



Enel Finance International N.V.

Interim condensed financial statements

as at 30 June 2012

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Directors' report

The Interim condensed financial statements at 30 June 2012 are in compliance with the Transparency Directive and they are drawn up according to the requirements of IAS 34.

These financial statements and comparative figures as at 30 June 2011 have been reviewed by Ernst & Young The Netherlands; while figures related to end of 2011 have been specifically audited by the same external auditor.

The above mentioned Transparency Directive Implementation Act (Transparency Directive) was enacted in the Netherlands in 2008 coming into force as from 1 January 2009. This law intends to achieve a certain level of transparency and disclosure of information that is conducive to investors' protection and to an efficient functioning of the market. The scope of this Act is limited to those issuers of securities that have been admitted to trading on a regulated market in a member state of either the European Union or European Economic Area and have the Netherlands as their "home member state".

Reference scenario

The first six months of the year were characterized by the persistence of the high volatility of economic and financial conditions already in place for the whole 2011.

This scenario has particularly affected the first months of 2012 and requested the adoption of funding policies mainly based on a greater recourse to long-term financing sources that allowed to balance the short-term funding variability and the maintaining of liquidity reserves necessary to offset the portfolio of outstanding transactions.

The use of long-term sources has caused an increase in the cost of funding and the reduction of the net profit compared with the 2011.

Significant events in 1st Half of 2012

Credit Facility Agreement (CFA) – Repayment

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

The impact in income statement for the period is positive for Eur 1.13 million resulting in lower financial expenses.

Bridge Loan Facility with Enel S.p.A. - Repayment

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, 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 plus 50 bps. This bridge loan was a temporary financial resource that has been replaced by other alternative sources of funding and fully repaid on 30 January 2012. The impact in income statement for the period is positive for Eur 15.83 million resulting in lower financial expenses.

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New funding operations

On 14 February 2012 the Board of Directors, 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 pays an interest based on Euribor plus a 250 bps fixed margin and an additional variable fees determined in function of the credit rating of Enel. Relating to the period the financial charge has been accounted as a financial expense for an amount equal to Eur 35.3 million;
- > 5 years Term Loan Facility Agreement of Eur 250 million with JP Morgan Chase Bank. Such Term Loan pays an interest based on Euribor plus a variable margin between 250 and 375 bps that shall be determined in function of their credit rating of Enel. Relating to the period the financial charge has been accounted as a financial expense for an amount equal to Eur 2.8 million;
- > 5 years Term Loan Facility Agreement of Eur 100 million with Banco Bilbao Vizcaya Argentaria S.A.. Such Term Loan pays an interest based on Euribor plus a 23 0 bps fixed margin and an additional variable fees determined in function of the credit rating of Enel. Relating to the period the financial charge has been accounted as a financial expense for an amount equal to Eur 0.8 million.

All the above term loans have been signed on the February 20th and fully drawn down as follows: (i) in April the Company has drawn the Term Loan Eur 3,200 million and the Facility Agreement of Eur 250 million with JP Morgan Chase Bank; (ii) in May it has drawn Eur 100 million with Banco Bilbao Vizcaya Argentaria S.A..

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

On 24 May 2012 the Company entered into an update of the Euro 30 billion GMTN Programme, pursuant to which the Company and Enel S.p.A. (the Guarantor) may from time to time issue notes in bearer form and in order to get any possible market opportunities for new bonds issuance.

During the first half of the current year the Company issued the following Notes:

- > 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. Relating to the period the financial charge has been accounted as a financial expense for an amount equal to Eur 1.4 million.
- > 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. Relating to the period the financial charge has

been accounted as a financial expense for an amount equal to Eur 1 million;

(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. Relating to the period the financial charge has been accounted as a financial expense for an amount equal to Eur 1.1 million;

(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. Relating to the period the financial charge has been accounted as a financial expense for an amount equal to Eur 1.1 million;

(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. Relating to the period the financial charge has been accounted as a financial expense for an amount equal to Eur 0.9 million;

(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. Relating to the period the financial charge has been accounted as a financial expense for an amount equal to Eur 0.9 million;

(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. Relating to the period the financial charge has been accounted as a financial expense for an amount equal to Eur 1.2 million;

Lending Operations

On 22 March 2012 the Board of Directors resolved to enter, as lender, into an intercompany long term loan with Enel Distribuzione, as borrower, under the following main terms and conditions:

- > Notional amount: Eur 3,500 million;
- > Interest rate: to be fixed in a range between 6,00% and 6,50%, according to the relevant market conditions and taking into consideration the long term funding cost for the Company;
- > Repayment: bullet at maturity and a tenor of 10 years.

The Loan agreement has been signed on 18 April for an amount of Euro 3,500 million, bearing a fixed rate of 6,30% with a final maturity date 18 April 2022. The impact in income statement for the period is positive for Eur 44.1 million recorded as financial income.

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 is operating solely with market counterparties with high credit standing and with other entities belonging to the Enel Group.

Liquidity risk

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 the second half of 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

There are no significant post balance sheets events to be mentioned.

Personnel

As at 30 June 2012 the Company employs eight people, up three employees respect to 31 December 2011.

Statement of the Board of Directors

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

To our knowledge,

- > the Interim Condensed Financial Statements at 30 June 2012 in combination with the audited financial statements as at 31 December 2011 give a true and fair view of the assets, liabilities, net equity and result of Enel Finance International N.V.;
- > the Director's report gives a true and fair view of the Company's position as per 30 June 2012 and the developments during the half-year of 2012 of Enel Finance International N.V.;
- > the director's report describes the principal risks the Company is facing.

Amsterdam, 31 July 2012

A.J.M. Nieuwenhuizen

F. Mauritz

H. Marseille

E. Di Giacomo

C. Palasciano Villamagna

A. Canta

Enel Finance International N.V.

**Unaudited interim condensed financial statements
as at 30 June 2012**

**Prepared in accordance with
requirements of IAS 34**

Statement of Comprehensive Income

Millions of euro	Note	1st Half	
		2012	2011
<hr/>			
General and administrative expense	1	(2)	(2)
Financial income	2	1.005	1.172
Financial expense	2	(972)	(1.088)
	<i>Total</i>	33	84
<hr/>			
Profit before income taxes		31	82
Income tax expense	3	8	21
Net income for the period attributable to Equity Owners of the Company'		23	61
<hr/>			
Other components of comprehensive income:			
- Effective portion of change in the fair value of cash flow hedges	5.c	(164)	225
<hr/>			
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY		(141)	286

Statement of Financial Position

Millions of euro	Note	30 June 2012	31 Dec 2011
ASSETS			
Non-current assets			
Non-current financial assets	4.a	26.360	22.805
Non-current derivatives instruments		910	834
	<i>Total</i>	27.270	23.639
Current assets			
Current financial assets	4.b	2.365	1.207
Current derivatives instruments		78	6
Cash and cash equivalents with Enel S.p.A.		51	21
Cash and cash equivalents with Banks	4.c	32	1.005
	<i>Total</i>	2.526	2.239
TOTAL ASSETS		29.796	25.878
LIABILITIES AND SHAREHOLDER'S EQUITY			
Share capital	5.a	1.479	1.479
Share Premium	5.b	43	43
Cash Flow Hedge Reserve	5.c	(314)	(150)
Retained earnings		99	-
Net income for the period		23	99
Equity attributable to Equity owners of the Company		1.330	1.471
TOTAL EQUITY		1.330	1.471
Non-current liabilities			
Long-term loans and borrowings	5.d	22.082	19.696
Non-current derivatives instruments	5.e	278	226
	<i>Total</i>	22.360	19.922
Current liabilities			
Short-term loans and borrowings	5.g	4.680	3.354
Current portion of long-term loans	5.d	794	777
Income tax payable		23	17
Current derivatives instruments		11	14
Other current liabilities	5.h	598	323
	<i>Total</i>	6.106	4.485
TOTAL EQUITY AND LIABILITIES		29.796	25.878

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 2011	1.479	43	-	-	-	(341)	78	1.259
Allocation of net income from the previous year					78		(78)	-
Dividends Payment					(78)			(78)
Comprehensive income for the period	-	-	-	-	-	225	61	286
<i>of which:</i>								
- Income/(Loss) recognized directly in equity						225		225
- Net income/(Loss) for the period							61	61
30 June 2011	1.479	43	-	-	-	(116)	61	1.467
1 Jan 2012	1.479	43	-	-	-	(150)	99	1.471
Allocation of net income from the previous year					99		(99)	-
Comprehensive income for the period	-	-	-	-	-	164	23	(141)
<i>of which:</i>								
- Income/(Loss) recognized directly in equity						(164)		(164)
- Net income/(Loss) for the period							23	23
30 June 2012	1.479	43	-	-	99	(314)	23	1.330

Statement of Cash Flows

Millions of euro	Note	Half year	
		2012	2011
Income for the period		23	61
Adjustments for:			
Financial (income)	2	(1.005)	(1.172)
Financial expense	2	972	1.088
Income taxes	3	8	21
(Gains)/Losses and other non-monetary items		-	-
<i>Cash flow from operating activities before changes in net current assets</i>		(2)	(2)
(Increase)/Decrease in trade receivables		-	4
(Increase)/Decrease in financial and non-financial assets/liabilities		17	43
Interest income and other financial income collected		684	585
Interest expense and other financial expense paid		(424)	(497)
Income taxes paid		(2)	-
Cash flows from operating activities (a)		274	133
<i>New loans granted to Enel S.p.A. and affiliated</i>	4.a/b	(4.670)	(1.434)
<i>Repayment and other movements to Enel S.p.A. and affiliated</i>	4.b	4	385
Cash flows from investing/disinvesting activities (b)		(4.666)	(1.049)
Financial debt (new borrowing)	5.d/g	5.364	2.826
Financial debt (repayments and other changes)		(1.915)	(1.184)
Dividends paid to Enel S.p.A.		-	(78)
Cash flows from financing activities (c)		3.449	1.564
Increase/(Decrease) in cash and cash equivalents (a+b+c)		(943)	648
Cash and cash equivalents at the beginning of the period		1.026	(85)
Cash and cash equivalents at the end of the period		83	563
<i>current account with banks</i>		32	2
<i>current account with Enel S.p.A.</i>		51	561

Notes to the financial statements

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 listed and unlisted bond issuances, loans and other facilities and on turn lending the funds so raised to the companies belonging to the Enel Group.

Accounting policies and measurement criteria

Basis of preparation

The condensed interim 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.

Compliance with IFRS

The condensed interim financial statements for the six months ended at 30 June 2012 have been prepared in compliance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) recognized in the European Community pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the period, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) in effect at the same date. All of these standards and interpretations are hereinafter referred to as "IFRS-EU".

More specifically, the condensed interim financial statements have been drawn-up in compliance with IAS 34 – Interim financial reporting and 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.

Please note that the Company adopts the half-year as the reference interim period for the purposes of applying IAS 34 and the definition of interim financial report specified therein.

The accounting standards adopted, the recognition and measurement criteria and methods used for the condensed interim financial statements at 30 June 2012 are the same as those adopted for the financial statements at 31 December 2011 (please see the related report for more information). These condensed interim financial statements may therefore not include all the information required to be reported in the annual financial statements and must be read together with the financial

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statements for the year ended 31 December 2011. No impairment evaluation has been performed in this half year financial statement.

In addition to the accounting standards adopted in the preparation of the financial statements at 31 December 2011, the following amendment is applicable as from 1 January 2012:

- "Amendments to IFRS 7 – Financial Instruments: Disclosure"; the amendments introduces new disclosure requirements to allow users of financial statements to assess their exposure to risks related to the transfer of financial assets and the effect of those risks on the entity's financial position. Specifically, the amended standard requires specific disclosure, to be included in a specific note to the financial statements, with reference to financial assets transferred that have not been derecognized and to financial assets transferred where continuing involvement is maintained, at the statement of financial position date.

The application of the amendments didn't have an impact for the Company.

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 N.V., acting as a financial intermediary, provides the necessary resources to foreign operating entities of the Group and the related 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 30 June 2012. The fair value of over the counter (OTC) instruments is calculated with standard pricing models for each instrument typology. The expected future cash flows are discounted with market interest rate curves, while foreign currency amounts are converted to Euro using the official European Central Bank exchange rates as of 30 June 2012. No changes occurs in evaluation criteria over the period.

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 30 June 2012.

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 set on 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.

At June, 30 2012, a 19,7% (12% at December, 31 2011) 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, a 18,8% (9% at December, 31 2011) 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 Eur 10.74 million (Eur 4.56 million at December, 31 2011) on an annual basis.

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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 June 30 2012, all other variables being equal, net equity would have increased by Euro 1.6 million (0.34 million at December, 31 2011) due to the increase of the fair value of cash flow hedge derivatives. Conversely, if interest rates rate would have been 25 basis point lower, all other market data remaining stable, net equity would have decreased by Eur 1.6 million (Eur 0.34 million at December, 31 2011) 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 currency denominated cash 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.

As regards the potential impact on equity of a change in foreign exchange rates as of June 30 2012, assuming a 10% depreciation of Euro against US Dollar, all other variables being equal, equity would have been about Euro 1,450.7 million (Eur 1,473.5 million at December, 31 2011) higher as a result of the increase of the fair value of Cash Flow Hedge derivatives. Conversely, assuming a 10% appreciation of Eur against US Dollar, all other variables being equal, equity would have been about Eur 1,186.9 million (Eur 1,205.6 million at December, 31 2011) lower 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 from losses when a counterparty defaults on 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 Enel 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 unfavourable conditions. In order to mitigate this risk, EFI N.V. has arranged long term committed credit lines amounting to Eur 5 billion (entirely available at 30 June 2012). The Company operates through diversified funding sources – in terms of markets, currencies and maturities – and has access to intercompany borrowing facilities provided by Enel S.p.A.

Moreover Enel S.p.A. has confirmed through a letter dated 24 February 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.

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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:

Millions of Euro		
	30 June 2012	30 June 2011
Total Equity	1.330	1.467
Cash Flow Hedge reserve	(314)	(116)
Adjusted Equity	1.644	1.583
Net Finance result	33	84
Return of capital (*)	2%	5%

* Key Performance Indicator determined on half 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 the first six months of 2012. The Company is not subject to externally imposed capital requirements.

Notes to the statement of comprehensive income

1 General and administrative expense – Eur 2 million

Millions of Euro	Half year		
	2012	2011	Change
General and administrative expenses	2	2	-
Total	2	2	-

General and administrative expense is relevant to costs for services, mainly refer to legal and consultancy costs (Eur 0.5 million), cost of personnel (Eur 0.6 million) and bank fees (Eur 0.4 million).

2 Financial income/(expense) – Eur 33 million

Millions of Euro	Half year		
	2012	2011	Change
<i>Financial income:</i>			
- interest and other income from financial assets	633	530	103
- foreign exchange gains	43	608	(565)
- income from trading derivative instruments	33	30	3
- income from CFH derivative instruments estimated	268	1	267
- income from CFH derivative instruments realised	28	3	25
Total finance income	1.005	1.172	(167)
<i>Financial expense:</i>			
- interest and other charges on financial debt	(619)	(432)	(187)
- foreign exchange losses	(307)	(23)	(284)
- expense on trading derivative instruments	(38)	(36)	(2)
- expense on CFH derivative instruments estimated	-	(581)	581
- expense on CFH derivative instruments realised	(8)	(16)	8
Total financial expense	(972)	(1.088)	116
Net finance result recognised	33	84	(51)

Interest and other income from financial assets rose to Eur 633 million, up Eur 103 million on 30 June 2011 with the variation essentially due to:

- > The interest income from Enel Distribuzione S.p.A. (Eur 44 million) due to the subscription in 17 April 2012 of a Loan Facility granted by the Company up to the aggregate amount of Eur 3.500 million and bearing fixed interest equal to 6.30 per cent per annum.
- > The interest income from Enel S.p.A. (Eur 8 million) due to the draw of the Short Term Revolving Credit Line granted by the Company in November 2008. As at 30 June 2012 the Credit Line agreement have reached the amount of Eur 400 million.
- > The rise of interest income from Enel Green Power International BV (Eur 37 million) related to the increased utilization of the two facility agreements between the Company as lender and EGPI as borrower subscribed in July 2010: (i) Multicurrency Long Term Loan; (ii) Multicurrency Revolving Facility Agreement. As at 30 June 2012 the facility agreements have respectively reached the amount of Eur 2,334 million and Eur 610 million.

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Interests and other charges on financial debt rose to Eur 619 million. The variation of Eur 187 million is essentially due to the following factors:

- > increase of Eur 29 million due to the interest charges raised by the entering of the Company into the Term Loan Facility Agreement of EUR 3,200 million with a pool of major international banks.
- > increase by Eur 144 million of financial charges due essentially to new Bond issuances and appreciation in 2012 of USD versus Euro currency.
- > rise of Eur 18 million for entering, in November 2011, into a Long Term deposit agreement with Enel Servizio Elettrico for a notional amount of Eur 1,200.

The higher level of foreign exchange losses is mainly due to the revaluation, against the end-year foreign exchange rate, of the notes denominated in foreign currencies. In June 2012, the amount of the foreign exchange losses arisen from this revaluation was Eur 268 million. These valuation exchange differences are entirely covered with the reversal in income statements of the Cash Flow Hedge equity reserve that affected in 2012, with positive release of Eur 268 million.

3 Income tax expense – Eur 8 million

In line with IAS 34, the interim period income tax is accrued based on the estimated average annual effective income tax rate by applying 25% on the profit before tax taking into account the bracket of 20% to be applied on the first Eur 0.2 million of profit before tax.

Notes to the statement of financial position

4 Assets

4.a Non-current financial assets – Eur 26,360 million

Millions of Euro

	30 June 2012	31 Dec 2011	Change
- financial receivables due from ENEL entities	26.334	22.775	3.559
- other items	26	30	(4)
Total non-current financial assets	26.360	22.805	3.555

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:

	30 June 2012	31 Dec 2011	Change
Loan receivable from Enel S.p.A.	2.500	2.500	-
Loan receivable from Enel Energy Europe S.A.	18.000	18.000	-
Loan receivable from Enel Green Power International B.V.	2.334	2.275	59
Loan receivable from ENEL Distribuzione S.p.A.	3.500	-	3.500
Total non-current financial receivables	26.334	22.775	3.559

The increase of financial receivables is mainly due to the new long term loan with Enel Distribuzione S.p.A. and 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 Long Term Loan with Enel Distribuzione has been signed on 18 April 2012 with the following main terms:

- > Long-Term Loan denominated in Euro, for a total amount of Eur 3,500 million;
- > Tenor: 10 years from the signing date of the agreement;
- > Rate of interest: Fixed at 6,30%;
- > Interest period: semiannual.

The loan facility granted to Enel Distribuzione has been drawn as at 30 June 2012 for Eur 3,500 million.

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

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- > 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.

For the amount drawn starting from January 2012, the margin has been increased at 250 bps.

The loan facility granted to Enel Green Power International BV has been drawn as at 30 June 2012 for Eur 2,334 million.

Other items

Other items refer to the prepayments related to costs paid for long-term revolving facilities, not yet used at the end of the period.

4.b Current financial assets – Eur 2,365 million

Millions of Euro

	30 June 2012	31 Dec 2011	Change
Financial receivables	2.093	987	1.106
Other current financial assets	272	220	52
Total	2.365	1.207	1.158

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

The increase of Eur 1,158 million in current financial assets is mainly due to the rise of financial receivables (Eur 1,106 million), the increase comes essentially from:

- > Enel S.p.A. (Eur 400 million), in relation to the "Short-Term Credit Line", granted by the Company to Enel S.p.A. in order to improve the cash flow management at group level and drawn during the current year.
- > Enel Green Power International BV (Eur 234 million), in relation to the "Multicurrency Short-Term Revolving", granted by the Company to EGPI in order to secure the necessary cash flexibility;
- > Enel Energy Europe SL (Eur 443 million), in relation to the "Short Term Revolving Agreement", granted by the Company to EEE in order to improve the cash flow management arising from the ordinary activity.

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

Million of Euro			
	30 June 2012	31 Dec 2011	Change
Loan Enel S.p.A.	400	-	400
Loan Enel Green Power International BV	610	376	234
Loan Enel France S.A.S.	402	388	14
Loan Marcinelle Energie S.A.	213	193	20
Loan Enel Lease Sàrl	25	29	(4)
Loan Enel Energy Europe SL	443	-	443
Total short term loans granted to other affiliates	2.093	987	1.106

Financial relationship existing at 30 June 2012 with Enel Group affiliates (short-term operations with other affiliates) are detailed as follows:

Millions of Euro				
	Financial relationship	Commitment amount	Rate of Interest	Commitment Fee
EGPi B.V.	Multicurrency Short-Term Revolving Facility	1.200	Floating Rate plus a margin of 200 bps	20 bps
Enel France S.A.S.	Revolving Credit Facility	600	Floating interest on the basis of 3 months Euribor rate plus a margin of 250 bps	6.25 bps
Marcinelle Energie S.A.	Revolving Credit Facility	242	Floating interest on the basis of 3 months Euribor rate plus a margin of 300 bps	6.25 bps
Artic Russia B.V.	Short term credit facility	5	Reference rate for RUR or USD, according to the currency plus a margin no less than 80 bps on USD interest rate or the equivalent spread on RUR rate	N/A
Enel Lease S.à r.l.	Revolving Credit Facility	30	Floating interest on the basis of 3 months Euribor rate plus a margin of 175 bps	6.25 bps
Enel Trade Romania S.r.l.	Revolving Credit Facility	60 ⁽¹⁾	Floating interest on the basis of 3 months Robor rate plus a margin of 250 bps	6.25 bps
Enel Energy Europe S.A.	Short Term Revolving Facility	2.000	Floating interest on the basis of Euribor rate plus a spread of 2,00%	N/A
Enel S.p.A.	Short Term Revolving Facility A	4.000	Euribor rate plus a margin to be agreed time by time according with market condition in a range between 15 and 150 bps	N/A

⁽¹⁾ Millions of RON

4.c Cash and cash equivalents – Eur 32 million

Millions of Euro			
	30 June 2012	31 Dec 2011	Change
Cash and cash equivalents	32	1.005	(973)
Total	32	1.005	(973)

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The decrease (Eur 973 million) of Cash and cash equivalents refers to the optimization of the liquidity deriving by the usage of its Revolving Facility Agreement subscribed in September 2011 with Mediobanca and Intesa San Paolo.

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 30 June 2012, the amount of the current account is positive for Euro 51 million and has been classified as current financial assets.

5 Shareholder's equity and liabilities

5.a Share capital – Eur 1,479 million

The issued and paid-up share capital amounts to Euro 1,478.8 million represented by 1,478,810,370 shares with nominal value of Euro 1.0 each.

5.b Share premium reserve – Eur 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)
<i>Net value of the asset/liabilities merged</i>	<i>1.522</i>
New shares issued	1.479
Share premium reserve	43

5.c Cash flow hedge Reserve – Eur (314) million

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

Millions of Euro	31 Dec 2011	Gain/(Losses) recognized in equity for the period	Released to income statement	Taxes	30 June 2012
Gains/Losses on change in fair value of the effective portion of CFH Derivatives on interest and exchange rates (IAS 39)	(150)	104	(268)	-	(314)
Total gains/(losses) recognized in equity	(150)	104	(268)	-	(314)

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The negative variation of Euro 164 million is due to:

- > the Gain (Eur 104 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 (Eur 109 million); (ii) a decrease of fair value measurement of interest rate swap derivatives on long-term loans (Euro 5 million);
- > the Release (Eur 268 million) to income statement aimed to hedge the result of the underlying hedged financial liabilities when they impact on the Company Income Statements.

5.d Long-term loans and borrowings (including the portion falling due within twelve months for Euro 794 million) – Eur 22,876 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 Par.: "*Risk management*".

The aggregate includes long-term payables in respect of bonds, bank loans and other loans in Euro and other currencies.

The following table shows long-term debt and repayment schedules at 30 June 2012, grouped by loan and interest rate type:

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Millions of Euro

		Maturing	Balance	Nominal value
			30 Jun 2012	30 June 2012
<u>Listed Bond (Fixed rate)</u>				
EUR	2009-2016		1492	1500
EUR	2009-2022		2,474	2,500
EUR	2009-2019		125	125
EUR	2009-2020		100	100
EUR	2011-2031		146	150
EUR	2011-2030		49	50
EUR	2011-2017		992	1000
EUR	2011-2021		744	750
EUR	2011-2015		1245	1250
EUR	2011-2018		990	1000
EUR	2009-2027		49	50
GBP	2009-2024		1038	1054
GBP	2009-2040		1715	1735
CHF	2011-2015		124	125
CHF	2011-2020		83	83
JPY	2011-2018		15	15
JPY	2009-2037		199	200
Total listed Bond (Fixed rate)	2009-2040		11,680	11,787
<u>Listed Bond (Float rate)</u>				
EUR	2012-2022		50	50
EUR	2012-2022		50	50
EUR	2012-2024		100	100
Total listed Bond (Float rate)	2012-2022		200	200
Total listed Bond	2009-2040		11,880	11,987
<u>Unlisted Bond (Fixed rate)</u>				
USD	2009-2013		794	794
USD	2009-2017		1,187	1,191
USD	2009-2037		786	794
USD	2009-2014		990	993
USD	2009-2019		1,380	1,390
USD	2009-2039		1,174	1,191
EUR	2012-2032		48	52
EUR	2012-2032		47	51
EUR	2012-2022		50	50
Total unlisted Bond (Fixed rate)	2009-2039		6,456	6,506
<u>GMTN Internal Assumption (Fixed rate) - towards FIH BV</u>				
EUR	2011-2023		296	300
Total GMTN Internal Assumption (Fixed rate)	2011-2023		296	300
<u>Bank loans</u>				
CFA Tranche C1 Increase	2009-2014		521	528
CFA Tranche C2 Increase	2009-2016		215	219
Mediobanca	2012-2017		3,163	3,200
JP Morgan	2012-2017		247	250
BBVA	2012-2017		98	100
Total Bank Loan and Revolving lines	2009-2017		4,244	4,297
TOTAL	2009-2040		22,876	23,090

		Current portion	Portion falling due after more than 12 months	Maturing in		
					II Half 2013	2014
					2015	2016
						Beyond
-	1492	-	-	-	1492	-
-	2,474	-	-	-	-	2,474
-	125	-	-	-	-	125
-	100	-	-	-	-	100
-	146	-	-	-	-	146
-	49	-	-	-	-	49
-	992	-	-	-	-	992
-	744	-	-	-	-	744
-	1245	-	-	1245	-	-
-	990	-	-	-	-	990
-	49	-	-	-	-	49
-	1038	-	-	-	-	1038
-	1715	-	-	-	-	1715
-	124	-	-	124	-	-
-	83	-	-	-	-	83
-	15	-	-	-	-	15
-	199	-	-	-	-	199
-	11,680	-	-	1,369	1,492	8,819
-	50	-	-	-	-	50
-	50	-	-	-	-	50
-	100	-	-	-	-	100
-	200	-	-	-	-	200
-	11,880	-	-	1,369	1,492	9,019
794	-	-	-	-	-	-
-	1,187	-	-	-	-	1,187
-	786	-	-	-	-	786
-	990	-	990	-	-	-
-	1,380	-	-	-	-	1,380
-	1,174	-	-	-	-	1,174
-	48	-	-	-	-	48
-	47	-	-	-	-	47
-	50	-	-	-	-	50
794	5,662	-	990	-	-	4,672
-	296	-	-	-	-	296
-	296	-	-	-	-	296
-	521	-	521	-	-	-
-	215	-	-	-	215	-
-	3,163	-	-	-	-	3,163
-	247	-	-	-	-	247
-	98	-	-	-	-	98
-	4,244	-	521	-	215	3,508
794	22,082	-	1,511	1,369	1,707	17,495

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

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Millions of Euro					
	31 Dec 2011	30 June 2012	30 June 2012	30 June 2012	
	Balance	Balance	Nominal value	Current interest rate	Effective interest rate
<i>Total Euro</i>	<i>11.158</i>	<i>13.291</i>	<i>13.424</i>	<i>4,44%</i>	<i>4,65%</i>
US dollar	6.138	6.311	6.354	5,59%	5,74%
British pound	2.658	2.753	2.789	5,70%	5,74%
Swiss Franc	205	207	208	2,40%	2,43%
Japanese yen	314	314	315	2,43%	2,46%
<i>Total non-Euro currencies</i>	<i>9.315</i>	<i>9.585</i>	<i>9.666</i>		
TOTAL	20.473	22.876	23.090		

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

Millions of Euro					
	Nominal value	Increase	Decrease	Exchange rate differences	Nominal value
	31 Dec 2011				30 June 2012
Credit facility agreement in Euro	1.523	-	(777)	-	746
Revolving Facility Agreement	1.000	-	(1.000)	-	-
Term Loan	-	3.550	-	-	3.550
Bonds in non-Euro currencies and Euro currency	18.122	403	-	269	18.794
Total long-term financial debt	20.645	3.953	(1.777)	269	23.090

As at 30 June 2012 the fair value of bonds is equal to Eur 18,822 million while the fair value of Credit Facility Agreements amounts to Eur 1,523 million.

The main financing transactions for 2012 include the following:

- > Credit Facility Agreement;
- > Global Medium Term Note Programme;
- > Revolving Facility Agreement;
- > New funding operations.

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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 millio

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.

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

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As of 30 June 2012 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.

As of 30 June 2012 the outstanding nominal amount of the Credit Facility Agreement is as follows:

Millions of Euro

	Original maturity	Nominal value as at 31 Dec, 2011	Increase	Reimbursement	Total outstanding as 30 June 2012
Credit facility agreement					
Facility C	2012	777	-	(777)	-
Facility C Increase	2012	746	-	-	746
TOTAL		1.523	-	(777)	746

Global Medium Term Note Programme

On 24 May 2012 the Company entered into an update of the Euro 30 billion GMTN Programme, pursuant to which the Company and Enel S.p.A. (the Guarantor) may from time to time issue notes in bearer form and in order to get any possible market opportunities for new bonds issuance.

During the first half of the current year, the nominal amount of the notes issued by the Company under the GMTN Programme, is equal to Eur 403 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 was Eur 1.000 million and has been fully repaid on 22/03/2012.

As at 30 June 2012 the Revolving Facility Agreement was not utilized.

New funding operations

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.

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- > 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 determined in function of the credit rating of Enel.
- > 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 a 230 bps fixed margin and an additional variable fees determined in function of the credit rating of Enel.

On 16 April 2012 the Board of Director resolved about some minor amendment of the Facility Agreement with Banco Bilbao Vizcaya Argentaria S.A..

All the above term loans have been signed on the 20 February and fully drawn down in April – Term Loan Eur 3,200 million and Loan, Facility Agreement of Eur 250 million with JP Morgan Chase Bank – and in May - Eur 100 million with Banco Bilbao Vizcaya Argentaria S.A..

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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 2009, the Eur 10 billion Revolving Credit Line agreed in April 2010, Eur 3,2 billion Term Loan Facility Agreement , Eur 250 million JP MORGAN Facility Agreement and Eur 100 million BBVA Facility Agreement . To date none of the covenants have been triggered.

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

- > negative pledge clauses under which the issuer may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets to secure any listed bond or bond for which listing is planned unless the same guarantee is extended equally or pro rata to the bonds in question;
- > pari passu clauses, under which the securities constitute a direct, unconditional and unsecured obligation of the issuer and are issued without preferential rights among them and have at least the same seniority as other present and future bonds of the issuer;
- > specification of default events, whose occurrence (e.g. insolvency, failure to pay principle or interest, initiation of liquidation proceedings, etc.) constitutes a default;
- > under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) issued by the issuer constitutes a default in respect of the liability in question, which becomes immediately repayable;
- > early redemption clauses in the event of new tax requirements, which permit early redemption at par of all outstanding bonds.

The main covenants for the Credit Facility Agreement 2009, the Eur 10 billion Revolving Credit Line agreed in April 2010 , Eur 3,2 billion Term Loan Facility Agreement , Eur 250 million JP MORGAN Facility Agreement and Eur 100 million BBVA Facility Agreement involving the Company and Enel S.p.A. are substantially similar and can be summarized as follows:

- > negative pledge clauses under which the borrower (and its significant subsidiaries) may not establish or maintain (with the exception of permitted guarantees) mortgages, liens or other encumbrances on all or part of its assets to secure any present or future financial liability;
- > pari passu clauses, under which the payment undertakings constitute a direct, unconditional and unsecured obligation of the borrower and bear no preferential rights among them and have at least the same seniority as other present and future loans;
- > change of control clause (which is triggered in the event (i) control of Enel is acquired by one or more parties other than the Italian state or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;
- > specification of default events, whose occurrence (e.g. failure to make payment, breach of contract, false statements, insolvency or declaration of insolvency by the borrower or its

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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 Eur 3,2 billion Term Loan Facility Agreement, Eur 250 million JP MORGAN Facility Agreement and Eur 100 million BBVA Facility Agreement also provide for the gearing/leverage clause, under which, at the end of each measurement period (half yearly), Enel's consolidated net financial debt shall not exceed 4,5 times annual consolidated EBITDA; The Credit Facility Agreement 2009 also provide for the following covenants:

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

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

5.e Non-current derivatives instruments – Eur 278 million

Millions of Euro	30 June 2012	31 Dec 2011	Change
Cash Flow Hedge derivatives on interest rate	10	-	10
Cash Flow Hedge derivatives on exchange rate	268	226	42
Total	278	226	52

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.

For determination of cross currency swap fair value valuation the Company uses the USD basis adjustment method to take into account the low market liquidity of this kind of derivatives. The rest of portfolio position is valued with the standard curves for each currency.

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5.g Short-term loans and borrowings – Eur 4,680 million

Millions of Euro

	30 June 2012	31 Dec 2011	Change
Short-term loans	1.204	1.338	(134)
Commercial papers	3.476	2.016	1.460
Short-term financial debt	4.680	3.354	1.326

Short-term loans

At 30 June 2012, short-term loans decreased by Eur 134 million from 31 December 2011.

Millions of Euro

	Original currency	Euro countervalue at 30 June 2012	Euro countervalue at 31 Dec 2011	Change
Intercompany Current Accounts denominated in Euro				
Enel Green Power International B.V.	Euro	-	14	(14)
Enel Trade Hungary	Euro	-	1	(1)
Enel Re NV	Euro	4	-	4
Enel Servizio Elettrico	Euro	1.200	1.200	-
<i>Total</i>		1.204	1.215	(11)
Enel Bridge Loan				
	Euro	-	120	(120)
<i>Total</i>		-	120	(120)
Intercompany Current Accounts denominated in other currencies				
Enel Green Power International B.V.	CAD	-	3	(3)
<i>Total</i>		-	3	(3)
Total		1.204	1.338	(134)

As of 30 June 2012 the break down of the principal short-term loans is as follows:

> 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: up to Eur 1,500 million
- > Financial instrument: mainly short term deposits at 1 week, 1, 2, 3, 6 and 12 months
- > Interest rate: floating Eonia or Euribor plus a Margin

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- > 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 30 June 2012 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 million;
- > Currency: Euro;
- > Interest rate: floating, based on Euribor + a spread up to 0.50%;
- > Duration: up to 1 year

The loan has been fully repaid during the current year.

The Company hedged the intercompany current accounts denominated in foreign currencies using currency swaps to limit the risk of exchange rate fluctuations.

Commercial Papers

The payables represented by Commercial papers relate to issues outstanding at 30 June 2012 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 together 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), whose maturity may be set 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 30 June 2012, at the nominal value, can be detailed as follows:

Currencies	30 June 2012		31 December 2011	
	ECP origin amounts	Euro counter-value (*)	ECP origin amounts	Euro counter-value (**)
Euro	3.257	3.257	1.777	1.777
USD	282	224	248	191
CHF	0	0	35	29
JPY	0	0	2.400	24
Total Commercial Paper		3.481		2.021

(*)The Euro Commercial Paper (ECP) in foreign currency is converted at 30 June 2012 exchange rates.

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

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As of 30 June 2012 the Euro Commercial Papers outstanding arise up to a nominal value of Euro 3,481 million with a significant increase compared to 31 December 2011 (Euro 2,021 million). 94% of the notes outstanding are issued in Euro.

The Company hedged the ECP amount using currency swaps to limit the risk of exchange rate fluctuations at the end of the period.

5.h Other current liabilities – Eur 598 million

Millions of Euro

	30 June 2012	31 Dec 2011	Change
Accrued interests and other item	598	320	278
Other liabilities	-	3	(3)
Total	598	323	275

Other current financial liabilities mainly relate to interests due on GMTN Programme (2012: Euro 514 million).

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 issuance, 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:

Enel Finance International N.V.

Millions of euro

	Receivables	Payables	Income	Cost
	30 June 2012	30 June 2012	2012	2012
Shareholder				
Enel S.p.A	4.029	293	108	22
<i>Total</i>	4.029	293	108	22
Other affiliated companies				
Artic Russia BV	-	-	-	-
Endesa	14	-	14	-
Enel Distribuzione	3.544	-	44	-
Enel Energy Europe SL	18.512	-	411	-
Enel France S.A.S.	410	-	8	-
Enel Green Power International B.V.	2.984	-	69	-
Enel Investment Holding BV	-	308	-	9
Enel Lease Sàrl	26	-	-	-
Enel Re NV	-	4	-	-
Enel Servizio Elettrico	-	1.218	-	18
Marcinelle Energie S.A.	217	-	4	-
<i>Total</i>	25.707	1.530	550	27
Total	29.736	1.823	658	49

For further details of the each relation with related parties please refer to paragraphs "4.a Non-current financial assets", "4.b Current financial assets", "5.g Short-term loans" and "5.h Other Current liabilities".

Contractual commitments and guarantees

The Company has not given any direct guarantee to third parties.

Subsequent events

There are no significant post balance sheets events to be mentioned.

Review Report

To: Board of Directors Enel Finance International N.V.

Introduction

We have reviewed the accompanying interim financial information for the six month period ended 30 June 2012 of Enel Finance International N.V. which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows and the related notes for the six month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review

Scope

We conducted our review in accordance with Dutch Law including Standard 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

Eindhoven, 31 July 2012

Ernst & Young Accountants LLP

signed by G.J. Verwoert