Enel Finance International N.V.

Annual Report 2011

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Directors' report

General Information

Management of the Company hereby presents its financial statements for the financial year ended on 31 December 2011.

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 year 2011 was characterized by high volatility. In the first half of 2011 the world economy has grown, mainly driven by emerging economies which continued to have a quickly expansion. Advanced countries showed a mix of effects: in the first half of the year there was an acceleration of GDP in the euro zone (especially in Germany) and, simultaneously, a sharp contraction in Japan (where the economic effects of the earthquake have proved worse than expected) accompanied by a significant slowdown in U.S. growth.

The second half of the year, however, characterized by a general downturn in the macroeconomic environment with negative effects on all countries and particularly on European economies. In fact, since the summer, the sovereign debt tensions of euro zone countries have intensified and extended to almost all major economies participating in the Euro currency. These pressures have generated several and widespread downward estimates review of all countries GDP growth by major public and private economic institutions.

Some countries in Euro zone have been affected by the crisis with a particularly pronounced effect for both the high level of public debt and weak prospects for the medium-term growth, a phenomenon confirmed by a reduction in electricity demand that was manifested especially in the last months of the year.

The worsening economic outlook has caused a significant increase in the cost of funding and despite this backdrop of general financial disturbance, the Company issued bonds in July for an amount of approximately Eur 1.8 billion and in October for an amount of approximately Eur 2.2 billion.

Significant events in 2011

Credit Facility Agreement (CFA) – voluntary prepayment

In January 2011, following an internal agreement between the Company and its sole shareholder Enel S.p.A. where the current cash position inside Enel Spa 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 31 January 2011, following such management recommendation, an amount of Eur 1,169 million has been prepaid. The impact in income statement for the period is positive for Eur 6.8 million resulting in lower financial expenses.

Bridge Loan Facility with Enel S.p.A.

In order to provide the Company with the necessary financial resources to prepay its share of Euro 2,692.2 million under the CFA described above, on 24 January 2011 the Board of Directors resolved the entering of the Company, as borrower, into a Bridge Loan Facility up to Euro 2,700 million with Enel S.p.A bearing an interest rate equal to Euribor +50 bps. This bridge loan is a temporary financial resource that will be replaced by other alterantive sources of funding The impact in income statement for the period is negative for Eur 18 million recorded as financial expense.

Global Medium Term Note Programme (GMTN)

In February 2011, following the resolution adopted by Enel S.p.A. and in order to reflect the effect of the merger with Enel S.A., the Company entered into an update of the Euro 25 billion GMTN Programme, and the relevant documentation, in order to get any possible market opportunities for new bonds issuance.

The Amended and Restated Programme Agreement has been signed in London on 22 February 2011 and, on 2 March 2011, the Board of Directors meeting resolved to issue notes for a maximun aggregate amount of Eur 1 billion prior to 31 December 2011.

On 17 June 2011, following the resolution adopted by Enel S.p.A., the Board of Directors meeting resolved to approve the increase of the maximum amount of Notes to be issued from Eur 1 billion up to the aggregate nominal amount of Eur 5 billion ultimately by 31 December 2012.

On the same date the Board of Directors meeting resolved also to issue notes denominated in Swiss francs and to update agreements and the relevant documentation under the GMTN Programme.

On 6 September the Managing Board meeting resolved to issue notes for a maximun aggregate amount of JPY 115 billion.

On 26 September the Managing Board meeting resolved to issue notes for a maximun aggregate amount of USD 2 billion.

On 20 October the Managing Board meeting resolved the increase of the GMTN from an amount of Eur 25 billion to an amount of Eur 30 billion.

On 14 November, following the resolution adopted by Enel S.p.A., the Managing Board meeting resolved the revocation of the resolution taken by this Board on June 17, 2011 for the still to be executed part of such resolution (approximately Eur 1 billion), and the issue of Notes under the Programme and/or Other Bonds ultimately by December 31, 2012 by the Company for an aggregate maximum principal amount of up to Eur 5 billion, provided that the aggregate of any issues of Notes or any issues of Other Bonds by ENEL and the Company shall together not exceed an aggregate nominal amount of Eur 5 billion.

The main transactions executed by the Issuer since 31 December 2010 were all issued pursuant to the GMTN Programme, as updated on 22 February 2011 and increased on 20 October 2011:

> March 2011: (i) a private placement of notes in an aggregate principal amount of Eur 150 million, with maturity in 2031 and a fixed interest rate of 5.60 per cent. per annum. The impact in income statement for the period is negative for Eur 6.8 million as financial charge;

(ii) a Bond issuance of notes in an aggregate principal amount of Eur 50 million, with maturity in 2030 and a fixed interest rate of 5.65 per cent. per annum. The impact in income statement for the period is negative for Eur 2.2 million as financial expense.

> June 2011: (i) a Bond issuance of Jpy 11.5 billion equivalent to approximately Eur 100 million with maturity in 2018 and a fixed interest rate of 1.00 per cent. per annum. The impact in income statement for the period is negative for Eur 0.6 million booked on financial expenses;

(ii) an institutional bond of CHF 250 million (around Eur 205 million) in two tranches (CHF 150 million with a tenor of 4.5 years and CHF 100 million with a tenor of 9 years), with a weighted average life of 6.3 years and a Eur swapped average fixed cost of 3.96%. The impact in income statement for the period is negative for Eur 2.6 million as financial charge.

> July 2011: (i) a Bond issuance in an aggregate principal amount of Euro 1 billion, with maturity date 12 July 2017 and a fixed Coupon of 4.125% per annum [All-in Yield : 4.317%]. The impact in income statement for the period is negative resulting in higher financial expenses for Eur 20 million;

(ii) a Bond issuance of notes in an aggregate principal amount of Eur 750 million, with maturity date 12 July 2021 and a fixed Coupon of 5,00% per annum [All-in Yield : 5.114%]. The impact in income statement for the period is negative for Eur 17.8 million accounted for as a financial charge.

> October 2011: (i) a Bond issuance in an aggregate principal amount of Eur 1 billion, with maturity date 24 October 2018 and a fixed Coupon of 5.75% per annum [All-in Yield : 5.868%]. The impact in Income Statement for the period is negative for Eur 10.8 million; (ii) a Bond issuance of notes in an aggregate principal amount of Eur 1,250 million, with maturity date 24 June 2015 and a fixed Coupon of 4,625% per annum [All-in Yield : 4.691%]. The impact in income statement for the period is negative for Eur 11 million as financial expense.

Lending Operations

On 7 July 2011 the Board of Directors meeting, in order to provide Enel Energy Europe S.A. with flexible financial instruments and to improve the cash flow management arising from the ordinary activity, resolved to approve the entering by the Company into a Short Term Revolving Facility Agreement with Enel Energy Europe S.A. According to the new Agreement has been fixed a Commitment of Eur 2.000 million, a floating Interest rate (3 Months Euribor plus margin) and the maturity date at 31 December 2012. The event didn’t have a significant impact on the Company’s income statement.

At the same date the Board of Directors, in consideration of the fact that on the second half of the year 2011 Enel France S.A. had scheduled an outflow of approximately Eur 120 million due to its partecipation in the EPR nuclear programme jointly with EDF, resolved to approve the increase of the commitment of the Revolving Credit Facility Agreement with Enel France S.A. from Eur 480 million to Eur 600 million. The event didn’t have a significant impact on the income statement.

On 14 November 2011, in the frame of a wide crisis in the Financial market and of a consequent restructuring of the Financial plan of Endesa S.A, the Managing Board meeting resolved the entering by the Company into a Long Term Revolving Facility Agreement with Endesa S.A. having a notional amount of Eur 3,5 billion and a tenor of five years. The impact in income statement for the period is positive for Eur 2.5 million as financial income.

The Board also resolved the integration of the term and condition of the Short Term Revolving facility already granted to Enel Energy Europe S.A. The event didn’t have a significant impact on the income statement.

Other significant operations

On 29 September the Managing Board resolved the entering by the Company into an agreement with Enel Investment Holding B.V. concerning the assumption of debts for a nominal amount of Eur 300 million due on September 2023 issued by Enel Investment Holding B.V. in 2003 (Eur 300 million – 5.25% Notes due September 2023). The impact in income statement for the period is negative for Eur 4 million booked as financial charge.

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 Eur 1,200 million which shall have, inter alia, the following terms and conditions:

- Reference amount: Euro 1,500,000,000
- 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 2011 has a carrying amount of Eur 1,200 million. The impact in income statement for the period is negative for Eur 0.3 million as financial charge.

Overview of the Company's performance and financial position

Analysis of the Company financial position

Millions of euro

	31 Dec. 2011	31 Dec. 2010	Change
Net non-current assets:			
Other non-current Assets	864	434	430
Other non-current Liabilities	(226)	(319)	93
Total	**638**	**115**	**523**
Net current assets:			
Net Tax Balance	(17)	4	(21)
Other Current Financial Assets	226	84	142
Other Current Financial Liabilities	(335)	(224)	(111)
Total Payables	(1)	(1)	0
Total	**(127)**	**(137)**	**10**
Gross capital employed	**511**	**(22)**	**533**
Provisions	**0**	**0**	**0**
Net Capital Employed	**511**	**(22)**	**533**
Total Shareholders' Equity	**1,471**	**1,259**	**212**
Net Financial Debt	**(960)**	**(1,281)**	**321**

The net non-current assets, as at 31 December 2011, rose by Euro 523 million compared to 31 December 2010, the variation refers essentially to the increase of Cash flow hedge derivatives fair value (Eur 491 million).

Net current assets came to a negative Euro 127 million with an increase of Euro 10 million compared to 31 December 2010. The variation comes from the combined effect of the following factors: (i) increase of accrued interest income related to intercompany landing activity (Euro 135 million); (ii) rise of accrued interest charges related to funding activity (Euro 98 million).

Net capital employed came to Euro 511 million at 31 December 2011, up EUR 533 million compared to the same period of 2010. The excess of shareholders' equity in the amount of Euro 1,471 million compared to the net capital employed has generated a negative net financial debt amounting to Euro 960 million. The debt-to-equity ratio at 31 December 2011 came to a negative 66% (negative 102% as of 31 December 2010).

Net financial debt

Millions of euro

	31 Dec. 2011	31 Dec. 2010	Change
Long Term Debt:			
Bank loans	1,733	2,660	(927)
Bonds	17,668	12,887	4,781
GMTN Internal Assumption towards EIH BV	296	0	296
Long-term debt	*19,696*	*15,547*	*4,150*
Long-term financial receivables and securities	*22,775*	*21,118*	*1,657*
Net long-term debt	**(3,078)**	**(5,571)**	**2,493**
Short Term Debt:			
Bank loans:			
Short-term portion of long term debt	777	0	777
Short-term bank debt	*777*	*0*	*777*
Other short term loans	1,338	190	1,148
Commercial paper	2,016	5,322	(3,307)
Other short term debt	*3,354*	*5,513*	*(2,159)*
Short term financial receivables Group	987	1,219	(233)
Intercompany current account - Enel SpA	21	0	21
Cash, bank deposits and securities	1,005	3	1,001
Cash and cash equivalents and short-term financial receivables	*2,013*	*1,223*	*790*
Net short-term debt	**2,118**	**4,290**	**(2,172)**
NET FINANCIAL DEBT	**(960)**	**(1,281)**	**321**

Net financial debt amounting to negative Euro 960 million at 31 December 2011 showed a significant decrease (Euro 321 million) compared with the corresponding period of last year.

Net long-term debt stood at negative Euro 3,078 million, up Euro 2,493 million mainly as a result of higher Bonds (Euro 4,781 million) issued during 2011 partially compensated by new long-term loans granted to Enel Group companies (Euro 1,657 million).

Net short-term debt decreased by Euro 2,172 million to Euro 2,118 million mainly thanks to a significant reduction (Euro 3,307 million) of the Commercial Paper and an increase (Euro 1,001 million) of bank deposit, partially offset by an increase (Euro 1,148 million) of other short-term loans essentially due to the Deposit Agreement signed with Enel Servizio Elettrico amounting to Euro 1,200 million.

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 NV 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 NV 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 NV 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.

Outlook

The Company should evolve normally during 2012, with the aim to maintain the same funding and lending activity currently on going, keeping on supporting Enel Group in its developing process.

Subsequent events

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

> 5 years Term Loan Facility Agreement of Eur 3,200 million with a pool of major international banks. Such Term Loan will pay an interest based on Euribor plus a 250 bps fixed margin and an additional variable fees determinated in fuction of the credit rating of Enel. The future impact in income statement is not reliably determinable;

> 5 years Term Loan Facility Agreement of Eur 250 million with JP Morgan Chase Bank. Such Term Loan will pay an interest based on Euribor plus a variable margin between 250 and 375 bps that shall be determinated in fuction of ther credit rating of Enel. The future impact in income statement is not reliably determinable;

> 5 years Term Loan Facility Agreement of Eur 100 million with Banco Bilbao Vizcaya Argentaria S.A.. Such Term Loan will pay an interest based on Euribor plus plus a 250 bps fixed margin and an additional variable fees determinated in fuction of the credit rating of Enel. The future impact in income statement is not reliably determinable.

All the above term loans have been signed on the February 20th .

The main notes issued by the Company since 31 December 2011 are the following:

> January 2012: (i) a private placement of Zero Coupon Medium Term Notes in an aggregate principal amount of Eur 177 million with maturity in 2032 and a yield of 6.47 per cent. per annum. The expected impact on income statement for 2012 is negative for Eur 3.1 million as financial charge.

> February 2012: (i) a private placement of Zero Coupon Bond in an aggregate principal amount of Eur 155 million with maturity in 2032 and a fixed interest rate of 5.80 per cent. per annum. The expected impact in income statement for 2012 is negative for Eur 2.5 million as financial charge;

(ii) a private placement of notes in an aggregate principal amount of Eur 50 million, with maturity in 2027 and a fixed interest rate of 6.15 per cent per annum. The expected impact in income statement for 2012 is negative for Eur 2.7 million as financial expense;

(iii) a private placement of European Inflation-Linked Notes in an aggregate principal amount of Eur 100 million, with maturity in 2024 and bearing a yield linked to the inflation index. The expected impact in income statement for 2012 may be assumed negative for Eur 2.6 million as financial charge;

(iv) a private placement of Floating Rate Notes in an aggregate principal amount of Eur 50 million, with maturity in 2022 and a yield linked to EUR CMS 10 Years plus 2.71 per cent per annum. The expected impact in income statement for 2012 may be assumed negative for Eur 2.2 million as financial charge;

(v) a private placement of Floating Rate Notes in an aggregate principal amount of Eur 50 million, with maturity in 2022 and a yield linked to EUR

CMS 10 Years plus 2.69 per cent. per annum. The expected impact in income statement for 2012 may be assumed negative for Eur 2.2 million as financial expense;

(vi) a private placement of notes in an aggregate principal amount of Eur 50 million, with maturity in 2022 and a fixed interest rate of 5.80 per cent. per annum. The expected impact in income statement for 2012 is negative for Eur 2.7 million as financial charge.

Personnel

As at 31 December 2011 the Company employs five 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,

1. the financial statements give a true and fair view of the assets, liabilities, financial position and result of Enel Finance International N.V.;
2. the director's report gives a true and fair view of the Company's position as per 31 December 2011 and the developments during the financial year 2011 of Enel Finance International N.V.;
3. the director's report describes the principal risks the issuer is facing.

This annual report is prepared according to International Financial Reporting Standards as adopted by the European Union (IFRS-EU) with full external audit performed on it. It's also in compliance with the Transparency Directive which was enacted in the Netherlands in 2008 and subsequently coming into force as from 1 January 2009. The Company, under the above mentioned Transparency Directive, is obligated to the electronic filing at the AFM (Autoriteit Financiele Markten in the Netherlands) of its annual financial statements as adopted by the Company's shareholders meeting, within 5 days after their adoption.

Amsterdam, 13 April 2012

A.J.M. Nieuwenhuizen
F. Mauritz
H. Marseille
E. Di Giacomo
F.J. Galán Allué
A. Canta

Enel Finance International N.V.

Annual Report 2011

Prepared in accordance with the

International Financial Reporting Standards

as adopted by the European Union

Statement of Comprehensive Income

Millions of euro	Note	2011	2010
General and administrative expense	1	(4)	0
Result from operating activities		**(4)**	**0**
Financial income	2	1,542	1,654
Financial expense	2	(1,423)	(1,554)
	Total	**119**	**100**
Profit before income taxes		**115**	**100**
Income tax expense	3	16	22
Net income for the period attributable to Equity Owners of the Company'		**99**	**78**
Other components of comprehensive income:			
- Effective portion of change in the fair value of cash flow hedges	5.c	*191*	*130*
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY		**290**	**208**

Statement of Financial Position

Millions of euro **ASSETS**	Note	**31 Dec 2011**	**31 Dec 2010**
Non-current assets			
Non-current financial assets	4.a	23,639	21,551
	Total	**23,639**	**21,551**
Current assets			
Current financial assets	4.b	1,234	1,307
Income tax receivable	4.c	0	4
Cash and cash equivalents	4.d	1,005	3
	Total	**2,239**	**1,314**
TOTAL ASSETS		**25,878**	**22,865**

Millions of euro **LIABILITIES AND SHAREHOLDERS' EQUITY**		**31 Dec 2011**	**31 Dec 2010**
Share capital	5.a	1,479	1,479
Share Premium	5.b	43	43
Cash Flow Hedge Reserve	5.c	(150)	(341)
Retained earnings		0	0
Net income for the period		99	78
Equity attributable to Equity owners of the Company		**1,471**	**1,259**
TOTAL EQUITY		**1,471**	**1,259**
Non-current liabilities			
Long-term loans and borrowings	5.d	19,696	14,378
Other non-current financial liabilities	5.e	226	289
Other non-current liabilities	5.f	0	33
	Total	**19,922**	**14,700**
Current liabilities			
Short-term loans and borrowings	5.g	3,354	5,513
Current portion of long-term loans	5.d	777	1,169
Income tax payable		17	0
Other current financial liabilities	5.h	337	224
	Total	**4,485**	**6,906**
TOTAL EQUITY AND LIABILITIES		**25,878**	**22,865**

Statement of Changes in Equity

Millions of euro	Share capital	Share Premium	Other legal reserve	Other reserves	Retained earnings	Cas Flow Hedge Reserve	Net income for the period	**Equity attributable to the shareholders**
1 Jan 2010	**1,392**	**0**	**14**	**14**	**38**	**(471)**	**65**	**1,051**
Merger impact		43	(17)		(26)			0
1 Jan 2010 *[Restatement]*	**1,392**	**43**	**(3)**	**14**	**11**	**(471)**	**65**	**1,051**
Allocation of net income from the previous year			**3**	**1**	61		(65)	0
Share Capital Increase	87			(15)	(72)			0
Net change in fair value of cash flow hedge reserve						130		*130*
Income/(loss) recognized directly in equity						*130*		*130*
Net income for period							78	78
31 Dec 2010	**1,479**	**43**	**0**	**0**	**0**	**(341)**	**78**	**1,259**
Allocation of net income from the previous year					78		(78)	0
Dividends Payment					(78)			(78)
Net change in fair value of cash flow hedge reserve						191		*191*
Income/(loss) recognized directly in equity						*191*		*191*
Net income for period							99	99
31 Dec 2011	**1,479**	**43**	**0**	**0**	**0**	**(150)**	**99**	**1,471**

Statement of Cash Flows

Millions of euro	Note	2011	2010
Income for the period		**99**	**78**
Adjustments for:			
Gain of liquidation on investment		0	(2)
Financial (income)	2	(1,542)	(971)
Financial expense	2	1,423	861
Income taxes	3	16	22
(Gains)/Losses and other non-monetary items		1	0
Cash flow from operating activities before changes in net current assets		*(3)*	*(11)*
(Increase)/Decrease in trade receivables		0	0
(Increase)/Decrease in financial and non-financial assets/liabilities		0	1
Interest income and other financial income collected		1,118	1,064
Interest expense and other financial expense paid		(1,017)	(964)
Income taxes paid		(26)	(2)
Cash flows from operating activities (a)		**72**	**88**
New loans granted to Enel S.p.A. and affiliated	*4.a/b*	*(1,658)*	*(12,008)*
Repayment and other movements to Enel S.p.A. and affiliated	*4.b*	*234*	*11,294*
Equity investments (Repayments)		*0*	*63*
Cash flows from investing/disinvesting activities (b)		**(1,424)**	**(652)**
Financial debt (new borrowing)	5.d/g	7,104	1,389
Financial debt (repayments and other changes)		(4,564)	(1,169)
Dividends paid to Enel S.p.A.		(78)	0
Cash flows from financing activities (c)		**2,463**	**220**
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**1,111**	**(343)**
Cash and cash equivalents at the beginning of the period		**(85)**	**258**
Cash and cash equivalents at the end of the period		**1,026**	**(85)**
current account with banks		*1,005*	*3*
current account with Enel S.p.A.		*21*	*(88)*

Financial statements for the year ended 31 December 2011

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. The business address of Enel N.V. is 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.

The 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).

Legal merger

On 1 December 2010, in the context of an internal reorganisation of the Enel Group, the Company merged with Enel Finance International S.A. ("ENEL S.A."), a company incorporated as a public limited liability company under Luxembourg law on 3 July 1997.

As a consequence of the merger, the Company (as acquiring entity) acquired all assets and liabilities of Enel S.A. (as disappearing entity) under universal succession of title, including - without limitation - any and all payment obligations in connection with the Notes issued by Enel S.A. prior to the merger. Both merging companies are part of Enel Group and the 100% of their shares are held by Enel S.p.A.

The economic reason of the merger can be summarized as follows:

- reinforcement of the Enel Group effectiveness and competitively by cumulating human and financial resources;
- reduction of costs by the integration of the management and other office infrastructure in one single entity;
- rationalization of the accounting and auditing activities and reporting to the sole shareholder.

As the acquiring company in the merger with Enel S.A., the Company succeeded, as lender, in the outstanding short and long terms financial operations with companies belonging to the Enel Group.

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 entities that operate outside of Italy and are part of the Enel Group.

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, licences, 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 five 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 February 24, 2012.

Based upon guarantee, comfort letter received by the parent company, management has prepared the financial statements on the basis of a positive going concern assumptions.

Solvency

Given the objectives of the company, the Company is economically interrelated with ENEL S.p.A.. In assessing the solvency and 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 13 April 2012.

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 balance sheet 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 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.

Transaction under common control

"Transactions under common control" are defined those operations arising from transfer of interests among the Company and all other entities that are under the control of the shareholder Enel S.p.A

The assets and liabilities acquired, either at fair values from affiliated companies or trough a contribution in kind from the shareholder, are considered as an under common control transaction and therefore their values in the Company financial statements have been performed in continuity to their values included in the last Parent Company Enel S.p.A. consolidated financial statements.

Consequently, the differences needed to align the value of the subsidiary, as recorded in the Company financial statements, to the value as recorded in the last Parent Company Enel S.p.A. consolidated financial statements, have been recognised as differences in the retained earnings.

Merger

On 1 December 2010, in the context of an internal reorganisation of the Enel Group, Enel Finance International N.V ("Enel N.V.) merged with Enel Finance International S.A. ("Enel S.A."), a company incorporated as a public limited liability company under Luxembourg law on 3 July 1997. As a consequence of the merger, the Company (as acquiring entity) acquired all assets and liabilities of Enel S.A. (as disappearing entity) under universal succession of title, including - without limitation - any and all payment obligations in connection with the Notes issued by Enel S.A. prior to the merger.

Further, as the acquiring company in the merger with Enel S.A., Enel N.V. succeeded as lender, in the outstanding short and long terms financial operations with companies belonging to the Enel Group.

Both merging companies are part of Enel Group and 100% of their shares are held by Enel Sp.A. Consequently, the merger between Enel N.V. and Enel S.A. is a transaction under common control.

Notwithstanding the legal merger took place as per 1 December 2010, the accounting effects, as the transaction is under common control, have been considered starting from 1 January 2010 using the accounting treatment, in accordance with Dutch Law, called as "contribution in Kind Method".

The assets and liabilities of the acquired company are considered the input for the issuance of the new shares by the acquiring company. The difference between the book value of the assets and liabilities and the value of new shares issued is accounted for in the share premium reserve.

In accordance with article 321.4 Dutch Law, Enel N.V. has kept the cash flow hedge reserve separately in the financial statements. The legal reserve booked in accordance with Luxemburg Gaap has been reclassified as share premium reserve, as the legal ground for keeping it has been expired.

The effect on the equity in accordance with Contribution in Kind method has been summarized below:

Value in thousand of EUR	ENEL N.V. 1 Jan 2010 IFRS	ENEL S.A. 1 Jan 2010 IFRS	Aggregated Equity ENEL S.A. -ENEL N.V. IFRS	Merger Adjustments	Total Equity 1 Jan 2010 IFRS
Share capital	18	1.391.900	1.391.918		1.391.918
Share premium	50	0	50	43.000	43050
Legal reserves	0	13.516	13.516	-16.700	-3.184
Other reserves	0	13.982	13.982		13.982
Retained earnings	-25	102.339	102.314	-26.300	76.014
Cash flow reserves		-470.800	-470.800		-470800
TOTAL EQUITY	**43**	**1.050.937**	**1.050.980**	**0**	**1.050.980**

The company has included the assets, liabilities, income and expenses of Enel S.A., the merged company, in the financial statements of Enel N.V., the acquiring company, for the entire year, as if the merger took place from the earliest reporting period. The value of the assets and liabilities has been transferred at book value in continuity to the value as recorded in the most recent consolidated financial statements of the parent company Enel S.p.A..

The cost of the merger amounts to Eur 0,3 million of legal costs.

The effect of the merger in accordance with Contribution in Kind accounting as at 1 January 2010 has been summarized as following:

Millions of euro	Enel Finance International NV as at 1 January 2010	Enel Finance International SA as at 1 January 2010 (under IFRS)	Financial statement restated as at 1 January 2010
Non-current assets		**20.629,7**	**20.629,7**
Current assets	**0,1**	**1.541,7**	**1.541,8**
TOTAL ASSETS	**0,1**	**22.171,4**	**22.171,5**
Equity	**0,1**	**1.050,9**	**1.051,0**
Non-current liabilities	**-**	**16.770,6**	**16.770,6**
Current liabilities		**4.349,9**	**4.349,9**
TOTAL EQUITY AND LIABILITIES	**0,1**	**22.171,4**	**22.171,5**

The effect of the merger in accordance with Contribution in Kind accounting as at 31 December 2010 has been summarized as following:

Millions of euro	Enel Finance International NV as at 31 Dec. 2010 without merger effects	Enel Finance International SA as at 31 Dec. 2010 (under IFRS)	Financial statement as at Dec. 31, 2010
Non-current assets	**-**	**21.550,9**	**21.550,9**
Current assets	**0,1**	**1.314,2**	**1.314,3**
TOTAL ASSETS	**0,1**	**22.865,1**	**22.865,2**
Equity	**(0,3)**	**1.259,0**	**1.258,7**
Non-current liabilities	**-**	**14.699,8**	**14.699,8**
Current liabilities	**0,4**	**6.906,3**	**6.906,7**
TOTAL EQUITY AND LIABILITIES	**0,1**	**22.865,1**	**22.865,2**

As Enel S.A. is a operational entity with a significant role in respect to Enel N.V. and the transaction qualified in accordance with IFRS as a common control transaction, the Company has presented as comparative figures 2009 the aggregated figures of Enel S.A. on a standalone basis and Enel N.V., in order to give readers an useful insight.

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 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 2010, the following international accounting standards and interpretations took effect as from 1 January 2011:

> "*Revised IAS 24 – Related parties disclosures*": tha standard allows companies that are subsidiaries or under the significant influence or a government agency to adopt special related-party disclosure rules allowing summary disclosure of transactions with the government agency and with other companies controlled or under the significant influence of the government agency. The new version of IAS 24 also amends the definition of related parties for the purposes of disclosure in the notes to the financial statements. The application of IAS 24 did not have an impact for the Company.

> "*Amendments to IFRIC 14 – Prepayments of a Minimum Funding Requirement*". These changes clarify the accounting treatment to apply the rules related to the so called "asset ceiling", in the event prepayments related a minimum funding requirement (MFR) are foreseen. In particular, the modified interpretation foresees new rules to measure the available economic benefit deriving from a reduction of future contributions related to an MFR. The application of the amendments did not impact the Company.

> "*IFRIC 19 – Extinguishing financial liabilities with equity instruments*"; the interpretation clarifies the accounting treatment that a debtor must apply in the case of liability being extinguished through the issue of equity instruments to a creditor. In particular, the issued equity instruments represent the consideration for extinguishing the liability and must be measured at fair value as of the date of extinguishment. Any difference between the carrying amount of the extinguished liabilities and the initial value of the equity instruments shall be recognized to the income statement. The application of IFRIC 19 did not impact the Company.

> "*Amendment to IAS 32 – Financial instruments: Presentation*". The amendment clarifies that rights, options or warrants that grant the right to purchase a fixed number of equity instruments of the same entity that issues those instruments for a fixed amount in any currency, have to be classified as equity instruments if and only if the entity offers these rights, options or warrants proportionally to all the holders of the same class of non-derivative equity instruments. The application of the amendment did not have an impact for the Company.

> "Improvements to IFRSs", endorsed in February 2011: they relate to improvements to already existing accounting standards. The more significant are:
>
> - "IFRS 3 – Business combinations, as revised in 2008": it is clarified that non-controlling interests in the acquired entity are owners' interests that give right, in the event of liquidation of the entity, to a proportional share of its net assets. These interests are measured at fair value or as a proportionate quota of the recognized amount of the net identifiable assets of the acquiree. All other elements classifiable as non-controlling interests, but that do not present the abovementioned characteristics (e.g. share options, preferred shares, etc.), are measured at fair value at the acquisition date.
>
>   The application of this interpretation didn't have an impact for the Company.

- "IFRS 7 – Financial Instruments: Disclosures": it is clarified the required disclosure in the event of renegotiated financial assets, and the disclosure needed to represent the credit risk.
  The application of this interpretation didn't have an impact for the Company.

- "IAS 1 – Presentation of Financial Statements": specifies that the reconciliation of the carrying amount at the start and end of the period for each element of "other comprehensive income" (OCI) shall be presented either in the statement of changes in equity or in the notes to the financial statements. The application of amendment did not have a significant impact for the Company.

Standards not yet adopted and not yet applicable

During financial year 2011, the European Commission approved the following amendment, which is expected to apply to the Company from 1 January 2012:

> "Amendments to IFRS 7 – *Financial instruments: Disclosures*", issued in October 2010, introduces 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 Company is assessing the impacts of the future application of the new provisions.

During the years 2009, 2010 and 2011, 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 2011, 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'. 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.

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.

"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, 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.

> "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 new standard 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 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.

> "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 changes to the standard apply retroactively, subject to approval, from the financial years beginning 1 January 2014 onwards. The Company is assessing the impact of the future application of the new provisions.

> "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 changes to the standard 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.

Risk management

Market risk

Market risk is the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

Enel Finance International, acting as a financial intermediary, provides the necessary resources to foreign operating Entities of the Group; the funding activity comprises direct access to the international capital markets. Therefore, Enel Finance International is exposed to interest rate and exchange rates risks, due to its net financial position.

In order to hedge these exposures, the Company employs financial derivative instruments such as interest rate swaps, currency forwards and cross currency 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 December, 30 2011. 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 December, 30 2011. No changes occurred in evaluation criteria over the year.

The notional amount of a financial derivative is the nominal on which payments are calculated. Foreign currency amounts are converted to Euro at official European Central Bank exchange rates as of December, 30 2011.

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 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 December 31, 2011 and December 31, 2010:

Millions of euro

	Notional		Clean Fair value		Fair value assets		Fair value liabilities	
	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
Cashflow hedge derivatives:								
Interest rate swap	700	700	(4)	(13)			(4)	13
Total Interest rate derivative	**700**	**700**	**(4)**	**(13)**			**(4)**	**13**

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

Millions of euro

	Clean Fair value	Expected cash flows					
	Dec 31, 2011	2012	2013	2014	2015	2016	Beyond
Cashflow hedge derivatives:							
Interest rate swap	(4)	(4)					
Total Interest rate derivatives	**(4)**	**(4)**					

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

At December 31, 2011, 12% of long term debt was floating rate. Taking into account interest rate derivatives designated as cash flow hedge considered effective pursuant to the IFRS – EU, 9% of such debt was exposed to interest rate risk.
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 financial position.
An increase (decrease) of 25 basis point (0.25%) in market interest rates would have a negative (positive) impact on the income statement in terms of higher (lower) interest net expenses of about 4.56 million of euro on an annual basis (15.23 million of euro as of December 31, 2010).
As regards the potential impact on equity of a change in interest rates, if interest rates rate would have been 25 basis point (0.25%) higher as of December 31, 2011, all other variables being equal, net equity would have increased by Euro 0.34 million (2.11 million of euro as of December 31, 2010) 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 0.34 million (2.11 million of euro as of December 31, 2010) due to decrease of fair value of Cash Flow Hedge derivatives.

Exchange rate risk

Exchange rate risk is a type of risk that arises from the change in price of one currency against another. EFI NV 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.
Cross currency interest rate swaps are used to convert a foreign currency denominated long-term asset/liability (typically a bond), 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 December 31, 2011 and December 31, 2010:

Millions of euro

	Notional		Clean Fair value		Fair value assets		Fair value liabilities	
	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
Cashflow hedge derivatives:								
Cross currency interest rate swap	9,397	8,785	608	114	834	391	226	277
Trading derivatives:								
Forwards	953	496	(4)	(1)	6	5	10	7
Total Interest rate derivatives	**10,350**	**9,281**	**604**	**113**	**840**	**396**	**236**	**283**

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

Millions of euro

	Fair value	Expected cash flows					
	Dec 31, 2011	2012	2013	2014	2015	2016	Beyond
Cross currency interest rate swap							
Positive Fair value derivatives	834	46	96	149	35	0	977
Negative fair value derivatives	(226)	(5)	(5)	(5)	(5)	0	30
Forwards							
Positive Fair value derivatives	6	3	0	0	0	0	0
Negative fair value derivatives	(10)	(9)	0	0	0	0	0
Total Interest rate derivatives	**604**	**35**	**91**	**144**	**30**	**0**	**1,008**

Regarding the details of derivatives contracts on the basis of hierarchy of inputs used to determine fair value, as specified to 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 December 31 2011, assuming a 10% depreciation of Euro against US Dollar, all other variables being equal, equity would have been about Euro 1,473.5 million higher (Euro 1,227.3 at December 31, 2010) as a result of the increase of the fair value of Cash Flow Hedge derivatives. Conversely, assuming a 10% appreciation of Euro against US Dollar, all other variables being equal, equity would have been about Euro 1,205.6 million lower (Euro 1,004.2 at December 31, 2010) 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 will suffer 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 counterparty credit risk policy defined at Group level, the Company is operating solely with market counterparties with high credit standing and with other Entities belonging to the 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 EFI NV meets 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. Moreover the Company has arranged long term revolving credit line amounting to 5,000 mln (available for 4,000 mln at December 31, 2011) and it has outstanding commercial paper programs with a maximum ceiling of Eur 6 billion, of which Eur 2 billion drawn at 2011 year ended.

Moreover Enel S.p.A. has confirmed through a letter dated February 24, 2012 its commitment to explicitly provide the Company with the financial support until the date of approval of full year 2012 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 2011	31 Dec 2010
Total Equity	1,471	1,259
Cash Flow Hedge reserve	(150)	(341)
Adjusted Equity	1,621	1,600
Net Finance result	119	100
Return of capital (*)	**7%**	**6%**

* Key Performance Indicator determined on year 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 2011. The Company is not subject to externally imposed capital requirements.

Notes to the statement of comprehensive income

1 General and administrative expense – Euro 4 million

Millions of Euro

	2011	2010	Change
General and administrative expenses	4	0	4
Total	**4**	**0**	**4**

General and administrative expense is relevant to costs for services, mainly refer to legal and consultancy costs, and cost of personnel. Legal costs are equal to Eur 1.4 million and showed a significant increase (Eur 0.6 million) with respect to 2010 due essentially to the greater company complexity to manage. The cost of personnel (Eur 0.8 million at December 2011) rose by Eur 0.4 million because of new hires occurred during 2011.

2 Financial income/(expense) – Euro 119 million

Millions of Euro

	2011	2010	Change
Financial income:			
- interest and other income from financial assets	1,098	968	130
- foreign exchange gains	36	110	(74)
- income from trading derivative instruments	72	4	68
- income from CFH derivative instruments	332	572	(240)
- income from Time Deposit Interests	4	0	4
Total finance income	**1,542**	**1,654**	**(112)**
Financial expense:			
- interest and other charges on financial debt	(964)	(861)	(103)
- foreign exchange losses	(357)	(650)	292
- expense on trading derivative instruments	(80)	(5)	(75)
- expense on CFH derivative instruments	(22)	(38)	16
Total financial expense	**(1,423)**	**(1,554)**	**130**
Net finance result recognised	**119**	**100**	**18**

Interest and other income from financial assets rose to Eur 1,098 million, up Eur 130 million on 31 December 2010 with the variation essentially due to:

> The increase of interest income from Enel Energy Europe (Eur 42 million) after the extension in April 2010 of the medium-term loan granted by the Company from Eur 10 billion to Eur 18 billion together with the increase of the yearly fixed interest rate from 3.2% to 4.50%;

> The rise of interest income from Enel Green Power International BV (Eur 87 million) after the subscription in July 2010 of two facility agreements between the Company as lender and EGPI as borrower: (i) Multicurrency Long Term Loan; (ii) Multicurrency Revolving Facility

Agreement. As at 31 December 2011 the facility agreements have respectively reached the amount of Eur 2,275 million and Eur 376 million.

Interests and other charges on financial debt rose to Eur 964 million. The variation of Eur 103 million is essentially due to the following factors:

- > increase of Eur 24 million of Commercial Paper charges due to the raise of short-term interest rates over the same period of 2010;
- > increase by Eur 18 million because of the partial use of the Bridge Loan Facility with Enel S.p.A. because of the significant average drawing during 2011;
- > rise of Eur 17 million due to the utilization during the current year of the 5-year multiborrower Revolving Credit Facility subscribed on April 2010;
- > increase of financial charges on Bond for Eur 57 million due to the issuance of new Bonds during the period.
- > decrease of interest charges for Eur 17 million thanks to the CFA prepayments;

The lower level of foreign exchange losses is mainly due to the depreciation of the notes denominated in foreign currencies. In 2011, the amount of the foreign exchange losses arisen from this depreciation was Eur 310 million and they are entirely covered with the reversal of the Cash Flow Hedge equity reserve that affected in 2011, with reversal of Euro 310 million from the Cash Flow Hedge reserve.

Net Expense from trading derivative instruments amounting to Eur 8 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 16 million

Millions of Euro	**2011**	**2010**
Income taxable in Luxembourg	-	88
Nominal tax rate at 28,59%	-	25
Non deductible expenses	-	6
Income taxable in The Netherlands	69	12
Nominal tax rate at 25%	17	3
Current Taxation	**17**	**22**
Positive adjustments for current income taxes related to prior periods	(1)	0
Income tax expense	**16**	**22**

Ex-EFI SA was a Luxembourg tax resident until 1 December 2010, the day it merged into EFI NV, a Dutch tax resident company, and EFI SA ceased to exist. Therefore, EFI NV, as the legal successor of EFI SA, included in its 2010 financial statements also the corporate income tax due in Luxemburg for the period up to and ending 1 December 2010. Moreover during 2010 EFI NV concluded an APA with the Dutch tax authorities in which it agreed both the transfer pricing method and the remuneration for its intergroup financing activities.

Notes to the statement of financial position

4 Assets

4.a Non-current financial assets – Euro 23,639 million

Millions of Euro

	31 Dec 2011	31 Dec 2010	Change
- financial receivables due from ENEL entities	22,775	21,118	1,657
- cash flow hedge derivatives	834	391	443
- other items	30	43	(13)
Total non-current financial assets	**23,639**	**21,551**	**2,087**

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 2011	31 Dec 2010	Change
Loan receivable from Enel S.p.A.	2,500	2,500	0
Loan receivable from Enel Energy Europe S.A.	18,000	18,000	0
Loan receivable from Enel Green Power International B.V.	2,275	618	1,657
Total non-current financial receivables	**22,775**	**21,118**	**1,657**

The increase of financial receivables is mainly due to the utilization by Enel Green Power International B.V. ("EGPI") of the long-term loan finalized to allow it to be the financial company of the Enel Group Renewable Division.

The EGPI Long-Term Loan has been signed in July 2010 with the following terms:

> Multicurrency Long-Term Loan, for an aggregate commitment amount up to the equivalent of Euro 2,500 million;

> Currency: Euro, USD and any other currency requested;

> Tenor: variable by drawdown, up to 8 years from the signing date of the agreement;

> Rate of interest: Fixed or Floating Rate, plus a margin of 200 bps;

> Interest period: annual in case of Fixed Rate; semi-annual in case of Floating Rate;

> Commitment Fee: 25% of the margin per annum.

The loan facility granted to Enel Green Power International BV has been drawn as at 31 December 2011 for Euro 2,275 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 receivables (for further details see Par. "*Interest rate risk*" and "*Exchange rate risk*").

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. 2011	Level 1	Level 2	Level 3
Cashflow hedge derivatives on exchange rate	834		834	
Total	**834**		**834**	

"Other items"

This aggregate refers to the prepayments related to costs already paid for long-term revolving facilities and amortized on a straight line basis during the Revolving debt life.

As at december 31, 2011 non-current financial assets do not have neither past due nor impaired items.

4.b Current financial assets – Euro 1,234 million

Millions of Euro

	31 Dec 2011	31 Dec 2010	Change
Financial receivables	1,008	1,220	(212)
Trading derivatives	6	5	1
Other current financial assets	220	82	138
Total	**1,234**	**1,307**	**(73)**

Current financial assets comprise essentially financial receivables like short-term loans or credit revolving facilities granted to Enel Group companies and trading derivatives.

Financial receivables

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

Million of Euro

	31 Dec 2011	31 Dec 2010	Change
Loan Enel Green Power International BV	376	607	(231)
Loan Enel France S.A.S.	388	380	8
Loan Marcinelle Energie S.A.	193	118	76
Loan Artic Russia B.V.	0	69	(69)
Loan Enel Lease Sàrl	29	33	(3)
Loan Enel Trade Romania S.r.l.	0	11	(11)
Loan Enel Trade Hungary Kft	0	2	(2)
Loan Enel Operations Belgium S.A.	0	1	(1)
Enel S.p.A. - IC Account receivable	21	0	21
Total short term loans granted to other affiliates	**1,008**	**1,220**	**(212)**

The Euro 212 million decrease in *Financial receivables* is principally due to (Eur 231 million) to the reduction of EGPI debt exposure in relation to the "Multicurrency Short-Term Revolving", granted by the Company to EGPI.

Trading derivatives

Trading derivatives refer to the currency swaps used 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. 2011	Level 1	Level 2	Level 3
Trading derivatives on exchange rate	6		6	
Total	**6**		**6**	

Other current financial assets

The increase (Eur 138 million) of the other current financial assets refers to accrued interest receivables related to the long-term Loan granted to Enel S.p.A. (Eur 60 million) and EGPI (Eur 54 million) and not yet collected.

As at december 31, 2011 current financial assets do not have neither past due nor impaired items.

Financial relationship existing at 31 December 2011 with Enel Group affiliates (short-term operations with other affiliates):

Enel Green Power International B.V.

On 22 June 2010 in the frame of the upcoming initial public offering ("IPO") of a minority participation of Enel Green Power S.p.A. ("EGP"), and following the decision to reconsider the funding and treasury process in place between the Company and the foreign subsidiaries of EGP, the Board of Directors of EFI NV(ex-Enel S.A.) resolved to grant Enel Green Power International B.V. ("EGPI") the financial facilities to allow it to be the financial company of the Enel Group Renewable Division.

The funding and treasury process has been reconsidered, progressively replacing the agreements in place with the foreign subsidiaries of EGP by means of two larger facility agreements executed between the Company, as lender and EGPI, as borrower.

The *"Multicurrency Short-Term Revolving Facility"* has been signed on 1 July 2010 with the following terms:

- Aggregate commitment amount: up to the equivalent of Eur 1,200 million
- Currency: Euro, USD and any other currency requested
- Maturity: 31 December 2010, renewable
- Rate of Interest: Floating Rate plus a margin of 150 bps
- Commitment Fee: 20 bps

In execution of the resolution of the Board of Directors dated December 19, 2011, the amendment of the loan agreement, signed on 30 December 2011 updated the following terms: (i) the extension of the maturity date to 31 December 2012; (ii) the increase of the Margin of 25 bps, from 175 bps to 200 bps.

As at 31 December 2011 the amount drawn under the Multicurrency Short-Term Revolving Facility amounts to Eur 376 million.

Enel France S.A.S.

On 18 January 2007, the Company granted a Revolving Credit Facility to Enel France S.A.S. ("E.F.").
It bears floating interest calculated on the basis of 3 months Euribor rate plus a spread of 200 bps and a commitment fee of 0,0625%.

On 22 June 2010 the Board of Directors approved an increase of the commitment to Eur 480 million and the extension of the maturity date to 31 December 2011; the amendment of the loan agreement has been signed on 6 July 2010.

On 7 July 2011 the Board of Directors meeting resolved to approve the increase of the commitment to Eur 600 million.

On 19 December 2011 the Board of Directors meeting resolved to approve: (i) the extension of the maturity date to 31 December 2012; (ii) the increase of the margin of 50 bps, from 200 bps to 250 bps; the amendment of the loan agreement has been signed on 30 December 2011.

The amount drawn as at 31 December 2011 is Eur 388 million.

Marcinelle Energie S.A.

On 15 March 2010 the Board of Directors, decided to grant a Revolving Credit Facility for an amount up to Eur 220 million. It bears interest calculated on the basis of 3 months Euribor rate plus a spread of 250 bps and a commitment fee of 0,0625%. The initial maturity date has been defined as at 31 December 2011.

On 19 December 2011 the Board of Directors meeting resolved to approve: (i) the extension of the maturity date to 31 December 2012; (ii) the increase of the commitment to Eur 242 million (iii) the increase of the margin of 50 bps, from 250 bps to 300 bps; the amendment of the loan agreement has been signed on 30 December 2011.

The amount drawn as at 31 December 2011 is Eur 193 million.

Artic Russia B.V.

On 9 July 2007, the Company entered, as a lender, into a loan agreement of USD 200,0 million with Artic Russia B.V., the joint venture between Enel Investment Holding B.V. (40%) and Eni International B.V. (60%), involved in the management of several Russian gas companies. The initial term was 28 February 2009 then extended to 29 December 2011. It bears floating interest calculated on the basis of US Libor rate plus a spread of 0.65%. On 17 December 2009 the Board of Directors decided to increase the spread to 0,77%.

The Company hedged the loan amount using currency swaps to limit the risk of exchange rate fluctuations. The loan was fully repaid on April 2011.

Enel Lease S.à r.l.

On 9 July 2009 the Board of Directors decided to grant Enel Lease S.à r.l. a Revolving Credit Facility for an amount up to Eur 30 million. On 17 December 2009 the Board of Directors decided to increase the aggregate amount up to Eur 35 million and to extend the maturity date to 31 December 2011. It bears interest calculated on the basis of 3 months Euribor rate plus a spread of 125 bps and a commitment fee of 0,0625%.

On 19 December 2011 the Board of Directors meeting resolved to approve: (i) the extension of the maturity date to 31 December 2012; (ii) the decrease of the commitment from Eur 35 million to Eur 30 million; (iii) the increase of the margin of 50 bps, from 125 bps to 175 bps; the amendment of the loan agreement has been signed on 30 December 2011.

The amount drawn as at 31 December 2011 is Eur 29 million.

Enel Trade Romania S.r.l.

On 29 May 2008 the Board of Directors decided to grant a Revolving Credit Facility of RON 37 million to Enel Trade Romania S.r.l., in order to finance the energy trading activities of the company in the Romanian energy market.

The agreement was signed in January 2009 and bears interest calculated on the basis of 3 months Robor rate plus a spread of 200 bps and a commitment fee of 0,0625%. The maturity date to 31 December 2011. The Company hedged the Revolving Credit Facility amount using currency swaps to limit the risk of exchange rate fluctuations.

On 9 July 2009, the Board of Directors decided to increase the aggregate amount up to RON 60 million.

On 19 December 2011 the Board of Directors meeting resolved to approve: (i) the extension of the maturity date to 31 December 2012; (ii) the increase of the margin of 50 bps, from 200 bps to 250 bps; the amendment of the loan agreement has been signed on 30 December 2011.

The amount drawn as at 31 December 2011 amounts to Eur 0,1 million.

Enel Trade Hungary Kft

On 29 May 2008 the Board of Directors decided to grant a Revolving Credit Facility for an aggregate amount up to Eur 5 million to Enel Trade Hungary Kft, in order to finance the energy trading activities of the company in the Hungarian energy market.

The agreement was signed in January 2009 and bears interest calculated on the basis of 3 months Euribor rate plus a spread of 1,50% and a commitment fee of 0,0625%. The maturity date 31 December 2011.

On 22 June 2010 the Board of Directors approved the increase of the commitment from Eur 5,0 million to Euro 10,0 million.

The loan was fully repaid on July 2011.

Enel Energy Europe S.A.

On 7 July 2011 the Board of Directors meeting, in order to provide EEE with flexible financial instruments and to improve the cash flow management arising from the ordinary activity, resolved to approve the entering by the Company into a Short Term Revolving Facility Agreement with EEE According to the new Agreement, it has been fixed a Commitment of Eur 2.000 million and also the possibilty to temporary deposit any surplus of cash availability.

The agreement was signed 27 December 2011, with a maturity date on 25 December 2012, and bears interest calculated on the basis of the Euribor rate plus a spread of 2,00%.

This Short Term Revolving Facility has not been used as at 31 December 2011.

4.c **Income tax receivable** – Euro nil million

Millions of Euro

	31 Dec 2011	31 Dec 2010	Change
Receivables due from Tax authorities	0	4	(4)
Total	**0**	**4**	**(4)**

4.d **Cash and cash equivalents** – Euro 1,005 million

Cash and cash equivalents, detailed in the table below, are not restricted by any encumbrances.

Millions of Euro

	31 Dec 2011	31 Dec 2010	Change
Cash and cash equivalents	1,005	3	1,002
Total	**1,005**	**3**	**1,002**

The increase (Eur 1,002 million) of Cash and cash equivalent refers to the subscription on September 2011 of Time Deposits with Mediobanca and Intesa San Paolo. The Company decided to

transfer in the Time Deposits previously mentioned the liquidity deriving by the usage of its Revolving Facility Agreement.

For the purpose of Cash Flows Statement, cash and cash equivalents also include the positive amount of the current account held with the Parent Company. With reference to 31 December 2011, the amount of the current account is positive for Euro 21 million and has been classified as current financial assets.

5 Shareholder's equity and liabilities

5.a Share capital – Euro 1,479 million

The authorized capital of the company amounts to Eur 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 Eur 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 essentially refers to the cross-border merger finalized during the previous year between ENEL SA and Enel Trading RUS BV: the difference between the book value of the assets and liabilities absorbed and the amounts of the new shares issued was accounted for 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 (150) 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 2010	Gain/(Losses) recognized in equity for the year	Released to income statement	Taxes	31 Dec 2011
Gains/Losses on change in fair value of the effective portion of CFH Derivatives on interest and exchange rates (IAS 39)	(341)	501	(310)	0	(150)
Total gains/(losses) recognized in equity	**(341)**	**501**	**(310)**	**0**	**(150)**

The positive variation of Euro 191 million is due to:

- the gains (Eur 501 million) on change in fair value of derivatives. The variation refers to: (i) an increase of fair value measurement of cross currency interest rate swap derivatives on

bonds (Euro 494 million); (ii) an increase of fair value measurement of interest rate swap derivatives on long-term loans (Euro 7 million);

> the release (Eur 310 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 777 million) – Euro 20,473 million

This note provides information about the contractual terms of the Company's interest bearing loans and 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 2011, grouped by loan and interest rate type:

Millions of Euro

	Maturing	Balance	Nominal value	Current portion	Portion falling due after more than 12 months	Maturing in				
		31 Dec 2011	31 Dec 2011			2013	2014	2015	2016	Beyond
Listed Bond (Fixed rate)										
EUR	2009-2016	1,491	1,500	-	1,491	-	-	-	1,491	-
EUR	2009-2022	2,473	2,500	-	2,473	-	-	-	-	2,473
EUR	2009-2019	125	125	-	125	-	-	-	-	125
EUR	2009-2020	100	100	-	100	-	-	-	-	100
EUR	2011-2031	146	150	-	146	-	-	-	-	146
EUR	2011-2030	50	50	-	50	-	-	-	-	50
EUR	2011-2017	991	1,000	-	991	-	-	-	-	991
EUR	2011-2021	743	750	-	743	-	-	-	-	743
EUR	2011-2015	1,244	1,250	-	1,244	-	-	1,244	-	-
EUR	2011-2018	990	1,000	-	990	-	-	-	-	990
GBP	2009-2024	1,002	1,018	-	1,002	-	-	-	-	1,002
GBP	2009-2040	1,656	1,676	-	1,656	-	-	-	-	1,656
CHF	2011-2015	123	123.4	-	123	-	-	123	-	-
CHF	2011-2020	82	82.3	-	82	-	-	-	-	82
JPY	2011-2018	115	115	-	115	-	-	-	-	115
JPY	2009-2037	199	200	-	199	-	-	-	-	199
Total listed Bond (Fixed rate)	**2009-2040**	**11,530**	**11,639**	**-**	**11,530**	**-**	**-**	**1,367**	**1,491**	**8,671**
Unlisted Bond (Fixed rate)										
USD	2009-2013	772	773	-	772	772	-	-	-	-
USD	2009-2017	1,154	1,159	-	1,154	-	-	-	-	1,154
USD	2009-2037	764	773	-	764	-	-	-	-	764
USD	2009-2014	962	966	-	962	-	962	-	-	-
USD	2009-2019	1,342	1,353	-	1,342	-	-	-	-	1,342
USD	2009-2039	1,143	1,159	-	1,143	-	-	-	-	1,143
Total unlisted Bond (Fixed rate)	**2009-2039**	**6,138**	**6,183**	**-**	**6,138**	**772**	**962**	**-**	**-**	**4,404**
GMTN Internal Assumption (Fixed rate) - towards EIH										
EUR	2011-2023	295	300	-	295	-	-	-	-	295
Total GMTN Internal Assumption (Fixed rate)	**2011-2023**	**295**	**300**	**-**	**295**	**-**	**-**	**-**	**-**	**295**
Bank loans										
CFA Tranche C	2009-2012	777	777	777	-	-	-	-	-	-
CFA Tranche C1 Increase	2009-2014	519	528	-	519	-	519	-	-	-
CFA Tranche C2 Increase	2009-2016	214	218	-	214	-	-	-	214	-
Revolving Credit Facility										
RFA	2010-2015	1,000	1,000	1,000	-	-	-	-	-	-
Total Bank Loan and Revolving lines	**2009-2016**	**2,510**	**2,522**	**1,777**	**733**	**-**	**519**	**-**	**214**	**-**
TOTAL	**2009-2040**	**20,473**	**20,644**	**1,777**	**18,696**	**772**	**1,481**	**1,367**	**1,705**	**13,370**

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

Millions of Euro

	31 Dec 2010	31 Dec 2011	31 Dec 2011	31 Dec 2011	
	Balance	Balance	Nominal value	Current interest rate	Effective interest rate
Total Euro	*6,845*	*11,159*	11,248	*3.97%*	*4.27%*
US dollar	*5,940*	6,138	6,183	5.59%	5.73%
British pound	*2,578*	2,658	2,694	5.70%	5.74%
Swiss Franc	*0*	205	206	2.40%	2.43%
Japanese yen	*184*	314	314	2.43%	2.46%
Total non-Euro currencies	*8,701*	*9,315*	*9,397*		
TOTAL	**15,547**	**20,473**	**20,645**		

The table below reports the carrying amount and the fair value of long-term debt. The following table compares, including the portion falling due within twelve months, broken down by category. For listed debt instruments, the fair value is given by official prices. 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 2011		31 Dec 2010		2011 - 2010	
	Book Value*	Fair value*	Book Value	Fair value	Book Value	Fair value
Bonds in non-Euro currencies and Euro currency	17,668	16,595	12,887	12,876	4,781	3,719
Revolving Facility Agreement	1,000	1,000	0	0	1,000	1,000
Credit facility agreement in Euro	1,510	1,499	2,660	2,654	(1,150)	(1,155)
Total long-term financial debt	**20,178**	**19,094**	**15,547**	**15,530**	**4,632**	**3,564**

** 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 2010				**31 Dec 2011**
Credit facility agreement in Euro	2,692		(1,169)		**1,523**
Revolving Facility Agreement	0	1,000			**1,000**
Bonds in non-Euro currencies and Euro currency	13,010	4,808		303	**18,122**
Total long-term financial debt	**15,702**	**5,808**	**(1,169)**	**303**	**20,645**

The main financing transactions for 2011 include the following:

> Credit Facility Agreement;

> Global Medium Term Note Programme;

> Revolving Facility Agreement.

Credit Facility Agreement

On 9 April 2007 the Board of Directors of Enel S.A. approved to enter into a Euro 35 billion Credit Facility Agreement together with Enel S.p.A. and Mediobanca – Banca di Credito Finanziario S.p.A. as Agent.
Enel S.A. entered into the agreement as International Borrower with an initial participation of 40% for a total amount up to Euro 14 billion fully guaranteed by Enel S.p.A.. Enel S.A. 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 is 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 initial amounts of these three facilities have been reduced, from time to time, to Euro 19,5 billion.
The advance under the facilities pay 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.
As of 31 December 2008 the amounts owed to credit institutions becoming due and payable after more than one year is Euro 7.513 million under the Facility B and C Commitments, respectively for Euro 4.367 million and Euro 3.146 million.
On 20 February 2009 the Board of Directors of Enel S.A. 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.

In 2009 the Company fully reimbursed the Facility B for Euro 4.367 million and reimbursed Euro 1.176 million under the Facility C.
On 25 June 2009 the Company raised Euro 3.021 million under the Facility C Increase and then lent such proceeds to Enel S.p.A. through a Bridge Loan agreement.
During the second half of 2009 the Company reimbursed Euro 1.130 million under the Facility C Increase.
On 26 April 2010 the Company reimbursed the Facility C for Euro 596 million and the Facility C Increase for Euro 573 million.
The Company partially hedged the interest risk exposure using interest rate swaps to achieve a fixed interest rate. As at 31 December 2011, the notional amount of this operation amounts to Euro 700 million.

In January 2011 it has been deemed opportune to proceed to a voluntary partial prepayment of the CFA; on 31 January 2011, following such management recommendation, an amount of Eur 1.169 million has been prepaid.

As of 31 December 2011 the amounts owed to credit institutions becoming due and payable after more than one year is of Euro 733 million totally attributable to the Facility C Increase; while the current portion of Eur 777 refers to the Facility C.

As of 31 December 2011 the outstanding of the Credit Facility Agreement is as follows:

Millions of Euro

	Original maturity	Nominal value as at 31 Dec 2010	Increase	Reimbursement	Total outstanding as 31 Dec 2011
Credit facility agreement					
Facility B	2010	0	0	0	0
Facility C	2012	1,373	0	(596)	777
Facility C Increase	2012	1,319	0	(573)	746
TOTAL		**2,692**	**0**	**(1,169)**	**1,523**

Global Medium Term Note Programme

On 29 September 2005, the Board of Directors of Enel S.p.A. resolved the renewal of the Global Medium Term Note Programme (hereinafter, the "GMTN Programme") with issuer Enel S.p.A. and Enel S.A., with guarantee of Enel S.p.A., for the issue of notes up to an aggregate amount of Euro 10 billion.

The Board of Directors of Enel S.A. resolved the accession to the GMTN Programme on 21 October 2005 and on 8 November 2005 Enel S.A. signed the Offering Circular and all the other documents necessary to execute the entry into the Programme.

As specified in the Offering Circular recently updated, under the GMTN Programme the Company and Enel S.p.A. can issue notes up to an aggregate amount of Euro 10 billion. The notes can be denominated in any currency, can bear fixed or floating interest rate, can be in bearer form or registered form, will be unconditionally and irrevocably guaranteed by Enel S.p.A., and can be admitted to the Official List of the Irish Stock Exchange and traded on its regulated market.

On 26 April 2007, the Board of Directors of Enel S.A. approved the increase of the aggregate nominal amount of the GMTN Programme from Euro 10 billion to Euro 25 billion.

On 10 September 2007 the Board of Directors of Enel S.A. approved the issue of notes for an amount up to USD 7 billion.

Following these resolutions, Enel S.A. issued fixed rate notes for a total amount of USD 3.500 million and JPY 20.000 million with final repayment dates in 2013, 2017 and 2037.

On 8 July 2008 the Board of Directors approved the update of the following documents under the GMTN Programme:

- the offering circular relating to the Programme (the Prospectus);
- the amended and restated agency agreement made between, amongst others, Enel S.A., Enel S.p.A., Bank of New York, as principal paying agent and register and Deutsche International Corporate Services (Ireland) Limited;
- the amended and restated agreement made between, amongst others, Enel S.A., Enel S.p.A., and the Dealers.

On 31 July 2009 the Board of Directors of Enel S.A. approved the update of the GMTN Programme and the proposal to issue notes for an amount up to Euro 10 billion before the end of the first half of 2010.

The Company signed the Offering Circular and all the other documents necessary to execute the entry into the Programme on 3 September 2009.
On 10 September 2009, following the resolution adopted by the Board of Directors on 31 July 2009, Enel S.A. issued fixed rate notes for a total amount of Euro 4.000 million and GBP 2.250 million.
On 30 September 2009, following the same resolution, Enel S.A. issued fixed rate notes on the American market targeted at institutional investors for a total amount of USD 4.500 million.
In November 2009 Enel S.A. issued fixed rate notes for a total amount of Euro 225 million.

On February 2011 the Company, following the resolution adopted by Enel S.p.A. and in order to reflect the effect of the merger with Enel S.A., entered into an update of the Euro 25 billion GMTN Programme, and the relevant documentation, in order to get any possible market opportunities for a bond issuance.
The Amended and Restated Programme Agreement has been signed in London on 22 February 2011 and, on 2 March 2011, the Managing Board meeting resolved to issue notes for a maximun aggregate amount of Euro 1 billion prior to 31 December 2011.

On 17 June 2011, following the resolution adopted by Enel S.p.A., the Managing Board meeting resolved to approve the increase of the maximum amount of Notes to be issued from Euro 1,000,000,000 up to the aggregate nominal amount of Euro 5,000,000,000 ultimately by 31 December 2012.

On the same date the Managing Board meeting resolved also to issue notes denominated in Swiss francs and to update agreements and the relevant documentation under the GMTN Programme.

On 6 September the Managing Board meeting resolved to issue notes for a maximun aggregate amount of JPY 115 billion.

On 26 September the Managing Board meeting resolved to issue notes for a maximun aggregate amount of USD 2 billion.

On 29 September the Managing Board meeting resolved the entering by the Company into an agreement with Enel Investment Holding B.V. ("EIH") concerning the assumption of debts for a nominal amount of Eur 300 million due on September 2023 issed by EIH in 2003 [Eur 300 million – 5,25% Notes due September 2023].

On 20 October the Managing Board meeting resolved the increase of the GMTN from an amount of Eur 25 billion to an amount of Eur 30 billion.

On 14 November, following the resolution adopted by Enel S.p.A., the Managing Board meeting resolved the revocation of the resolution taken by this Board on June 17, 2011 for the still to be executed part of such resolution (approximately Eur 1 billion), and the issue of Notes under the Programme and/or Other Bonds ultimately by December 31, 2012 by the Company for an aggregate maximum principal amount of up to Eur 5 billion, provided that the aggregate of any issues of Notes or any issues of Other Bonds by ENEL and the Company shall together not exceed an aggregate nominal amount of Eur 5 billion.

As of 31 December 2011, the nominal amount of the notes issued by the Company under the GMTN Programme, is equal to Eur 17,822 million.

Revolving Facility Agreement

On 15 March 2010, the Board of Directors, considering the financial support linked to the specific role of ENEL SA within Enel Group and aiming to secure a reasonable long-term credit facility at very favourable market conditions, to be considered also as a back stop credit line to face any possible liquidity problem affecting the commercial paper market, resolved the entering, together with Enel S.p.A., into a 5-year Multiborrower Revolving Credit Facility for Eur 10 billion.

The Revolving Facility Agreement, with a tenor of 5 years, has been signed on 19 April 2010 and it can be used by the Company and/or by Enel S.p.A.. 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.

The amount drawn of this Revolving Facility as at 31 December 2011 is Eur 1.000 million.

Debt's 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 the Company's debt regard the bond issues carried out within the framework of the Global Medium-Term Notes program, the Credit Facility Agreement 2007, the Credit Facility Agreement 2009 and the €10 billion Revolving Credit Line agreed in April 2010. 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 2007, the Credit Facility Agreement 2009 and the €10 billion Revolving Credit Line agreed in April 2010 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 Credit Facility Agreement 2007 and the Credit Facility Agreement 2009 also provide for the following covenants:

> mandatory early repayment clauses, under which the occurrence of a specified event (e.g. the issue of instruments on the capital market, new bank loans, stock issues or asset disposals) obliges the borrower to repay the related funds in advance at specific declining percentages based on the extent to which the line of credit has been drawn;

> a gearing clause, under which, at the end of each measurement period (half yearly), Enel's consolidated net financial debt shall not exceed 6 times annual consolidated EBITDA;

> 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.

For the Credit Agreement 2009 only, as from 2012, 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 226 million

Millions of Euro

	31 Dec 2011	31 Dec 2010	Change
Cash Flow Hedge derivatives on interest rate	0	13	(13)
Cash Flow Hedge derivatives on exchange rate	226	277	(51)
Total	**226**	**289**	**(63)**

Cash flow hedge derivatives refer to the hedging by the Company in order to mitigate both the interest risk exposure and exchange rate fluctuations.
The variation of non-current financial liabilities reflects the fair value measurement of cross currency interest rate derivative contracts.

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. 2011	Level 1	Level 2	Level 3
Cashflow hedge derivatives on exchange rate	226		226	
Total	**226**		**226**	

5.f Other non-current liabilities – Euro nil million

Millions of Euro	31 Dec 2011	31 Dec 2010	Change
Other items	0	33	(33)
Total	**0**	**33**	**(33)**

The decrease of other non-current liabilities refers to the payment during the current period of income tax payables owed to the Luxembourg Tax authorities related to prior years.

5.g Short-term loans and borrowings – Euro 3,354 million

Millions of Euro	31 December 2011		31 December 2010		2011 - 2010	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Short-term loans	1,338	1,338	190	190	1,148	1,148
Commercial papers	2,016	2,016	5,322	5,322	(3,306)	(3,306)
Short-term financial debt	**3,354**	**3,354**	**5,513**	**5,513**	**(2,159)**	**(2,159)**

Short-term loans

At 31 December 2011, short-term loans increased by Euro 1,148 million from 31 December 2010.

Millions of Euro	Original currency	Euro countervalue at 31 Dec 2011	Euro countervalue at 31 Dec 2010	Change
Intercompany Current Accounts denominated in Euro				
Enel S.p.A.	Euro	-	88	(88)
Enel Maritza East 3 E.A.D.	Euro	-	64	(64)
Maritza East III Power Holding B.V.	Euro	-	37	(37)
Maritza O&M Holding Netherlands B.V.	Euro	-	1	(1)
Enel Green Power International B.V.	Euro	14	-	14
Enel Trade Hungary	Euro	1	-	1
Enel Servizio Elettrico	Euro	1,200	-	1,200
Total		**1,215**	**190**	**1,025**
Enel Bridge Loan	Euro	**120**	**-**	**120**
Total		**120**	**-**	**120**
Intercompany Current Accounts denominated in other currencies				
Enel Green Power International B.V.	CAD	3	0	3
Total		**3**	**0**	**3**
Total		**1,338**	**190**	**1,148**

As of 31 December 2011 the break down of the principal short-term loans is as follows:

> Bulgarian companies:

In 2011 Enel signed an agreement with ContourGlobal for the sale of the entire share capital of Bulgarian companies. Following this transaction, the company dissolved any financial relation with them.

> Enel Servizio Elettrico:

On 19 November 2011 the Managing Board meeting resolved the entering by the Company into a Long Term Deposit Agreement with ESE for a notional amount of Eur 1,200 million which shall have, inter alia, the following terms and conditions:

- Reference amount: Euro 1,500,000,000
- 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 2011 has a balance of Eur 1,200 million.

- Enel Bridge Loan Facility:

On 24 January 2011, in order to provide the Company with the necessary financial resources to prepay its share of Euro 2,692.2 million under the CFA described above, the Board of Directors resolved the entering of the Company, as borrower, into a *"Bridge Loan Facility"* up to Euro 2,700.0 million with Enel S.p.A., as lender, having the following terms and conditions:

- Commitment: up to Euro 2,700.0 million;
- Currency: Euro;
- Interest rate: floating, based on Euribor + a spread up to 0.50%;
- Duration: up to 1 year

Such bridge loan is a temporary financial resource that will be replaced by the most appropriate debt instrument according to the financial structure of the Company. The amount drawn as at 31 December 2011 is Euro 120 million.

Commercial Papers

The payables represented by Commercial papers relate to issues outstanding at 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 with Enel S.p.A. can issue short-term promissory notes up to an amount of Euro 6.000 million, which 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), can have maturity between one day and one year and are in the bearer form. 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 commercial papers issued and not reimbursed yet as of 31 December 2011, at the nominal value, can be detailed as follows:

Currencies	ECP origin amounts	Euro counter-value (*)
CHF	35	29
Euro	1,777	1,777
JPY	2,400	24
USD	248	191
Total Commercial Paper		**2,021**

(*)The Euro Commercial Paper (ECP) in foreign currency is converted at December 30, 2011 exchange rates.

As of 31 December 2011 the Euro Commercial Papers outstanding arise up to a nominal value of Euro 2.021 million with a significant decrease of Euro 3.314 million compared to 31 December 2010 (Euro 5.335 million). 88% of the notes outstanding 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 337 million

Millions of Euro

	31 Dec 2011	31 Dec 2010	Change
Derivative financial contracts	14	7	7
Accrued interests and other item	322	216	106
Other liabilities	1	1	0
Total	**337**	**224**	**113**

Other current financial liabilities mainly relate to interest expenses accrued on debt outstanding at 31 December 2011 and the fair value measurement of derivative contracts (see paragraph "Risk management").

The amount of accrued interests are mainly due to interests due on GMTN Programme (2011: Euro 280 million).

Derivative contracts refer to: (i) the currency swaps used by the Company to hedge the exchange rate fluctuations on intercompany current accounts and current loans granted to Enel Group affiliates classified as trading derivatives; (ii) interest rate swaps to hedge interest rate fluctuations classified as hedging 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. 2011	Level 1	Level 2	Level 3
Cashflow hedge derivatives on interest rate	4		4	
Trading derivatives on exchange rate	10		10	
Total	**14**		**14**	

Related parties

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

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

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

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

Millions of euro

	Receivables 31 Dec 2011	Payables 31 Dec 2011	Income 2011	Dividends 2011	Cost 2011
Shareholder					
Enel S.p.A	3,445	373	175	78	61
Total	***3,445***	***373***	***175***	***78***	***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		2		
Total	***21,389***	***1,520***	***950***		***4***
Total	**24,834**	**1,893**	**1,126**	**78**	**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, Enel S.p.A., for all own financial activities. The Company has not given guarantees to third parties. Moreover at December 31, 2011 the company has not pledged financial assets as collateral against its borrowings.

Compensation of Directors

The emoluments as intended in Section 2:383 (1) of the Netherlands Civil Code, which were charged in the financial year are equal to Eur 0.03 million.

Fees of the auditor

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.

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 appropriation of the net result of the year 2011 amounting of Eur 99 million as follows:

> Eur 99 million to the Company's retained earnings.

Amsterdam, 13 April 2012

A.J.M. Nieuwenhuizen
F. Mauritz
H. Marseille
E. Di Giacomo
F.J. Galán Allué
A. Canta

Subsequent events

On 14 February 2012 the Board of Director, according with the resolution of 14 November 2011, has resolved the entering by the company into the following financial agreements:

> 5 years Term Loan Facility Agreement of Eur 3,200 million with a pool of major international banks. Such Term Loan will pay an interest based on Euribor plus a 250 bps fixed margin and an additional variable fees determinated in fuction of the credit rating of Enel. The future impact on the income statement is not reliably determinable;

> 5 years Term Loan Facility Agreement of Eur 250 million with JP Morgan Chase Bank. Such Term Loan will pay an interest based on Euribor plus a variable margin between 250 and 375 bps that shall be determinated in fuction of ther credit rating of Enel. The future impact on the income statement is not reliably determinable;

> 5 years Term Loan Facility Agreement of Eur 100 million with Banco Bilbao Vizcaya Argentaria S.A.. Such Term Loan will pay an interest based on Euribor plus plus a 250 bps fixed margin and an additional variable fees determinated in fuction of the credit rating of Enel. The future impact on the income statement is not reliably determinable.

All the above term loans have been signed on the February 20th .

The main notes issued by the Company since 31 December 2011 are the following:

> January 2012: (i) a private placement of Zero Coupon Medium Term Notes in an aggregate principal amount of Eur 177 million with maturity in 2032 and a yield of 6.47 per cent. per annum. The expected impact in Income Statement for 2012 is negative for Eur 3.1 million as financial expense.

> February 2012: (i) a private placement of Zero Coupon Bond in an aggregate principal amount of Eur 155 million with maturity in 2032 and a fixed interest rate of 5.80 per cent. per annum. The expected impact in Income Statement for 2012 is negative for Eur 2.5 million as financial charge;

(ii) a private placement of notes in an aggregate principal amount of Eur 50 million, with maturity in 2027 and a fixed interest rate of 6.15 per cent. per annum. The expected impact in Income Statement for 2012 is negative for Eur 2.7 million as financial charge;

(iii) a private placement of European Inflation-Linked Notes in an aggregate principal amount of Eur 100 million, with maturity in 2024 and bearing a yield linked to the inflation index. The expected impact in Income Statement for 2012 may be assumed negative for Eur 2.6 million as financial expense;

(iv) a private placement of Floating Rate Notes in an aggregate principal amount of Eur 50 million, with maturity in 2022 and a yield linked to EUR CMS 10 Years plus 2.71 per cent. per annum. The expected impact in Income Statement for 2012 may be assumed negative for Eur 2.2 million as financial expense;

(v) a private placement of Floating Rate Notes in an aggregate principal amount of Eur 50 million, with maturity in 2022 and a yield linked to EUR

CMS 10 Years plus 2.69 per cent. per annum. The expected impact in Income Statement for 2012 may be assumed negative for Eur 2.2 million as financial expense;

(vi) a private placement of notes in an aggregate principal amount of Eur 50 million, with maturity in 2022 and a fixed interest rate of 5.80 per cent. per annum. The expected impact in Income Statement for 2012 is negative for Eur 2.7 million as financial charge.

Auditor’s report

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

ERNST & YOUNG

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 December 31, 2011 of Enel Finance International N.V., Amsterdam, which comprise the balance sheet as at December 31, 2011, the profit and loss account for the year then ended, the statement of cash flows for the year then ended and the notes, comprising a summary of the 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 management board 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 December 31, 2011 and of its result 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 management board 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, April 13, 2012

Ernst & Young Accountants LLP

signed by G.J. Verwoert