International Endesa B.V.

Annual Report 2014

Contents

International Endesa B.V.

Management Board report

The Managing Directors of International Endesa B.V. (hereinafter: “the Company”) are pleased to present herewith the financial statements for the year ended 31 December 2014.

General

The Company was incorporated on 10 June 1993 under the laws of the Netherlands.
The principal activity of the Company is to issue and manage notes and other financial instruments (refer to below), and to lend the funds to its Parent Company and other affiliated companies.
The result for the year 2014 was in accordance with management’s expectations.

Operating results

The Company earned a profit before taxation of EUR 9.168 thousand mainly due to the capital gain, arising from the liquidation process of Endesa Capital Finance LLC.

Principal activities 2014

The Company focused on its financing activities under its Euro Commercial Paper (ECP) Programme and on the managing of its outstanding financial debt and assets.

During 2014 the Company regularly issued a short-term debt under its Euro Commercial Paper Programme. The maximum amount of the outstanding debt under this programme is EUR 3.000 million. The volume issued in 2014 is EUR 3.253 million and the average debt has been EUR 788 million. All funds have been lent to affiliated companies of Endesa Group.

The Company performed the management and administration activities on its financial assets and liabilities, including ECP, GMTN, private placements, intercompany loans, credit lines and financial derivatives.

On 3 February 2014 the Company has executed the early redemption of the Note Series No. 32, amounting to EUR 244.761 thousand.

On 29 April 2014, the shareholder resolved to adopt the statutory financial statements for the year 2013 and to distribute as dividend the 2013 net profit of EUR 699 thousand.

On 9 September 2014 the Note Series No. 78c reached its final maturity, consequently the Company repaid its nominal amount of USD 105.000 thousands. In the same time, within a frame of a liabilities management process, the Company decided to execute the early repayment of the remaining USD private placements (USPP Series No. 78d and 78e), for a total amount of USD 195.000 thousand.

On 30 September 2014, Endesa Capital Finance LLC, a wholly owned subsidiary of International Endesa B.V., was dissolved.

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Main Risks and uncertainties

Financial risk management

Financial instruments and related risk management activities are used only to minimize the company's exposure to risk of changes in credit, interest and liquidity and not for speculative purposes.

The Company's activities expose it primarily to market risks. Market risk is defined as the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices.

The Group's Corporate Risk function provides services to manage the financial risk relating to the Company's operations. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Interest rate risk

Interest rate risk is the risk that fluctuations in the prevailing levels of market interest rate will affect the Company's financial position and cash flows. Interest rate exposure on the debt is fully mitigated using interest rate swap agreements.

Liquidity risk

The Company manages its financial assets invested in Endesa Group companies ensuring that the terms and conditions correspond with its liabilities. Its liquidity needs are corrected thereby with its financial assets and also additionally by its equity which is materialized.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. As the Company lends funds only intragroup to Endesa S.A and affiliates, and the Company is supported by Endesa S.A., one of the largest energy companies in Spain, the credit risk is considered low.

The Company has not entered into any other transactions that might generate credit risk.

Internal control

International Endesa B.V. continues to maintain a system of internal control that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations.

This internal control ensures that risk is properly measured and managed.

The Audit Committee of Endesa S.A. monitors the compliance with the regulations of the Dutch Corporate Governance Code.

Future outlook

The Company should evolve normally during 2015, the principal activities will concentrate on the financial operations. No significant changes are expected in the size and nature of operations.

Board of Directors composition

Taking into account the new legislation that entered into force in the Netherlands on 1 January 2013 and concerning the composition of the companies' Board of Directors, we highlight that the Board members of the Company are currently all men. Nonetheless, the Company believes that the composition of its Board of directors has a broad diversity of experience, expertise and backgrounds, and that the backgrounds and qualifications of the directors, considered as a group, provide a significant mix of experience, knowledge, abilities and independence that we believe will allow our board of directors to fulfill its responsibilities and properly execute its duties.

Subsequent events

There have been no significant subsequent events to be mentioned.

Personnel

As at 31 December 2014 the Company employs one person.

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Statement ex Article 5:25c Paragraph 2 Financial Markets Supervision Act ('Wet op het Financieel Toezicht')

To our knowledge,

1. the financial statements give a true and fair view of assets, liabilities, financial position and profit of International Endesa B.V.;
2. the management board report gives a true and fair view of the Company's position as per 31 December 2014 and developments during 2014;
3. the management board report describes the material risks the issuer is facing and provides a fair view as mentioned in article 5:25 paragraph 8 and if applicable 9.

Amsterdam, 17 April 2015

Ernesto di Giacomo

Alessandro Canta

Adolfo García Nombela

Pedro Corpas Fernández

Hans Marseille

Frank Mauritz

Marco Fossataro

Financial statements 2014

International Endesa B.V.

Profit and loss account for the year January - December 2014

Thousands of Euro	Note	2014	2013
Other revenues and income		-	-
Services	1	(308)	(424)
Personnel	1	(103)	(162)
Result from operating activities		**(411)**	**(586)**
Financial income	2	49.672	47.369
Financial expense	2	(37.050)	(45.864)
	Total	**12.622**	**1.505**
Profit before income taxes		**12.211**	**919**
Income tax expense	3	3.043	220
Net income for the period		**9.168**	**699**

The notes on page 12 to 30 are an integral part of the financial statements.

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Balance sheet as at 31 December 2014

(before appropriation of net income)

Thousands of Euro	Note		
ASSETS		**31 Dec 2014**	**31 Dec 2013**
Non-current assets			
Non-current financial assets	4	62.000	478.602
Other		3	3
	Total	**62.003**	**478.605**
Current assets			
Current financial assets	5	245.748	950.012
Income tax receivable		-	1.447
Cash and cash equivalents	6	34	98
	Total	**245.782**	**951.557**
TOTAL ASSETS		**307.785**	**1.430.162**

Thousands of Euro			
LIABILITIES AND SHAREHOLDERS' EQUITY		**31 Dec 2014**	**31 Dec 2013**
Share capital	7	15.429	15.429
Share premium reserve	7	4.660	4.660
Retained earnings	7	-	-
Net income for the period		9.168	699
Total shareholder's equity		**29.257**	**20.788**
Non-current liabilities			
Long-term loans and borrowings	8	62.000	478.361
	Total	**62.000**	**478.361**
Current liabilities			
Short-term loans and borrowings	9	198.696	825.461
Current portion of long-term loans	10	15.000	99.951
Other current financial liabilities	11	1.303	5.399
Income tax payable	12	1.301	-
Other current liabilities		228	202
	Total	**216.528**	**931.013**
TOTAL EQUITY AND LIABILITIES		**307.785**	**1.430.162**

The notes on page 12 to 30 are an integral part of the financial statements

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Cash flow statement for the year 2014

Thousands of euro	Note	2014	2013
Income for the period		**9.168**	**699**
Adjustments for:			
Financial (income)	2	(49.672)	(47.369)
Financial expense	2	37.050	45.864
Income taxes	3	3.043	220
Cash flow from operating activities before changes in net current assets		*(411)*	*(586)*
Interest income and other financial income collected		43.453	30.878
Interest expense and other financial expense paid		(30.582)	(29.798)
Income taxes paid		(1.050)	(923)
Income taxes reimbursed		756	-
Cash flows from operating activities (a)		**12.166**	**(429)**
New loans granted to Endesa SA and affiliates		-	*(808.140)*
Repayments and other movements from Endesa SA and affiliates	*4-5*	*1.116.542*	*1.248.831*
Cash flows from investing/disinvesting activities (b)		**1.116.542**	**440.691**
Financial debt (new borrowings)	9	3.253.000	6.786.451
Financial debt (repayments and other changes)	8-9-10	(4.381.143)	(7.226.928)
Dividends paid to Endesa SA		(699)	(1.389)
Cash flows from financing activities (c)		**(1.128.842)**	**(441.866)**
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**(134)**	**(1.604)**
Cash and cash equivalents at the beginning of the year		**16.257**	**17.861**
Cash and cash equivalents at the end of the year		**16.123**	**16.257**
current account with banks		34	98
current account with Fi.Fi. SA		16.089	16.159

The notes on page 12 to 30 are an integral part of the financial statements

Statement of changes in shareholder's equity

Thousands of Euro

	Share capital	Share premium reserve	Other legal reserve	Retained earnings	Net income for the period	**Equity attributable to the shareholders**
1 Jan 2013	**15.429**	**4.660**	**-**	**-**	**1.389**	**21.478**
Allocation of net income from the previous year	-	-	-	1.389	(1.389)	-
Dividends and interim dividends	-	-	-	(1.389)	-	(1.389)
Net income for the period	-	-	-	-	699	699
31 December 2013	**15.429**	**4.660**	-	-	**699**	**20.788**
Allocation of net income from the previous year	-	-	-	699	(699)	-
Dividends and interim dividends	-	-	-	(699)	-	(699)
Net income for the period	-	-	-	-	9168	9.168
31 December 2014	**15.429**	**4.660**	**-**	**-**	**9.168**	**29.257**

The notes on page 12 to 30 are an integral part of the financial statements.

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Notes to the 2014 financial statements

Form and content of the financial statement

International Endesa B.V. ('the Company') was incorporated under the laws of the Netherlands on June 10, 1993 and has its statutory seat in Amsterdam, the Netherlands, with offices at Herengracht 471, 1017 BS Amsterdam. The Company is a wholly-owned subsidiary of Endesa S.A. ('the parent'), a Spanish company having its registered office at Ribera del Loira 60, 28042 Madrid, Spain. Endesa S.A. and its subsidiaries form part of the Enel Group, of which Enel Energy Europe S.r.l. is the parent company in Spain.
The principal activity of the Company is to issue commercial paper notes and other financial debt instruments (refer to below), and provide these funds to its parent and other affiliated companies.

Debt issuance programme and ECP Programme

On January 17, 1995, the Company entered into a USD 750 million Debt Issuance Programme, arranged by Morgan Stanley & Co. International Limited. On 5 July 1998, this Debt Issuance Programme was increased up to USD 4.000 million. On 9 July 1999, the initial maximum programme amount has been increased up to EUR 7.000 million from the former USD 4.000 million. On 20 September 2001, the maximum programme amount has been increased up to EUR 9.000 million from the former EUR 7.000 million. On 15 November 2002, the maximum programme amount has been increased up to EUR 10.000 million from the former EUR 9.000 million. As from 2004, no new loans are issued under the programme.
Under the programme, the Company issues notes in different currencies. These notes are listed on several European stock exchanges.

On 29 April 1998, the Company established a Euro Commercial Paper Programme pursuant to which the Company may issue and have outstanding short-term notes up to a maximum aggregate amount of USD 2.000 million. On 13 December 2006, the existing programme was updated to EUR 2.000 million. On 18 December 2009, the existing programme was updated to EUR 3.000 million. The proceeds of the notes issued are passed on to the parent company and other affiliated companies.
The risks relating to the different currencies have been covered using swap agreements. The swap contracts mature in accordance with the terms of the related assets and liabilities.

In 2004, the Company issued a private placement of USD 575 million. The term of the agreement is 15 years and the repayment schedule is settled and has started in 2011. During 2014 all amounts have been repaid (2013: outstanding amount: USD 300 million).
International Endesa B.V.'s external debt, composed by Euro Medium-Term Notes, Euro Commercial Papers and United States Private Placements, is guaranteed by the parent company, Endesa S.A.

Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands (Dutch GAAP) and Part 9 of Book 2 of the Netherlands Civil Code. The financial statements have been prepared under the historical cost convention. Assets and liabilities are recorded at face value, unless indicated otherwise.

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The accounting policies set out below have been applied consistently to all periods presented in the Company's financial statements.

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

Accounting principles

The comparative figures have been reclassified to conform with current year's presentation.
The principal accounting policies adopted in preparation of these financial statements are set out below.
An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is disclosed in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.
Income is recognised in the profit and loss account when an increase in economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be estimated with a sufficient reliability. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be estimated with sufficient reliability.
If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable or cannot be measured with sufficient reliability.
The revenue and expenses are allocated to the period to which they relate. Reference is also made to the items financial instruments and financial income and expense.

Accounting policies and measurement criteria

Use of estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Consolidation

The financial statements of the Company are: (i) included in the consolidated financial statements of its Parent Company Endesa S.A.; (ii) filed with the Chamber of Commerce in Amsterdam. Therefore, the Company applies Article 2:408 of the Netherlands Civil Code.
During the year 2014, Endesa Capital Finance LLC was liquidated, as a result there are no consolidation obligations as per 31 December 2014.

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Cash flow statements

The cash flow statement has been prepared using the indirect method.

Cash flows in foreign currency are translated into euros at the average weighted exchange rates at the dates of transactions.

Cash flows from financial derivatives that are stated as fair value hedges or cash flow hedges are attributed to the same category as the cash flows from the hedge balance sheet items. Cash flows from financial derivatives to which hedge accounting is no longer applied, are categorized in accordance with the nature of the instrument as from the date on which the hedge accounting is ended.

Financial instruments

Financial instruments include investments in shares and bonds, loans granted and other receivables, cash items, loans and other financing commitments and other payables. Financial instruments also include derivative financial instruments that are stated at cost or lower market value, unless cost price hedge accounting is applied.

Financial instruments also include derivative financial instruments embedded in contracts. Derivatives embedded in contracts are separated from the host contract and accounted for as a separate financial instrument if:

- the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value with changes in fair value recognised through profit and loss.

Although the company has financial instruments embedded in contracts these derivative financial instruments do not meet the above conditions and are recorded in the same way as the host contract.
Financial instruments are initially stated at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account.

Purchased loans and bonds

Purchased loans and bonds which the Company intends to hold to maturity (and is capable of doing so), are measured at amortised cost after initial recognition using the effective interest method, less impairment losses.

Loans granted and other receivables

Loans granted and other receivables are carried at amortised cost after initial recognition using the effective interest method, less impairment losses.

Derivatives and hedge accounting

The Company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations.

Derivatives based on cost hedge accounting

The hedges are recognized on the basis of cost hedge accounting if the following conditions are met:

a) The general hedging strategy and the way in which the hedging relationships are in line with risk management objectives and the expected effectiveness of these hedging relationships must be documented;

b) The nature of the hedging instruments involved and hedged positions must be documented;

c) The losses that occur due to hedge ineffectiveness must be recognized in the profit and loss account.

The hedges which meet these strict criteria for hedge accounting are accounted for as follows:

If the hedged item is carried at cost in the balance sheet, the derivative is also carried at cost.

As long as the hedged item under cost hedging is not recognized in the balance sheet, the hedging instrument is not revalued. If the hedged position of a forecast transaction results in the recognition of a financial asset or liability, the related gains or losses not yet recognized in profit or loss are taken to the profit and loss account in the same period(s) in which the acquired asset or contracted liability has an effect on profit or loss.

If the hedged item represents a monetary item denominated in a foreign currency, the derivative, to the extent it contains currency components, is also carried at the spot rate ruling at the balance sheet date. If the derivative contains currency components, the difference between the spot rate at the time of entering into the derivative and the forward rate at which the derivative will be settled, is amortized over the term of the derivative.

Cost hedge accounting is no longer applied if:

a) The hedging instrument expires, is sold, terminated or exercised;

b) The hedging relationship no longer meets the criteria for hedge accounting.

Conditions for hedge accounting

The company documents its hedging relationships in specific hedging documentation and regularly checks the effectiveness of the hedging relationships by establishing whether the hedge is effective or that there is no over-hedging.

At each balance sheet date, the company assesses the degree of ineffectiveness of the combination of the hedge instrument and the hedged position (the hedging relationship). The degree of ineffectiveness of the hedging relationship is determined by comparing the critical features of the hedging instrument against the hedged position. For this comparison, the company uses the critical features: amount; term; hedged risk; and method of settlement of the hedging instrument and the hedged position.

If the critical features, assessed in the context of the hedging relationship match, there is no ineffectiveness.

If the critical features, assessed in the context of the hedging relationship, do not match, there is ineffectiveness. In that case, the degree of ineffectiveness is determined by comparing the fair value change of the hedging instrument with the fair value change of the hedged position. If there is a cumulative loss on the hedging relationship over the period between initial recognition of the hedging instrument and the balance sheet date, the ineffectiveness (loss) is directly recognised in the profit and loss account.

Other derivatives

Following initial measurement, other derivatives with listed shares or bonds as underlying securities are carried at fair value. Gains and losses arising from changes in the fair value are taken to the profit and loss account.
Following initial measurement, other derivatives with underlying securities other than listed shares or bonds are carried at cost or lower fair value. Gains and losses are taken to the profit and loss account when the derivatives are transferred to a third party or impaired.

Impairment of financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it needs to be impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.
Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.
The entity considers evidence of impairment for financial assets measured at amortised cost (loan and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.
In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management’s judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.
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 or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.
Financial assets and liabilities are translated at the exchange rate prevailing at balance sheet date, except when covered by a hedge or swap agreement, at the contractual rates.
The currency exchange rate used is : EUR/USD 1,2141.
(31 December 2013: EUR/USD 1,3791)

Accounts receivable

Accounts receivable are stated at amortized cost, less an allowance for possible uncollectable amounts.

Shareholders' equity

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

Non-current liabilities

The valuation and measurement of non-current liabilities is explained under the heading 'Financial instruments'.

Current liabilities

The valuation and measurement of current liabilities is explained under the heading 'Financial instruments'.

Financial income and expense

Financial income comprises interest income on loans to Endesa group companies, dividend income and foreign currency gain. Interest income is recognised as is accrued, using the effective interest method.
Financial expenses comprise interest of the Euro Medium Term Notes, United States Private Placements, Euro Commercial Papers, the interest of the intercompany loan with Endesa Capital Finance, LLC and losses on hedging instruments that are recognised in profit and loss.

Corporate income tax

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period.
Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.
Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Determination of fair value

A number of accounting principles and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. For measurement and disclosure purposes, the fair value is determined as described below, or in the relevant paragraph of the financial instrument. Where applicable, detailed information concerning the principles for determining the fair value are included in the section that specifically relates to the relevant asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows.

Non-derivative financial obligations

The fair value of non-derivative financial obligations is only determined for disclosure purposes and is calculated on the basis of the net present value of future repayments and interest payments, discounted at the market interest rate, including a margin for the relevant risks as at the reporting date.

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Risk management

In normal course of business, the Company uses various types of financial instruments. Financial instruments include those recognised in the balance sheet (on-balance sheet) and off-balance sheet financial instruments.

The estimated fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in at arm's length transaction. Fair values are determined from listed markets prices, price quotations from banks or from pricing models.

The Company has procedures and policies in place to control risks related to financial instruments. These policies and procedures include a clear segregation of duties between operating, settlement, accounting and controlling of all financial instruments used. The Company's management is involved in the risk management process.

The Company attempts to minimise the counterparty credit risk associated with the financial instruments used by selecting counter parties that are creditworthy, given their high credit ratings.

Financial instruments in the balance sheet substantially include long-term receivables and payables, short-term loans receivable and payable, and cash.

Interest rate risk

Interest rate risk is the risk that fluctuations in the prevailing levels of market interest rate will affect the Company's financial position and cash flows. Interest rate exposure on the debt is fully mitigated using interest rate swap agreements.

At year end the outstanding derivative instruments are as follows:

Thousands of Euro

series	Outstanding	Interest payable	Interest receivable	Start date	End date
39	15.000	6m EUR +10bpt	4,50%	07/10/1999	07/10/2019
48	15.000	3m EUR +33bpt	6,26%	29/06/2000	29/06/2015
57	15.000	3m EUR +34bpt	1,78%	23/02/2001	23/02/2016
68	12.000	6m EUR +33bpt	5,74%	12/11/2001	12/11/2031
76	20.000	6m EUR +90bpt	6,00%	27/12/2002	27/12/2022

All derivatives are plain vanilla interest rate swaps, under which a company pays a variable interest rate based on Euribor and receives a fixed interest rate.

The interest rate risk is presented by the interest payment schedule presented below:

Millions of Euro

	Total amount	1 year or less	1-3 years	3-5 years	5-10 years	More than 10 years
Fixed interest rate loan receivable	307	307	-	-	-	-
Variable interest rate loan payable	(276)	(214)	(15)	(15)	(20)	(12)
Net position	**31**	**93**	**(15)**	**(15)**	**(20)**	**(12)**
Derivatives	-	(62)	15	15	20	12
Net interest position	**31**	**31**	**-**	**-**	**-**	**-**

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In case interest rates as of 31 December would rise with 1%, leaving all other assumptions constant, interest expenses would fall with EUR 310.000.

Currency risk

Currency risk is the risk that fluctuations in the prevailing foreign currency exchange rates will affect in Company's financial position and cash flow.
The risks relating to the different currencies have been covered using hedge and swap agreements. The swap contracts mature in accordance with the terms of the related assets and liabilities. During 2014 the Company repaid all outstanding amounts under the Debt Issuance Programme arranged by Morgan Stanley & Co. International Limited. As per 31 December 2014, no foreign currency transactions are included in the balance sheet.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. As the Company lends funds only intragroup to Endesa S.A. and affiliates the credit risk is considered low.
The Company has not entered into any other transactions that might generate credit risk, except for the financial derivatives contracted with financial institutions which may generate credit risk under certain circumstances.

Liquidity risk

The Company manages its financial assets invested in Endesa Group companies ensuring that the terms and conditions correspond with its liabilities. Its liquidity needs are corrected thereby with its financial assets and also additionally by its equity which is materialized. Furthermore Endesa S.A., one of the largest energy companies in Spain, agreed through a letter dated 11 February 2015 that it guarantees payment of the Company's receivables due from Endesa S.A. and affiliated companies.

Fair value

The fair value of most of the financial instruments stated on the balance sheet, including receivables, securities, cash and cash equivalents and current liabilities, is approximately equal to their carrying amount. The fair value of the long term debt can be specified as follows:

Thousands of Euro

	Fair value	Carrying amount	Fair value	Carrying amount
	2014	**2014**	**2013**	**2013**
Financial fixed assets				
Accounts receivable from affiliated companies	62.000	62.000	478.602	478.602
Other receivables	3	3	3	3
Long-term liabilities				
Debts to credit institutions	(88.466)	(62.000)	(370.332)	(478.361)
Debts to shareholders	(29.257)	(29.257)	(20.788)	(20.788)
Total	**(55.720)**	**(29.254)**	**87.485**	**(20.544)**

The fair value is the present value of future cash-flows based on the interest rate that would apply at the balance sheet date for similar loans, including a risk premium for each individual loan.

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The fair value changes of interest rate swaps for which cost price hedge accounting has been applied and the consequential ineffectiveness recognised in the profit and loss account, can be specified as follows at the end of the financial year:

Thousands of Euro

	Fair value change since initial recognition
Interest rate swaps in a hedging relationship	13.607
Effective part of the hedging relationship	13.607
Ineffective part of the hedging relationship (total ineffectiveness)	-
Ineffectiveness recognised in the profit and loss account 2014	-

Notes to the profit and loss

1 Result from operating activities – Euro (411) thousand

Result from operating activities is negative for Euro 411 thousand (2013: EUR 586 thousand) with no significant changes compared to previous year. The costs refer to services (mainly related to the service agreement with Enel Investment Holding B.V.) for Euro 308 thousand (2013: EUR 425 thousand) and to personnel costs for Euro 103 thousand (2013: EUR 161 thousand).

2 Financial income/(expense) – Euro 12.622 thousand

Thousands of Euro

	31 Dec 2014	31 Dec 2013	Change
Financial income:			
income from investments	11.696	-	11.696
interest and other income from financial assets	9.219	29.124	(19.905)
income from IRS derivatives instruments	28.757	18.245	10.512
Total financial income	**49.672**	**47.369**	**2.303**
Financial expenses:			
interest and other charges on financial debt	(34.909)	(43.151)	8.242
expense on IRS derivatives instruments	(2.141)	(2.713)	572
Total financial expenses	**(37.050)**	**(45.864)**	**8.814**
Net financial result recognised	**12.622**	**1.505**	**11.117**

Income from investments (EUR 11.696 thousand) refers to the capital gain arising from the liquidation process of Endesa Capital Finance LLC.

Interest and other income from financial assets decreased to EUR 9.219 thousand, down EUR 19.905 thousand on 31 December 2013 with the variation essentially due to the decreased interest income from the redemption of loan granted by the Company to Endesa Group affiliates, as below detailed:

> decreased interest income (EUR 12.558 thousand) due to the early repayment in February 2014 of the long-term loan (EUR 245.316 thousand) granted by the Company to Endesa Financiación Filiales S.A.;

> deceased interest income (EUR 5.284 thousand) due to the repayment in February 2013 of the loan (EUR 700 million) granted by the company to Endesa Financiación Filiales S.A.;

> decreased interest income (EUR 1.931 thousand) due to the repayment in March 2013 of the loan (EUR 181.371 thousand) granted by the Company to Endesa Financiación Filiales S.A.;

Interest and other charges on financial debt decreased to EUR 34.909 thousand. The variation of EUR 8.242 thousand mainly refers to:

> decreased interest charges (EUR 12.145 thousand) related to the early repayment (EUR 244.761 thousand) in February 2014 of a 40Y Zero Coupon Callable Notes with an aggregate principal amount of EUR 105.000 thousand, issued by the Company in February 1999;

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> decreased interest charges (EUR 5.197 thousand) due to the repayment in February 2013 of the Series NI1077 Note amounting to EUR 700 million;

> decreased interest charges (EUR 2.505 thousand) as a result of early repayment of the outstanding USPP Notes in September 2014 with an aggregate principal amount of EUR 242.457 thousand;

> decreased interest charges (EUR 1.950 thousand) due to the repayment in March 2013 of EUR 181.371 thousand lent by Endesa Capital Finance LLC to the Company;

> decreased interest charges (EUR 1.054 thousand) due to the contraction of the outstanding short-term notes compared with the previous year;

partially offset by increased charges (EUR 17.475 thousand) as result of the above mentioned early repayment of the outstanding USPP Notes.

Net interest income from IRS derivatives amounting to EUR 26.615 thousand refers to the Profit and Loss effect of the derivatives instruments related to floating interest rate loans with Endesa Group affiliates.

3 Income tax expense - Euro 3.043 thousand

Income tax expense for 2014 amounted to EUR 3.043 thousand. The effective rate for period ended 31 December 2014 amounts to 24,92% (2013: 23,91%), which is in line with the Company's expected effective tax rate. The nominal tax rate for 2014 amounts to 20% for the first EUR 200.000 of the taxable income and 25% for the remainder.

Notes to the balance sheet

4 Non-current financial assets – EUR 62.000 thousand

Thousands of Euro

	31 Dec 2014	31 Dec 2013	Change
Investment in subsiddiaries			
Endesa Capital Finance LLC	-	-	-
Total investment in subsiddiaries	**-**	**-**	**-**
Loans and receivables			
- Loans to affiliated companies	62.000	478.602	(416.602)
Total loans and receivables	**62.000**	**478.602**	**(416.602)**
Total non-current financial assets	**62.000**	**478.602**	**(416.602)**

Investment in subsidiaries

On 3 September 2014 Endesa Capital Finance LLC, having its statutory seat in Delaware, USA and in which the Company held a 100% of the common capital securities, was liquidated. As a result the outstanding credit line payable to Endesa Capital Finance LLC and amounting to EUR 11.696 thousand has been released.

Loan to affiliated companies

The specification of the loans to affiliated companies is set out below:

Thousands of Euro

	31 Dec 2014	31 Dec 2013	Change
Loan receivable from Endesa Fi.Fi. (LC1032)	-	244.096	(244.096)
Loan receivable from Endesa Fi.Fi. (LC1039)	15.000	15.000	-
Loan receivable from Endesa Fi.Fi. (LC1048)	-	15.000	(15.000)
Loan receivable from Endesa Fi.Fi. (LC1057)	15.000	15.000	-
Loan receivable from Endesa Fi.Fi. (LC1068)	12.000	12.000	-
Loan receivable from Endesa Fi.Fi. (LC1076)	20.000	20.000	-
Loan receivable from Endesa Fi.Fi. (LC1078)	-	157.506	(157.506)
Total loans to affiliated companies	**62.000**	**478.602**	**(416.602)**

The loans to affiliated companies have variable interest rates related to LIBOR and EURIBOR plus a mark-up. (2013: EUR 244.096 thousand had a fixed interest rate).
The variation of the period is due to: i) the early redemption of the Long term loan "LC1032" granted to Endesa Financiación Filiales S.A. in February 2010; ii) the early repayment of the long-term portion of the Loan LC1078 towards Endesa Financiación Filiales S.A. signed in December 2009; (iii) the reclassification (EURO 15.000 thousand) of the last tranche of the Loan LC1048 to current financial asset due to its maturity date at September 2015.

The proceeds of the notes issued by the Company under the private placement are lent to the Sole shareholder and other affiliated companies of Endesa Group. Consequently, the maturity date of the intercompany receivables is exactly the same as the maturity date of the notes issued and included in note 8.

5 Current financial assets – EUR 245.748 thousand

Thousands of Euro

	31 Dec 2014	31 Dec 2013	Change
Financial receivables	244.432	944.443	(700.011)
Interest receivable on interest rate swaps	703	4.231	(3.528)
Other current financial assets	613	1.338	(725)
Total	**245.748**	**950.012**	**(704.264)**

Current financial assets essentially consist of short-term loans granted to affiliated companies.

Financial receivables

Thousands of Euro

	31 Dec 2014	31 Dec 2013	Change
Short-term loan with Endesa S.A.	198.696	813.737	(615.041)
Credit Line with Endesa Financiación Filiales S.A.	16.089	16.159	(70)
Credit line with Endesa S.A.	14.647	14.595	52
Short-term part loans with Endesa Financiación Filiales S.A.	15.000	99.952	(84.952)
Total short term loans granted to affiliated companies	**244.432**	**944.443**	**(700.011)**

The decrease of the short-term loans is mainly due to: (i) the drop (EUR 615.041 thousand) of the intercompany short-term credit lines with Endesa S.A.; (ii) the repayment (EUR 84.952 thousand) of the long-term loan granted to Endesa Financiación Filiales S.A. in September 2004 and amended in December 2009.

The Endesa S.A. short-term loans mature within one year and have a variable interest rate including a fixed mark-up of 6,07 bps. The credit lines with Endesa Financiación Filiales S.A. and Endesa S.A. both bear an interest rate of 0,3050% - 0,3880% per annum. (2013: 0,3035% - 0,3265%).

Interest receivable on interest rate swaps

Interest receivables on interest rate swaps refer to the accrued interest that will be paid by the market counterparties at the end of the agreed interest period.

Other current financial assets

Other current financial assets aggregate refers to accrued income related to the long-term loans and short-term credit lines granted to affiliated companies.

6 Cash and cash equivalents – EUR 34 thousand

As at 31 December 2014 cash and cash equivalent amount to EUR 34 thousand. No restrictions on usage of cash exist.
For the purpose of cash flows statement, cash and cash equivalents also include the positive amount of the intercompany current account held with Endesa Financiación Filiales S.A.. With reference to 31 December 2014, the amount of the current account is positive for Euro 16.089 thousand.

7 Shareholder’s equity – EUR 29.257 thousand

Share capital – EUR 15.429 thousand

The authorised share capital amounts to EUR 15.882.308, consisting of 35.000 common shares with a par value of EUR 453,78 per share. As at 31 December 2014, 34.000 shares were issued and paid in.

Share premium reserve – EUR 4.660 thousand

The share premium concerns the income from the issuing of shares insofar as this exceeds the nominal value of the shares.
At least EUR 4.660.501 of the share premium can be considered as freely distributable share premium as referred to in the 1964 Income Tax Act.

Retained earnings – EUR nil thousand

During the current year the Company paid dividend amounting to EUR 699 thousand, consequently retained earnings results completely disbursed to the Sole Shareholder.

8 Long-term loans and borrowings – EUR 62.000 thousand

The notes issued by the Company under the Debt Issuance Programme and a private placement are presented under the Long-term loans and borrowings and amount to EUR 62.000 thousand as at 31 December 2014.
The notes under the Debt Issuance Programme are unconditionally guaranteed by the parent company.
The interest on the individual EMTN notes is either fixed or floating. By the use of interest rate swaps, net interest payable is mostly related to LIBOR or EURIBOR rates plus a mark-up.
Notes are valued at ‘amortised costs’. The market price of the EMTN notes issued as at 31 December 2014 (including short-term portion) is EUR 88.466 thousand.

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The following table shows long-term debt and repayment schedules at 31 December 2014:

Thousands of Euro

		Balance	Nominal amount	Balance			
Series	**Currency**	**31 Dec 2014**	**31 Dec 2014**	**31 Dec 2013**	**Maturity**	**Option**	**Interest rate**
N1032	EUR	-	-	243.555	Febr. 2039	Febr. 2014 and in each anniv.	5.8
N1039	EUR	15.000	15.000	15.000	Oct. 2019	Oct. 2019	10 year GBP CSM
N1048	EUR	-	-	15.000	Sept. 2015	Sept. 2015	6.26
N1057	EUR	15.000	15.000	15.000	Febr. 2016	Febr. 2016	95% 10Y Mid EUR-CMS
N1068	EUR	12.000	12.000	12.000	Nov. 2031	Nov. 2031	5.74
N1076	EUR	20.000	20.000	20.000	Dec. 2022	Dec. 2017	6.00
78e	USD	-	-	48.583	Sept. 2019	Sept. 2019	5.82
78d	USD	-	-	109.223	Sept. 2016	Sept. 2016	5.62
Total		**62.000**		**478.361**			

Debt Issuance Programme

On 17 January 1995, the Company entered into a USD 750 million Debt Issuance Programme, arranged by Morgan Stanley & Co. International Limited.
Starting from 1998 until 2002 the Debt Issuance Programme has been updated and increased several times up to the maximum amount of EUR 10.000 million.
Under the programme, the Company issues notes in different currencies. These notes are listed on several European stock exchanges.
In 2004, the Company issued a private placement of USD 575 million. The term of the agreement is 15 years, and the repayment schedule is settled and started in 2011. As from 2004, no new loans have been issued under the programme.

With reference to this programme the following activities took place during 2014:

> On 3 February 2014 the Company has executed the early redemption of the 40 Y Zero Coupon Callable Note Series No. 32 with an aggregate principal amount of EUR 105.000 thousand and issue date 2 February 1999. The Note has been prepaid for an amount of EUR 244.761 thousand;

> On 9 September 2014 the Company repaid a portion of the USD private placements, amounting USD 105.000 thousand, due at maturity and exercised the pre-cancellation option of the last two outstanding US private placements amounting to USD 195.000 thousand and with original maturity date in September 2016 and September 2019.

9 Short-term loans and borrowings - EUR 198.696 thousand

Thousands of Euro

	31 Dec 2014	31 Dec 2013	Change
Commercial papers	198.696	813.737	(615.041)
Short-term loans Group companies	-	11.724	(11.724)
Short-term loans and borrowings	**198.696**	**825.461**	**(626.765)**

Commercial Paper

As at 31 December 2014 the outstanding amount of commercial paper is EUR 198.696 thousand. The commercial papers issuance is performed in the context of the Euro Commercial Paper Programme (hereinafter, also "ECP Programme") launched by the Company in 1998.

On 29 April 1998, the Company established a Euro Commercial Paper Programme pursuant to which the Company may issue and have outstanding short-term notes up to a maximum aggregate amount of USD 2.000 million. On 13 December 2006, the existing programme was updated to EUR 2.000 million and finally, on 18 December 2009, updated to EUR 3.000 million.

The ECP notes issued under the Euro Commercial Paper Programme are unconditionally guaranteed by the parent company.

Short-term loans Group companies

The balance as at 31 December 2014 amounting to EUR nil (2013: EUR 11.724 thousand) consisted of an intercompany current account with Endesa Capital Finance and bears an interest of 0,3550% - 0,438% per annum. On 3 September 2014 Endesa Capital Finance LLC was liquidated. As a result the outstanding credit line payable to Endesa Capital Finance LLC, amounting to EUR 11.696 thousand, was released.

10 Current portion of long-term loans - EUR 15.000 thousand

Thousands of Euro

		Balance	Nominal amount	Balance		
Series	**Currency**	**31 Dec 2014**	**31 Dec 2014**	**31 Dec 2013**	**Maturity**	**Interest rate**
N1048	EUR	15.000	15.000	15.000	Sept. 2014	6.26
78c	USD	-	-	84.951	Sept. 2014	5.47
Total		**15.000**		**99.951**		

In September 2014 the Company repaid the Note Series 78c that reached its maturity date, for further details please refer to paragraph *"8 Long-term loans and borrowings"*.

11 Other current financial liabilities - EUR 1.303 thousand

Thousands of Euro

	31 Dec 2014	31 Dec 2013	Change
Interest payable for EMTN and USPP notes	782	4.812	(4.030)
Interest payable for liabilities under the commercial paper	521	587	(66)
Total other current financial liabilities	**1.303**	**5.399**	**(4.096)**

Other current financial liabilities refer to interest payables for notes payable and liabilities under the ECP programme (notes 8, 9 and 10) and are due within one year.

12 Income tax Payable – EUR 1.301 thousand

The income tax payable amounting to EUR 1.301 thousand specifies as the calculated income tax payable on the result before income taxes less the advance already paid to the tax authorities.

Related parties

Transactions between International Endesa B.V. and other companies of Enel Group involve Financing and Treasury management.
These transactions are part of the ordinary operations of the Company and are settled on the basis of Standard intra-Group contract market prices. International Endesa B.V. has no business relations with Key management during the period.

The following table summarizes the financial relationships between the Company and related parties:

Millions of Euro

	Receivables	Payables	Income	Cost
	31 Dec 2014		2014	2014
Enel Investment Holding BV	-	0,21	-	0,21
ENDESA	213,92	-	5,47	-
FIFI	93,09	-	3,75	-
Endesa Capital Finance	-	-	11,70	0,04
Total	**307,01**	**0,21**	**20,92**	**0,25**

Contingent assets and liabilities

Endesa S.A., one of the largest energy companies in Spain, agreed through a letter dated 11 February 2015, that it guarantees payment of the Company’s receivables due from Endesa S.A. and affiliated companies.

Statutory Directors

An amount of EUR 224 thousand (2013: 178 thousand) was charged by Enel Investment Holding B.V. to the Company for various services. Emoluments of the Company’s Directors in 2014, as per section 2.383 (1) of the Netherlands Civil Code amount to EUR nil (2013: nil).

International Endesa B.V.

Fees of the auditors

Ernst & Young Accountants LLP has acted as external auditor for the company since 2011. With reference to Section 2:382 a (1) and (2) of the Netherlands Civil Code, below a summary is provided of services performed by Ernst & Young Accountants LLP and fees paid during the year:

Thousands of euro

	31 Dec 2014	31 Dec 2013
Audit	22	21
Audit related	-	-
Tax	-	-
Other	-	-
Total	**22**	**21**

Subsequent events

There have been no significant subsequent events to be mentioned.

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Other information

Statutory rules concerning appropriation of net income

The Articles of Association of the Company provide that the appropriation of the net income for the year is decided upon at the Annual General Meeting of Shareholders. The distributable profit shall be at the free disposal of the General Meeting of Shareholders.

Proposal for profit appropriation

The Board of Directors proposes the allocation of the net result of the year 2014 amounting of EUR 9.168 thousand as dividend to be paid out to the sole shareholder.

Amsterdam, 17 April 2015

Ernesto di Giacomo
Alessandro Canta
Adolfo García Nombela
Pedro Corpas Fernández
Hans Marseille
Frank Mauritz
Marco Fossataro

International Endesa B.V.

Independent auditor’s report

The independent auditor’s report is set forth on the following pages.

Building a better working world

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To: The Shareholder of International Endesa BV

Independent auditor's report

Our opinion

We have audited the financial statements 2014 of International Endesa BV ('the Company') based in Amsterdam.

In our opinion, the financial statements give a true and fair view of the financial position of International Endesa BV as at December 31, 2014 and of its result for 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise the balance sheet as at December 31, 2014, the profit and loss account for 2014 and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of International Endesa BV in accordance with the *Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO)* and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the *Verordening gedrags- en beroepsregels accountants (VGBA)*.

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

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 1.5 million. The materiality is based on 0.5% of total outstanding loans. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Identified misstatements in excess of EUR 75 thousand as well as smaller misstatements that in our view must be reported on qualitative grounds would have been reported to the Board of Directors and the Shareholder. We did not identify any of such misstatements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors and the Shareholder. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of (intercompany) loans and other financial receivables

The main activity of International Endesa BV is to operate as a financing company of the Enel Group, raising funds from third party lenders through bonds issuance, loans and other facilities and in turn lending the funds raised to companies belonging to the Enel Group ('the Enel Group Companies'). The company runs the risk that an Enel Group Company defaults on meeting its obligations to International Endesa BV. As the loans to and receivables from the Enel Group Companies represent almost all assets of the Company, we consider this risk as a key audit matter. The response of the Company on this risk is that the parent (Endesa SA) confirmed their commitment to provide the Company with financial support until next year's approval date of the Financial Statements, should the company remain under the control of Enel Group.

Our audit response includes a consideration of the appropriateness of management's assumptions and estimates in relation to the recoverability of the Enel Group Companies loans and receivables. We challenged those assumptions and estimates based on, amongst others, our analysis of the financial position of significant Enel Group Companies and by identification of indicators of non-recoverability of intercompany loans and receivables including an assessment on whether Enel Group Companies throughout the year have not been able to meet their financial obligations towards the Company.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the Directors' report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Shareholder regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Directors and the Shareholder with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the Directors' report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Directors' report and other information):

- We have no deficiencies to report as a result of our examination whether the Directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Director's report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by those charged with governance as auditor of International Endesa BV for the audit for year 2011 and have operated as statutory auditor since that year.

Rotterdam, 17 April 2015
Ernst & Young Accountants LLP

Signed by A.A. Heij