It is policy of the Company to maintain a strong capital base to preserve creditors and market confidence and so sustain future development of the business. The Board of Directors monitors the return on capital that the Company defines as total shareholder's equity, and the level of dividends to ordinary shareholders.

The return of capital is calculated as a percentage of financial result on total equity net of cash flow hedge reserve excluded in this key performance indicator because Company's management preferred to exclude evaluation equity reserves which might be quite volatile over the periods:

Millions of Euro

	31 Dec 2012	**31 Dec 2011**
Total Equity	1.048	1.471
Cash Flow Hedge reserve	(646)	(150)
Adjusted Equity	1.694	1.621
Net Finance result	91	119
Return of capital (*)	**5%**	**7%**

* Key Performance Indicator determined on a yearly basis.

The Board's objective is to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Company's approach to capital management during 2012. The Company is not subject to externally imposed capital requirements.

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Notes to the statement of comprehensive income

1 **Result from operating activities** – Euro (4) million

Result from operating activities is negative for Euro 4 million with no changes compared to previous year. The costs refer to services (mainly related to legal and consultancy charges) for Euro 3 million and to personnel costs for Euro 1 million.

2 **Financial income/(expense)** – Euro 91 million

Millions of Euro

	2012	2011	Change
Financial income:			
- interest and other income from financial assets	1.349	1.098	251
- foreign exchange gains	151	36	115
- income from trading derivative instruments	83	72	11
- income from CFH derivative instruments	54	332	(278)
- income from Time Deposit Interests	3	4	(1)
Total finance income	**1.640**	**1.542**	**98**
Financial expense:			
- interest and other charges on financial debt	(1.292)	(964)	(328)
- foreign exchange losses	(76)	(357)	281
- expense on trading derivative instruments	(77)	(80)	3
- expense on CFH derivative instruments	(104)	(22)	(82)
Total financial expense	**(1.549)**	**(1.423)**	**(126)**
Net finance result recognised	**91**	**119**	**(28)**

Interest and other income from financial assets rose to Euro 1.349 million, up Euro 251 million on 31 December 2011 with the variation essentially due to:

> The interest income from Enel Distribuzione S.p.A. (Euro 178 million) attributable to the two new long-term loans (Euro 3.500 million and Euro 2.000 million) granted by the Company during the current year;

> The interest income and credit fee from Endesa S.A. (Euro 35 million) attributable to the new long-term loan granted by the Company during the previous year and drawn by Endesa S.A. in 2012 (Euro 500 million);

> The interest income from Enel Produzione S.p.A. (Euro 20 million) attributable to the new long-term loan (Euro 2.000 million) granted by the Company during the current year;

partially compensated by lower interest income (Euro 24 million) from Enel Energy Europe further to the partial repayment of long-term loan occurred in 2012 (Euro 3.000 million).

Interests and other charges on financial debt rose to Euro 1.292 million. The variation of Euro 328 million is essentially due to the following factors:

- increase of financial charges on bonds for Euro 232 million due to the issuance of new bonds during the period;
- increase by Euro 91 million of interest charges on bank loans because of the new long-term bank loans entered into with Mediobanca, JPMorgan and BBVA during 2012 (Euro 112 million) partially compensated by lower charges due to the partial repayment of the credit facility agreement (Euro 18 million).

The net foreign exchange gains amount to Euro 75 million and they are mainly due to the depreciation of the notes denominated in foreign currencies. The amount of the foreign exchange gains arisen from this depreciation are entirely covered with the reversal of the Cash Flow Hedge equity reserve resulting in a financial charge of Euro 91 million.

Net income from trading derivative instruments amounting to Euro 6 million refer to the income statements effect of derivative instruments related to Commercial Paper and Intercompany Loan transactions denominated in currencies other than euro.

3 Income tax expense – Euro 14 million

Millions of Euro	2012	2011
Taxable income	61	69
Nominal tax of 25%	15	17
Current Taxation	**15**	**17**
Adjustments for current income taxes related to prior periods	(1)	(1)
Income tax expense	**14**	**16**

The Company concluded during 2010 an Advanced Pricing Agreement with the Dutch tax authorities in which it agreed both the transfer pricing method and the remuneration for its intergroup financing activities.

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Notes to the statement of financial position

4 Assets

4.a Non-current financial assets - Euro 28.348 million

Millions of Euro

	31 Dec 2012	31 Dec 2011	Change
Financial instruments at fair value through other comprehensive income			
Cash flow hedges			
- Foreign exchange contracts	367	834	5.186
Total instruments at fair value through other comprehensive income	**367**	**834**	**5.186**
Loans and receivables			
- Loans to Enel Group Entities	27.961	22.775	(467)
- other items	20	30	(10)
Total loans and receivables	**27.981**	**22.805**	**(477)**
Total non-current financial assets	**28.348**	**23.639**	**4.709**

Non-current financial assets comprise:

Financial receivables

This item refers to medium long-term loans granted to Enel Group companies and are detailed as follows:

Millions of Euro

	31 Dec 2012	31 Dec 2011	Change
Loan receivable from Enel S.p.A.	2.500	2.500	0
Loan receivable from Enel Energy Europe S.A.	15.000	18.000	(3.000)
Loan receivable from Enel Green Power International B.V.	2.461	2.275	186
Loan receivable from Endesa SA	500	0	500
Loan receivable from Enel Produzione S.p.A.	2.000	0	2.000
Loan receivable from Enel Distribuzione S.p.A.	5.500	0	5.500
Total non-current financial receivables	**27.961**	**22.775**	**5.186**

The increase (Euro 5.186 million) of financial receivables is mainly due to the new long term loans granted by the Company to the Enel Group companies. The main variation occurred during the year are due to the following new transactions:

- On 17 April 2012 the Company signed a long-term loan with Enel Distribuzione S.p.A. amounting to Euro 3.500 million, bearing a fixed rate of 6,30% with a final maturity date 17 April 2022.
- On 25 October 2012 the Company granted a long-term loan to Enel Produzione S.p.A. (Euro 2.000 million) with bearing fixed rate of 5,25% and final maturity date 25 October 2020;
- On 26 October 2012 the Company granted a long-term loan to Enel Distribuzione S.p.A. (Euro 2.000 million) with bearing fixed rate of 5,70% and final maturity date 26 October 2022;
- During the current year Endesa S.A. has drawn the revolving credit facility granted by the Company in November 2011. The revolving credit facility has a commitment amount of Euro 3.500 million, a duration of 5 years and has been drawn for Euro 500 million at 2012 year end;

partially compensated by the partial repayment of the long-term loan to Enel Energy Europe S.A. (Euro 3.000 million).

Cash flow hedge derivatives

Cash flow hedge derivatives are used by the Company to hedge the exchange rate and interest rate fluctuations of bonds and long-term loans or receivables (for further details see par. "*Risk Management*").

The following table shows the amount of derivative contracts detailed on the basis of the hierarchy of inputs used to determine fair value, as specified by IFRS 7:

Millions of euro

	Fair value as 31 Dec. 2012	Level 1	Level 2	Level 3
Cashflow hedge derivatives on exchange rate	367		367	
Total	**367**		**367**	

"Other items"

This aggregate refers to the prepayments related to fees already paid for revolving facility agreement and amortized on a straight line basis until its maturity.

As at 31 December 2012 non-current financial assets do not include neither past due nor impaired items.

4.b Current financial assets – Euro 3.248 million

Millions of Euro

	31 Dec 2012	31 Dec 2011	Change
Financial receivables	2.990	1.008	1.982
Trading derivatives	3	6	(3)
Cash flow hedge derivatives	38	0	38
Other current financial assets	217	220	(3)
Total	**3.248**	**1.234**	**2.014**

Current financial assets essentially consist of financial receivables like short-term loans or credit revolving facilities granted to Enel Group companies as well as derivative instruments.

Financial receivables

The following table shows the breakdown of the short-term loans granted to Enel Group affiliated companies:

Million of Euro

	31 Dec 2012	31 Dec 2011	Change
Revolving short-term facility agreement with Enel Produzione	1.000	0	1.000
Multicurrency revolving facility agreement with Enel Green Power International BV	110	376	(266)
Loan facility agreement with Enel France S.A.S.	0	388	(388)
Revolving short-term facility agreement with Marcinelle Energie S.A.	237	193	44
Loan facility agreement with Enel Lease Sàrl	26	30	(4)
Revolving short-term facility agreement with Enel Energy Europe	17	0	17
Revolving short-term facility agreement with Enel Investment Holding BV	300	0	300
Short-term deposit agreement with Enel S.p.A.	1.200	0	1.200
Enel S.p.A. - IC Account receivable	100	21	79
Total short term loans granted to Enel Group affiliates	**2.990**	**1.008**	**1.982**

The Euro 1.982 million increase in *Financial receivables* is principally due to: (i) the entering by the Company, as lender, into a short term financial agreement with Enel Produzione (Euro 1.000 million) and Enel Investment Holding BV (Euro 300 million); (ii) the entering by the Company into an intercompany short-term deposit agreement with Enel S.p.A. with effectiveness 1 December 2012 and amounting to Euro 1.200 million as at 31 December 2012; (iii) the drop (Euro 266 million) of Enel Green Power International B.V. debt exposure in relation to the "Multicurrency Short-Term Revolving" granted by the Company to the affiliate; (iv) the full repayment of the revolving credit facility granted to Enel France S.A.S. in January 2007 (Euro 388 million at 2011 year ended).

The table below reports the short-term financial instruments granted by the Company to the Enel Group companies:

Millions of Euro

	Financial relationship	Commitment amount until 31 Dec. 2012	Rate of Interest	Spread until 31 Dec. 2012	Commitment fee until 31 Dec. 2012
Marcinelle Energie S.A.	Revolving credit facility	242	3M Euribor	3,00%	0,0625%
Enel France S.A.S.	Revolving credit facility	600	3M Euribor	2,50%	0,0625%
Enel Lease S.à r.l.	Revolving credit facility	30	3M Euribor	1,75%	0,0625%
Enel S.p.A.	Short-term deposit agreement	N/A	Euribor	0,50%	N/A
Enel Investment Holding B.V.	Revolving credit facility	300	Euribor	1,40%	N/A
Enel Produzione S.p.A.	Revolving credit facility	1.000	Euribor	1,10%	N/A
Enel Energy Europe S.A.	Short-term revolving facility	2.000	Euribor	2,00%	N/A
EGPI B.V.	Multicurrency short-term revolving facility	1.200	3M Euribor	2,00%	0,2000%
EGPI B.V.	Multicurrency short-term revolving facility	N/A (1)	(1) Libor 3M	-	N/A
EGPI B.V.	Multicurrency short-term revolving facility	N/A (2)	(2) 3M Robor	-	N/A
Enel Trade Romania S.r.l.	Revolving credit facility	60 (2)	(2) 3M Robor	2,50%	0,0625%
Artic Russia B.V.	Short-term credit facility	4 (1)	(1) Libor tbd	1,00%	N/A

(1) Millions of USD

(2) Millions of RON

Derivative instruments

Derivative instruments refer to: (i) cash flow hedge derivatives used by the Company to hedge the exchange rate and interest rate fluctuations of short-term portion of bonds; (ii) currency swaps used

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by the Company to hedge the exchange rate fluctuations on intercompany current accounts and current loans granted to Enel Group affiliates.

The following table shows the amount of derivative contracts detailed on the basis of the hierarchy of inputs used to determine fair value, as specified by IFRS 7:

Millions of euro

	Fair value as 31 Dec. 2012	Level 1	Level 2	Level 3
Cashflow hedge derivatives on exchange rate	38		38	
Trading derivatives on exchange rate	3		3	
Total	**41**		**41**	

Other current financial assets

Other current financial assets aggregate is in line with the previous year referring to accrued income related to the long-term loan and short-term credit lines granted to Enel Group affiliates.

As at 31 December 2012 current financial assets do not have neither past due nor impaired items.

4.c **Income tax receivable** - Euro 1 million

In relation with fiscal year 2012 the Company paid Euro 16 million in 2012. However, the current tax charge amounts to Euro 15 million, hence an income tax receivables of Euro 1 million has been accounted for at 2012 year ended.

4.d **Cash and cash equivalents** - Euro 10 million

Millions of Euro

	31 Dec 2012	31 Dec 2011	Change
Cash and cash equivalents	10	1.005	(995)
Total	**10**	**1.005**	**(995)**

The decrease of cash and cash equivalent is due to the transfer of the excess of liquidity in the short-term deposit agreement with Enel S.p.A. in compliance with the optimization process of the financial flows implemented by the Company.

Cash and cash equivalents are not restricted by any encumbrances.

For the purpose of cash flows statement, cash and cash equivalents also include the positive amount of the intercompany current account held with the Parent Company. With reference to 31 December 2012, the amount of the current account is positive for Euro 100 million and it has been classified as current financial assets in the statement of financial position.

5 Shareholder's equity and liabilities

5.a **Share capital** - Euro 1.479 million

The authorized share capital of the company amounts to Euro 2.500 million, divided into 2.500 million of shares, each share with a nominal value of Euro 1,0 each.

The issued and paid-up share capital amounts to Euro 1.478,8 million represented by 1.478.810.370 shares with nominal value of Euro 1,0 each.

5.b Share premium reserve - Euro 43 million

The reserve arises from the cross-border merger finalized during 2010 between Enel Finance International S.A. and Enel Trading RUS B.V.

The difference between the book value of the assets and liabilities absorbed and the amounts of the new shares issued has been accounted for in this share premium reserve following the "contribution in kind" method as detailed below:

Accounting effects of the merger on equity reserves

Millions of Euro	1 Dec 2010
Book value assets	22.171
Book value liabilities	21.121
Recognition of Equity Reserve from measurement of financial instruments	(471)
Net value of the asset/liabilities merged	*1.522*
New shares issued	1.479
Share premium reserve	**43**

5.c Cash flow hedge Reserve - Euro (646) million

The reserve includes the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions. The variation over the period is detailed as follows:

Millions of Euro	31 Dec 2011	Gain/(Losses) recognized in equity for the year	Released to income statement	Taxes	**31 Dec 2012**
Gains/Losses on change in fair value of the effective portion of CFH Derivatives on interest and exchange rates (IAS 39)	(150)	(587)	91	0	(646)
Total gains/(losses) recognized in equity	**(150)**	**(587)**	**91**	**0**	**(646)**

The negative variation of Euro 496 million is due to:

> the losses (Euro 587 million) on change in fair value of derivatives. The variation refers to: (i) a decrease in fair value measurement of cross currency interest rate swap derivatives on bonds (Euro 579 million); (ii) a decrease of fair value measurement of interest rate swap derivatives on long-term floating rate loans (Euro 8 million);

> the release (Euro 91 million) to income statement aimed to hedge the result of the underlying hedged financial liabilities when the latter impact the Company income statement.

5.d Long-term loans and borrowings (including the portion falling due within twelve months for Euro 758 million) – Euro 25.417 million

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk see paragraph *"Risk management"*.
The aggregate includes long-term payables in respect of bonds, bank loans, revolving credit facility and other loans in Euro and other currencies.

The following table shows long-term debt and repayment schedules at 31 December 2012, grouped by loan and interest rate type:

Millions of Euro

	Maturing	Balance	Nominal value	Balance	Current portion	Portion falling due after more than 12 months	Maturing in 2014	2015	2016	2017	Beyond
		31 Dec 2012	**31 Dec 2012**	**31 Dec 2011**							
Bond											
Listed Bond (Fixed rate)	2015-2040	14.977	15.114	11.530	-	14.977	-	1.370	1.493	992	11.122
Listed Bond (Floating	2024	244	250	-	-	244	-	-	-	-	244
Unlisted Bond (Fixed	2013 - 2039	6.172	6.220	6.138	758	5.415	945	-	-	1.133	3.337
Total Bond	**2013 - 2040**	**21.393**	**21.584**	**17.668**	**758**	**20.635**	**945**	**1.370**	**1.493**	**2.125**	**14.702**
GMTN Internal Assumption - towards EIH BV											
EUR (Fixed-rate)	2023	296	300	295	-	296	-	-	-	-	296
Total GMTN Internal	**2011-2023**	**296**	**300**	**295**	**-**	**296**	**-**	**-**	**-**	**-**	**296**
Bank loans											
Bank loans	2017	3.513	3.550	-	-	3.513	-	-	-	3.513	-
CFA Tranche C2 Increase	2016	215	219	1.510	-	215	-	-	215	-	-
Revolving Credit Facility											
RFA	2015	-	-	1.000	-	-	-	-	-	-	-
Total Bank Loan and Revolving lines	**2009-2016**	**3.728**	**3.769**	**2.510**	**-**	**3.728**	**-**	**-**	**215**	**3.513**	**-**
TOTAL	**2009-2040**	**25.417**	**25.652**	**20.473**	**758**	**24.659**	**945**	**1.370**	**1.708**	**5.638**	**14.998**

The table below reports long-term financial debt by currency and interest rate.

Millions of Euro

	31 Dec 2012	**31 Dec 2012**	**31 Dec 2011**	**31 Dec 2012**	
	Balance	Nominal value	Balance	Current average interest rate	Effective interest rate
Total Euro	*15.791*	15.950	*11.158*	*4,43%*	*4,64%*
US dollar	6.024	6.063	6.138	5,59%	5,78%
British pound	2.722	2.757	2.658	5,70%	5,82%
Swiss Franc	603	605	205	2,85%	2,91%
Japanese yen	277	277	314	2,43%	2,46%
Total non-Euro currencies	*9.626*	*9.702*	*9.315*		
TOTAL	**25.417**	**25.652**	**20.473**		

The table below reports the carrying amount and the fair value of long-term debt. For listed debt instruments, the fair value is given by official prices while for unlisted instruments the fair value is determined using appropriate valuation models for each category of financial instrument and market data at the closing date of the year.

Millions of Euro

	31 Dec 2012		31 Dec 2011		2012 - 2011	
	Book Value*	Fair value*	Book Value*	Fair value*	Book Value	Fair value
Bonds in non-Euro currencies and Euro currency	21.393	22.328	17.668	16.595	3.724	5.733
Bank loans	3.513	3.743	-	-	3.513	3.743
Revolving Facility Agreement	-	-	1.000	1.000	(1.000)	(1.000)
Credit facility agreement in Euro	215	226	1.510	1.499	(1.295)	(1.273)
Total long-term financial debt	**25.121**	**26.297**	**20.178**	**19.094**	**4.943**	**7.203**

** Fair value and Book Value of Bonds do not take in consideration the GMTN Internal Assumption*

The table below reports changes in the nominal value of long-term debt during the year.

Millions of Euro

	Nominal value	New financing	Repayments	Exchange rate differences	Nominal value
	31 Dec 2011				31 Dec 2012
Credit facility agreement in Euro	1.523	-	(1.305)	-	**219**
Revolving Facility Agreement	1.000	-	(1.000)	-	**-**
Bank loans	-	3.550	-	-	**3.550**
Bonds in non-Euro currencies and Euro currency	18.122	3.853	-	(91)	**21.884**
Total long-term financial debt	**20.645**	**7.403**	**(2.305)**	**(91)**	**25.652**

Credit Facility Agreement

On 9 April 2007 the Board of Directors of Enel Finance International S.A., the Luxemburgish company then merged into Enel Finance International N.V., approved to enter into a Euro 35.000 million Credit Facility Agreement together with Enel S.p.A. and Mediobanca – Banca di Credito Finanziario S.p.A. as Agent.

The Company entered into the agreement as International Borrower with an initial participation of 40% for a total amount up to Euro 14.000 million fully guaranteed by Enel S.p.A.. The Company used the proceeds of the agreement in order to satisfy the financial commitments relating to the joint tender of Enel S.p.A. with Acciona S.A. to acquire all of the outstanding share capital of Endesa S.A..

The total amount of the Credit Facility Agreement was divided into three different facilities (A, B and C) with final maturity date at 12, 36 and 60 months to be calculated from the date of signing; the maturity date could be extended under certain conditions.

The advance under the facilities paid a floating interest rate based on the drawdown period plus a margin determined in accordance to the credit rating assigned to Enel S.p.A. by Moody's and Standard & Poor's.

On 20 February 2009 the Company decided to enter, together with Enel S.p.A, into:

> a "Facility C Increase" under the Euro 35 billion Credit Facility Agreement dated 10 April 2007, by a total amount up to Euro 8 billion maturing in 2012; and

> a "Rollover Facility" agreement for an amount up to Euro 8 billion, intended to replace and renew the "Facility C Increase" as from 2012 with two new tranches of Euro 5,5 billion, maturing in April 2014, and Euro 2,5 billion, maturing in April 2016, with Mediobanca – Banca di Credito Finanziario S.p.A., as Agent.

The initial amounts of these three facilities have been reduced, from time to time, reaching as at 31 December 2011 a total outstanding of Euro 1.523 million.

On 10 April 2012 the Original Facility C has been totally repaid for an amount of Euro 777 million.

In December 2012, following an internal agreement between the Company and Enel S.p.A. where the current cash position inside Enel S.p.A. and its subsidiaries (Enel Group) was strongly and carefully assessed, it has been deemed opportune to proceed with a voluntary partial prepayment of the CFA; on 27 December 2012, following such management recommendation, an amount of Euro 528 million, under Facility C Increase, has been prepaid.

As of 31 December 2012 the amounts owed to credit institutions becoming due and payable after more than one year is of Euro 219 million totally attributable to the Facility C Increase.
The table below reports the movements of the Credit Facility Agreement since 2007 and the nominal value of the outstanding as of 31 December 2012:

Millions of euro

	Maturity date	2007	2008	2009	2010	2011	2012
Facility A	2008	112	-	-	-	-	-
Facility B	2010	4.367	4.367	-	-	-	-
Facility C	2012	3.358	3.146	1.970	1.373	777	-
Facility C Increase	2014 - 2016	-	-	1.892	1.319	746	219
Total		**7.837**	**7.513**	**3.862**	**2.692**	**1.523**	**219**

Bank loans

On 16 February 2012 the Board of Directors, according with the resolution of 14 November 2011, has resolved the entering by the Company into the financial agreements detailed below:

Millions of euro

Counterparty	Nominal amount	Currency	Rate of Interest	Duration
Pool of major international banks	3.200	EUR	Euribor plus a 250 bps (1)	5 years
JP Morgan Chase Bank	250	EUR	Euribor (1)	5 years
Banco Bilbao Vizcaya Argentaria S.A.	100	EUR	Euribor plus a 230 bps fixed margin (1)	5 years

(1) Plus an additional variable fees determined in function of the credit rating of Enel

All the above term loans have been signed on the February 20th and fully utilised as follows: (i) in April the Company has drawn the Euro 3.200 million Term Loan and the Euro 250 million Facility Agreement with JP Morgan Chase Bank; (ii) in May it has drawn the Euro 100 million Facility Agreement with Banco Bilbao Vizcaya Argentaria S.A..

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Global Medium Term Note Programme

On 24 May 2012 the Company entered into an update of the Euro 30.000 million GMTN Programme, pursuant to which the Company and Enel S.p.A. (the Guarantor) may from time to time issue notes in bearer form and in order to get any possible market opportunities for new bonds issuance.

On 18 September 2012 the Company resolved (i) the revocation of its resolution dated 14 November 2011 for the still-to-be-executed part of approximately Euro 370 million and (ii) the issuance of notes or bonds to be performed by 31 December 2013 for an aggregate maximum principal amount of up to Euro 5.000 million.

On 19 December 2012 the Company resolved the increase of the aggregate nominal amount of the Programme from Euro 30.000 million to Euro 35.000 million.

In the overall context of the GMTN program and considering the resolutions above, during the current year the Company issued the following Notes and Bonds:

Millions of euro

Nominal Amount	Currency	Listed	Start date	Maturity date	Phase
177	EUR	Unlisted	20/01/2012	20/01/2032	Fixed rate
50	EUR	Unlisted	02/02/2012	02/02/2022	Fixed rate
50	EUR	Listed	20/02/2012	20/02/2027	Fixed rate
155	EUR	Unlisted	20/02/2012	20/02/2032	Fixed rate
50	EUR	Listed	21/02/2012	21/02/2022	Floating rate
50	EUR	Listed	21/02/2012	21/02/2022	Floating rate
100	EUR	Listed	21/02/2012	21/02/2024	Floating rate
1.000	EUR	Listed	11/09/2012	11/03/2020	Fixed rate
1.000	EUR	Listed	15/10/2012	17/04/2018	Fixed rate
1.000	EUR	Listed	15/10/2012	17/04/2023	Fixed rate
350	CHF	Listed	17/10/2012	17/12/2018	Fixed rate
130	CHF	Listed	26/10/2012	26/10/2027	Fixed rate
50	EUR	Listed	28/11/2012	28/11/2022	Floating rate

Revolving Facility Agreement

On 19 April 2010 Enel and the Company, entered into an Euro 10.000 million revolving credit facility agreement, with 5 years duration and final expiry on 19 April 2015, with the aim to get both a liquidity reserve and a back up for the Euro Commercial Paper Programme.
The cost of the credit line vary depending upon Enel S.p.A.'s pro tempore rating, offering at the signing rating levels a margin of 85 basis points above Euribor with commitment fees of 40% of the applicable margin.
As at 31 December 2012 the revolving facility was not utilized.

Debt covenants

The main long-term financial debts under the Company are governed by covenants containing undertakings by the borrowers (Enel S.p.A. and the Company) and in some cases Enel S.p.A. as guarantor that are commonly adopted in international business practice. The main covenants for the Company are related to the bond issues carried out within the Global Medium-Term Notes Programme, the Credit Facility Agreement 2009, the Euro 10.000 million Revolving Credit Line agreed in April 2010, the Euro 3.200 million Term Loan Facility Agreement, the Euro 250 million JP Morgan Facility Agreement and the Euro 100 million BBVA Facility Agreement. To date none of the covenants have been triggered.

The commitments in respect of the bond issues in the Global Medium-Term Notes program can be summarized as follows:

> negative pledge clauses under which the issuer may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets to secure any listed bond or bond for which listing is planned unless the same guarantee is extended equally or pro rata to the bonds in question;

> pari passu clauses, under which the securities constitute a direct, unconditional and unsecured obligation of the issuer and are issued without preferential rights among them and have at least the same seniority as other present and future bonds of the issuer;

> specification of default events, whose occurrence (e.g. insolvency, failure to pay principle or interest, initiation of liquidation proceedings, etc.) constitutes a default;

> under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) issued by the issuer constitutes a default in respect of the liability in question, which becomes immediately repayable;

> early redemption clauses in the event of new tax requirements, which permit early redemption at par of all outstanding bonds.

The main covenants for the Credit Facility Agreement 2009, the Euro 10.000 million Revolving Credit Line agreed in April 2010, the Euro 3.200 million Term Loan Facility Agreement, the Euro 250 million JP Morgan Facility Agreement and the Euro 100 million BBVA Facility Agreement involving the Company and Enel S.p.A. are substantially similar and can be summarized as follows:

> negative pledge clauses under which the borrower (and its significant subsidiaries) may not establish or maintain (with the exception of permitted guarantees) mortgages, liens or other encumbrances on all or part of its assets to secure any present or future financial liability;

> pari passu clauses, under which the payment undertakings constitute a direct, unconditional and unsecured obligation of the borrower and bear no preferential rights among them and have at least the same seniority as other present and future loans;

> change of control clause (which is triggered in the event (i) control of Enel is acquired by one or more parties other than the Italian state or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;

> specification of default events, whose occurrence (e.g. failure to make payment, breach of contract, false statements, insolvency or declaration of insolvency by the borrower or its

significant subsidiaries, business closure, government intervention or nationalization, administrative proceeding with potential negative impact, illegal conduct, nationalization and government expropriation or compulsory acquisition of the borrower or one of its significant subsidiaries) constitutes a default. Unless remedied within a specified period of time, such default will trigger an obligation to make immediate repayment of the loan under an acceleration clause;

> under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) of the issuer or "significant" subsidiaries (i.e. consolidated companies whose gross revenues or total assets are at least equal to a specified percentage (10% of gross consolidated revenues or total consolidated assets)) constitutes a default in respect of the liability in question, which becomes immediately repayable;

> periodic reporting requirements.

The Euro 3.200 billion Term Loan Facility Agreement, the Euro 250 million JP Morgan Facility Agreement and the Euro 100 million BBVA Facility Agreement also provide for the gearing/leverage clause, under which, at the end of each measurement period (half yearly), Enel's consolidated net financial debt shall not exceed 4,5 times annual consolidated EBITDA.

The 2009 Credit Facility Agreement also provide for the following covenants:

> a "subsidiary financial indebtedness" clause, under which the net aggregate amount of the financial debt of Enel's subsidiaries (with the exception of the debt of "permitted subsidiaries") must not exceed 20% of total consolidated assets.

As from 2012 for the Credit Agreement 2009, at the end of each measurement period (half yearly): (i) the gearing clause requires that Enel's net financial debt shall not exceed 4.5 times annual consolidated EBITDA; and (ii) the ratio of annual consolidated EBITDA to net consolidated interest expense shall not be less than 4.

5.e Other non-current financial liabilities - Euro 393 million

Millions of Euro

	31 Dec 2012	31 Dec 2011	Change
Cashflow hedge derivatives	387	226	161
Trading derivatives	6	0	6
Total	**393**	**226**	**167**

Cash flow hedge derivatives refer to the hedging performed by the Company in order to mitigate both the interest rate and foreign exchange rate risks.
The variation of non-current financial liabilities reflects the fair value remeasurement of both cash flow hedge and trading derivatives.

The following table shows the amount of derivative contracts detailed on the basis of the hierarchy of inputs used to determine fair value, as specified by IFRS 7:

Millions of euro

	Fair value as 31 Dec. 2012	Level 1	Level 2	Level 3
Cashflow hedge derivatives on exchange rate	375		375	
Cashflow hedge derivatives on interest rate	12		12	
Trading derivatives on interest rate	6		6	
Total	**393**		**393**	

5.g Short-term loans and borrowings – Euro 4.278 million

Millions of Euro

	31 December 2012		31 December 2011		Change	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Short-term loans Enel Group companies	1.720	1.720	1.338	1.338	382	382
Short-term bank loan third parties	2	2	-	-	2	2
Commercial papers	2.556	2.556	2.016	2.016	540	540
Short-term financial debt	**4.278**	**4.278**	**3.354**	**3.354**	**924**	**924**

Short-term loans

At 31 December 2012, short-term loans increased by Euro 382 million from 31 December 2011.

Millions of Euro

	Original currency	Euro countervalue at 31 Dec 2012	Euro countervalue at 31 Dec 2011	Change
Intercompany Current Accounts denominated in Euro				
Enel France SA	Euro	174	-	174
Enel Green Power International B.V.	Euro	-	14	(14)
Enel Trade Hungary	Euro	-	1	(1)
Enel Servizio Elettrico	Euro	1.200	1.200	-
Total		**1.374**	**1.215**	**159**
				-
Enel Bridge Loan	Euro	-	120	(120)
Total		**-**	**120**	**(120)**
Intercompany Current Accounts denominated in other currencies				-
Enel Green Power International B.V.	USD	345	-	345
Enel Green Power International B.V.	CAD	1	3	(2)
Total		**346**	**3**	**343**
				-
Total		**1.720**	**1.338**	**382**

As of 31 December 2012 the breakdown of the principal short-term loans is as follows:

> on 19 December 2012 the Company signed a deposit account agreement with Enel France in order to manage its excess of liquidity resulting from the termination of Flamanville nuclear project.

> on 19 November 2011 the Managing Board meeting resolved the entering by the Company into a Long Term Deposit Agreement with Enel Servizio Elettrico for a notional amount of Euro 1.200 million having, inter alia, the following terms and conditions:

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> Reference amount: Euro 1.500 million
> Financial instrument: mainly short term deposits at 1 week, 1, 2, 3, 6 and 12 months
> Interest rate: floating Eonia or Euribor plus a Margin
> Initial margin: up to a maximum of 100 bps; to be agreed time by time in order to respect the duration of the specific term deposit and the market condition
> Duration: 5 years

The Long Term Deposit Agreement has been signed on 27 December 2011 and as of 31 December 2012 has a balance of Euro 1.200 million;

> Enel Green Power International B.V. (EGPI) during the current year had a liquidity excesses in USD currency. EGPI pursues the optimization of its financial flows decreasing its debt exposure due to its revolving lines with the Company and then allocating the residual amount on a deposit account. As at 31 December 2012 EGPI deposit account amounts to Euro 345 million.

Commercial Papers

The payables represented by commercial papers relate to outstanding issuances at 2012 year-end in the context of the Euro Commercial Paper Programme (hereinafter, also "ECP Programme"), launched in 2005 by the Company and guaranteed by Enel S.p.A..

Under the ECP Programme the Company can issue short-term promissory notes issued in the interest-bearer form up to an amount of Euro 6.000 million. Each note can be denominated in any currency, with a minimum denomination of Euro 500.000 (or GBP 100.000, or USD 500.000, or JPY 100 million or its equivalent in the relevant currency) and a maturity between one day and one year. The notes may be issued on a discounted basis or may bear fixed or floating interest rate or a coupon calculated by reference to an index or formula, and are not listed on any stock exchange.

The total nominal value of commercial papers issued and not yet reimbursed as of 31 December 2012 is shown as follows:

Millions of Euro

Currencies	ECP origin amounts	Euro counter-value (*)
CHF	5	4
Euro	2.329	2.329
GBP	20	25
USD	263	199
Total Commercial Paper		**2.557**

(*) The Euro Commercial Paper (ECP) expressed in foreign currencies is converted at 2012 year ended exchange rates

The nominal value of the commercial paper is Euro 2.557 million and is denominated in the following currencies: Euro (Euro 2.329 million); US dollars (the equivalent of Euro 199 million) GB pounds (the equivalent of Euro 25 million) and Swiss francs (the equivalent of Euro 4 million). 91% of the outstanding notes are issued in Euro. The Company hedged the ECP amounts denominated in foreign currencies using currency swaps to limit the risk of exchange rate fluctuations.

5.h Other current liabilities - Euro 470 million

Millions of Euro

	31 Dec 2012	31 Dec 2011	Change
Cash Flow Hedge derivatives on interest rate	0	5	(5)
Trading derivatives	7	9	(2)
Deferred financial liabilities	463	322	141
Total	**470**	**336**	**134**

Other current financial liabilities mainly relate to interest expenses accrued on debt outstanding at 31 December 2012 mainly due to interests arising from GMTN Programme for Euro 347 million.

The following table reports the amount of derivative contracts detailed on the basis of the hierarchy of inputs used to determine fair value, as specified by IFRS 7:

Millions of euro

	Fair value as 31 Dec. 2012	Level 1	Level 2	Level 3
Trading derivatives on exchange rate	7		7	
Total	**7**		**7**	

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Related parties

Transactions between Enel Finance International N.V. and other companies of Enel Group involve Financing and Treasury management.

The main activity of Enel Finance International N.V. is to operate as financing company of the Enel Group, raising funds through bonds issuance, loans and other facilities and on turn lending the funds so raised to the companies belonging to Enel Group.

Enel Finance International N.V. is also part of the centralising financial flow process and acts as the primary reference for the management of Financial needs or liquidity generated by the entities that operate outside of Italy and are part of Enel Group.

The company enters into plain vanilla transaction with Enel S.p.A., such as currency forwards and cross currency interest rate swaps in order to mitigate the interest and exchange rates risks.

These transactions are part of the ordinary operations of the Company and are settled on the basis of Standard intra-Group contract market prices.

Enel Finance International N.V. has no business relations with Key management during the financial year.

The following table summarizes the financial relationships between the Company and its related parties at 31 December 2012 and 31 December 2011 respectively:

Millions of euro

		Receivables	Payables	Income	Cost
		31 Dec 2012		2012	2012
Shareholder					
Enel S.p.A		4.209	450	206	41
	Total	***4.209***	***450***	***206***	***41***
Other affiliated companies					
Enel Distribuzione		5.566	-	178	-
Enel Energy Europe SL		15.075	-	798	-
Enel Produzione		3.020	-	20	-
Enel Servizio Elettrico		-	1.237	-	36
Enel Investment Holding BV		300	301	-	18
Marcinelle Energie		237	-	8	-
Enel France		-	174	16	-
Enel Lease (già S du Parc Eolien Grandes Terres Est)		26	-	1	-
Enel Green Power International B.V.		2.627	348	172	40
ENDESA		500	-	38	-
	Total	***27.351***	***2.060***	***1.053***	***94***
Total		**31.560**	**2.510**	**1.260**	**136**

Millions of euro	Receivables	Payables	Income	Cost
	31 Dec 2011		2011	2011
Shareholder				
Enel S.p.A	3.445	373	175	61
Total	***3.445***	***373***	***175***	***61***
Other affiliated companies				
Enel Energy Europe SL	18.070	-	821	-
Enel France S.A.S.	388	-	14	-
Enel Green Power International B.V.	2.706	17	106	-
Enel Lease Sàrl	29	-	1	-
Enel Trade Hungary Kft	-	1	-	-
Marcinelle Energie S.A.	194	-	6	-
Enel Investment Holding BV	-	300	-	4
Enel Servizio Elettrico	-	1.200	-	-
Enel Green Power France SAS	-	2	-	-
ENDESA	2	0	2	-
Total	***21.389***	***1.520***	***950***	***4***
Total	**24.834**	**1.893**	**1.126**	**65**

For further details of the each relation with related parties please refer to paragraphs "5.a Non-current financial assets", "5.b Current financial assets", "6.g Short-term loans" and "6.h Other Current liabilities".

Contractual commitments and guarantees

The Company is entirely guaranteed by the Parent Company for all own financial activities and has not given guarantees to third parties up to the reporting date.

Moreover at 31 December 2012 the Company has not pledged any financial assets as collateral against its borrowings.

Compensation of Directors

The emoluments of the Company Directors as intended in Section 2:383 (1) of the Dutch Civil Code, which were charged in 2012, amounted to Euro 54 thousand (Euro 30 thousand in 2011) and they are summarized in the following table:

(all amounts in thousands of Euro)	**31 Dec. 2012**	31 Dec. 2011
A.J.M. Nieuwenhuizen	18	10
F. Mauritz	18	10
H. Marseille	18	10
E. Di Giacomo	-	-
F.J. Galán Allué	-	-
C. Palasciano Villamagna	-	-
A. Canta	-	-
	54	**30**

Fees of the auditors

With reference to Section 2:382 a (1) and (2) of the Netherlands Civil Code, audit fees are included in the relevant disclosure in the Consolidated Financial Statements of the ultimate Parent Company Enel S.p.A.

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Other information

Provisions in the articles of association governing the appropriation of profit

Under article 16 of the Company's articles of association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate said profit either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.
The Company can only make distributions to shareholders from profits qualifying for payment insofar as the shareholders' equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

Proposal for profit appropriation

The Board of Directors proposes to the Shareholder the allocation of the net result of the year 2012 amounting of Euro 73 million to the Company's retained earnings.

Amsterdam, 19 April 2013

A.J.M. Nieuwenhuizen
F. Mauritz
H. Marseille
E. Di Giacomo
C. Palasciano Villamagna
A. Canta

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Subsequent events

Funding operations

Revolving Facility Agreement

On 7 February 2013 the Board of Directors, following the resolution of Enel's board of directors dated 17 January 2013 and in order to maintain also for the next years a liquidity position compliant with the market assessments, resolved to refinance the Revolving Credit Facility EUR 10.000 million and to extend up to April 2018 the original expiry date.

In the context of that decision, the Company as Original Borrower and Enel S.p.A., (as Original Borrower and Guarantor), have signed on 8 February 2013 a Revolving Facility Agreement granted by, Mediobanca – Banca di Credito Finanziario S.p.A., and a pool of banks leaded by Mediobanca for the amount of Euro 9.440 million with maturity date extended up to 2018.

Global Medium Term Note Programme (GMTN) – Note Issuances

The note issued by the Company, under the GMTN Programme, as from 1 January 2013 is the following:

> February 2013: a private placement of floating rate note in an aggregate principal amount of Euro 100 million, with maturity in 2023. It bears:

  > a fixed interest rate of 5% per annum from the issuance date until February 2015;

  > a floating rate linked to EUR CMS 10 Years plus 1,50% per annum capped at 7% per annum as from February 2015 up to the maturity date.

  The expected impact in income statement for 2013 may be assumed negative for Euro 4 million as financial charge.

> March 2013: a private placement of Floating Rate Notes in an aggregate principal amount of Euro 50 million, with maturity in 2023. It bears a floating rate linked to Italian inflation rate (FOI) plus 2,0% per annum.

  The expected impact in income statement for 2013 may be assumed negative for Euro 2 million as financial charge.

> April 2013: a private placement of Floating Rate Notes in an aggregate principal amount of Euro 50 million, with maturity in 2025. It bears a floating rate linked to EUR CMS 10 Years plus 1,95% per annum.

  The expected impact in income statement for 2013 may be assumed negative for Euro 2 million as financial charge.

Auditor's report

The auditor's report is set forth on the following page.

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Independent auditor's report

To: the Shareholder of Enel Finance International N.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended 2012 of Enel Finance International N.V., Amsterdam, which comprise the statement of financial position as at 31 December 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements
In our opinion, the financial statements give a true and fair view of the financial position of Enel Finance International N.V. as at 31 December 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Eindhoven, 19 April 2013

Ernst & Young Accountants LLP

G.J. Verwoert