

ACTION BY UNANIMOUS WRITTEN CONSENT
OF THE
BOARD OF DIRECTORS
OF ENDESA CAPITAL FINANCE LLC

The undersigned, being all the directors of Endesa Capital Finance, LLC a Delaware Limited Liability Company (the" Company"), hereby adopt the following as a resolution of the board of directors of the Company:

RESOLVED, the audited financial statements for the year ended December 31, 2012 and December 31, 2011 and the Independent Auditor's Report prepared by Ernst & Young LLP and dated April 3, 2013 are hereby approved and accepted.

IN WITNESS WHERE OF, the undersigned have executed this Unanimous Written Consent as of the 12th day of April 2013.

Francisco Ramírez Millor


Gregory F.Lavelle

DECLARACIÓN DE RESPONSABILIDAD INFORME FINANCIERO ANUAL EJERCICIO 2012

Los Administradores Mancomunados de Endesa Capital Finance LLC, de conformidad con el Artículo 8 del Real Decreto 1362/2007, declaran que, hasta donde alcanza su conocimiento, las cuentas anuales correspondientes al ejercicio 2012, formuladas con fecha 12 de Abril de 2013 y, elaboradas con arreglo a los principios contabilidad aplicables, ofrecen la imagen fiel del patrimonio, de la situación financiera y de los resultados de Endesa Capital Finance LLC y que el informe de gestión incluye un análisis fiel de la evolución y los resultados empresariales y de la posición de Endesa Capital Finance LLC junto con la descripción de los principales riesgos e incertidumbres a que se enfrenta.

D. Francisco Ramírez Millor
Administrador Mancomunado

D. Gregory F. Lavelle
Administrador Mancomunado



FINANCIAL STATEMENTS

Endesa Capital Finance, L.L.C.
(An Indirect Wholly Owned Subsidiary of Endesa, S.A.)
Years Ended December 31, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

Endesa Capital Finance, L.L.C.
(An Indirect Wholly Owned Subsidiary of Endesa, S.A.)

Financial Statements

Years Ended December 31, 2012 and 2011

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Report of Independent Auditors

The Board of Directors and Securityholders
Endesa Capital Finance, L.L.C.

We have audited the accompanying financial statements of Endesa Capital Finance, L.L.C. (an indirect wholly owned subsidiary of Endesa, S.A.), which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of income, securityholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

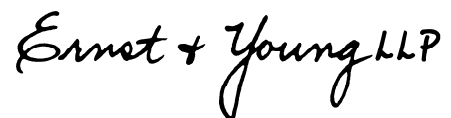
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Endesa Capital Finance, L.L.C. at December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.



April 3, 2013

Endesa Capital Finance, L.L.C.
(An Indirect Wholly Owned Subsidiary of Endesa, S.A.)

Balance Sheets

	December 31	
	2012	2011
	<i>(In Euros)</i>	
Assets		
Current assets:		
Cash	€ 2,464	€ 423
Accrued interest receivable	46,802	49,284
Short-term loan receivable to International Endesa B.V.	11,736,535	12,131,632
Loan to International Endesa B.V., net of unearned loan fees	181,050,296	–
Total current assets	192,836,097	12,181,339
Loan to International Endesa B.V., net of unearned loan	–	179,766,580
Total assets	€ 192,836,097	€ 191,947,919
Liabilities and securityholders' equity		
Current liabilities:		
Preferred dividends payable	€ 40,305	€ 40,305
Liquidity fee payable	2,015	16,667
Accounts payable	4,846	3,763
Total current liabilities	47,166	60,735
Securityholders' equity:		
Preferred capital securities		
Authorized noncumulative: 80,000,000 securities authorized; 60,000,000 and 7,254,849 securities issued and outstanding, respectively; authorized liquidation preference of €25 per security with an aggregate liquidation preference of €181,371,225; net of issuance costs of €111,574,581	69,796,644	69,796,644
Common capital securities. Authorized, issued, and outstanding 10 securities as of December 31, 2012 and 2011	92	92
Retained earnings	122,992,195	122,090,448
Total securityholders' equity	192,788,931	191,887,184
Total liabilities and securityholders' equity	€ 192,836,097	€ 191,947,919

See accompanying notes.

Endesa Capital Finance, L.L.C.
(An Indirect Wholly Owned Subsidiary of Endesa, S.A.)

Statements of Income

	Year Ended December 31	
	2012	2011
	<i>(In Euros)</i>	
Revenues:		
Interest income from loan to International Endesa B.V.	€ 7,798,963	€ 35,655,309
Prepayment fee paid by International Endesa B.V.	–	11,208,345
Loan fee income	1,283,716	23,546,855
Other interest income	156,326	190,630
Total revenues	9,239,005	70,601,139
Operating expenses:		
Liquidity fees	1,007,406	3,000,009
Repurchase related expenses	–	11,208,345
Other	75,003	376,279
Total operating expenses	1,082,409	14,584,633
Net income	8,156,596	56,016,506
Preferred dividends	7,254,849	33,167,729
Net income attributable to common securityholders	€ 901,747	€ 22,848,777

See accompanying notes.

Endesa Capital Finance, L.L.C.
(An Indirect Wholly Owned Subsidiary of Endesa, S.A.)

Statements of Securityholders' Equity

	Preferred Capital Securities	Common Capital Securities	Retained Earnings	Total
	<i>(In Euros)</i>			
Balance – December 31, 2010	\$ 1,388,425,419	\$ 92	\$ 99,241,670	\$ 1,487,667,181
Repurchase of preferred capital securities	(1,318,628,775)	–	–	(1,318,628,775)
Net income	–	–	56,016,506	56,016,506
Preferred dividends	–	–	(33,167,729)	(33,167,729)
Balance – December 31, 2011	69,796,644	92	122,090,448	191,887,184
Net income	–	–	8,156,596	8,156,596
Preferred dividends	–	–	(7,254,849)	(7,254,849)
Balance – December 31, 2012	€ 69,796,644	€ 92	€ 122,992,195	€ 192,788,931

See accompanying notes.

Endesa Capital Finance, L.L.C.
(An Indirect Wholly Owned Subsidiary of Endesa, S.A.)

Statements of Cash Flows

	Year Ended December 31	
	2012	2011
	<i>(In Euros)</i>	
Cash flows from operating activities		
Net income	€ 8,156,596	€ 56,016,506
Adjustments to reconcile net income to net cash provided by operating activities:		
Accretion of loan fee income	(1,283,716)	(23,546,855)
Changes in operating assets and liabilities:		
Accrued interest receivable	2,482	492,069
Liquidity fee payable	(14,652)	9
Accounts payable and other accrued liabilities	1,083	1,030
Net cash provided by operating activities	6,861,793	32,962,759
Cash flows from investing activities		
Net repayments on short-term loan receivable from International Endesa B.V.	395,097	662,286
Repayments on loan to International Endesa BV	–	1,318,628,775
Net cash provided by investing activities	395,097	1,319,291,061
Cash flows from financing activities		
Payment of dividends	(7,254,849)	(33,627,424)
Repurchase of Preferred Capital Securities	–	(1,318,628,775)
Net cash used in financing activities	(7,254,849)	(1,352,256,199)
Net increase (decrease) in cash	2,041	(2,379)
Cash beginning of year	423	2,802
Cash end of year	€ 2,464	€ 423
Supplemental disclosure of noncash financing activities		
Accrued and unpaid dividends on preferred capital securities	€ 40,305	€ 40,305

See accompanying notes.

Endesa Capital Finance, L.L.C.
(An Indirect Wholly Owned Subsidiary of Endesa, S.A.)

Notes to Financial Statements

December 31, 2012
(In Euros)

1. Organization

Endesa Capital Finance, L.L.C. (the Company) was formed under the laws of the State of Delaware on February 21, 2003. The Company is a wholly owned subsidiary of International Endesa B.V. (the Parent), which, in turn, is a wholly owned subsidiary of Endesa, S.A. (Endesa). Endesa is a Spanish corporation that is involved in the generation, transmission, marketing, and distribution of electricity in Europe and Latin America. The Company was established for the purpose of issuing preferred capital securities and common capital securities and to use substantially all of the proceeds thereof to enter into loan agreements with the Parent or other non-U.S. affiliates of Endesa.

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and related notes. Actual amounts could differ from those estimates. The Company's functional currency and reporting currency is the Euro.

Revenue Recognition

Interest income is recognized as earned, based upon the principal amount outstanding on loans and the stated interest rate. Loan fees are recognized into income using the effective interest method over the life of the related loan.

Fair Value of Financial Instruments

Presented below is a summary of the significant estimates relating to the fair value disclosures of financial instruments:

Cash – The recorded amounts of cash approximate fair value due to the short-term nature of these instruments.

Short-Term Loan Receivable from Parent – The recorded amount of the loan approximates fair value due to the short-term nature of the loan and the periodic repricing of the loan's interest rate.

Endesa Capital Finance, L.L.C.
(An Indirect Wholly Owned Subsidiary of Endesa, S.A.)

Notes to Financial Statements (continued)

(In Euros)

2. Summary of Significant Accounting Policies (continued)

Loan to the Parent – The recorded amount of the loan approximates fair value due to the periodic repricing of the loan’s interest rate.

Other Current Liabilities – The recorded amount of other current liabilities approximates fair value due to their short-term nature.

The Financial Standards Accounting Board (FASB) Accounting Standard Codification (ASC) 825, *Financial Instruments*, provides reporting entities an option to report selected financial assets and liabilities at fair value. The Company adopted FASB ASC 825 effective January 1, 2008, and has elected not to measure any of its current eligible financial assets or liabilities at fair value.

Federal and State Income Taxes

The Company is a partnership for federal and state income tax purposes. As such, the income tax effects of the results of operations of the Company pass through directly to the owners. Accordingly, the accompanying financial statements do not include any effects for income taxes.

Management evaluates the Company’s tax positions taken to determine whether the tax positions are “more-likely-than-not” of being sustained by the Company upon challenge by the applicable tax authorities. For the years ended December 31, 2012 and 2011, management has concluded there are no uncertain tax positions that would require financial statement recognition or disclosure.

3. Loan to the Parent

On March 28, 2003, the Company made a loan of €1.5 billion to the Parent in exchange for a note. The note, which matures on March 28, 2013, bears interest at a rate equal to the three-month European InterBank Offering Rate (Euribor) plus a margin 0.30%, provided, however, that the three-month effective Euribor shall in no event be less than 4.00% or more than 7.00%. As the note matures on March 28, 2013, the balance has been reflected as a current asset as of December 31, 2012. The Company utilized the proceeds to redeem the outstanding preferred capital securities (see Note 5).

Endesa Capital Finance, L.L.C.
(An Indirect Wholly Owned Subsidiary of Endesa, S.A.)

Notes to Financial Statements (continued)

(In Euros)

3. Loan to the Parent (continued)

Interest is due and payable quarterly in arrears on March 28, June 28, September 28, and December 28, commencing June 28, 2003. The effective interest rate of the loan was 4.30% as of December 31, 2012 and 2011. In connection with this loan, the Company deducted an up-front loan fee of €112,200,000 from the amounts disbursed to the Parent. The Company recognized loan fee income of €1,283,716 and €23,546,855 representing the accretion of the up-front loan fee for the years ended December 31, 2012 and 2011, respectively. The loan to the Parent is presented net of unearned up-front loan fees of €320,929 and €1,604,645 as of December 31, 2012 and 2011, respectively.

In June 2011, the Parent repurchased €1,318,628,775 of the outstanding notes. In connection with the repurchase, the Company adjusted the amortization related to the upfront loan fees, which resulted in an additional €12,326,855 in up-front loan fee accretion for the year ended December 31, 2011. The Company also collected an additional €11,208,345 from the Parent, which has been recognized as prepayment fee income for the year ended December 31, 2011.

On March 24, 2009, the Company increased its then current short-term credit facility (the Credit Facility) with the Parent to €20 million. The Credit Facility bears interest equal to the average of the three-month and six-month Euribor plus a margin 0.10%. The effective interest rate of the credit facility was 1.34% and 1.29% at December 31, 2012 and 2011, respectively. The original March 24, 2010 maturity date is automatically extended on annual periods until written notice is provided by either party. As of December 31, 2012 and 2011, the Company had loan receivable balances of €11,736,535 and €12,131,632, respectively, from the Parent pursuant to the Credit Facility. These balances are presented as current assets.

4. Common Capital Securities

The Company has issued 10 common capital securities to the Parent. Common capital securities are allocated 100% of the net losses of the Company (in the event such should occur) and all gains and losses resulting from the disposition of assets from the Company. The net profits of the Company are allocated to the preferred capital securities until the amount so allocated equals the amount of preferred capital securities dividends declared for the year. Any net profits in excess of the amount allocated to the preferred capital securities are allocated to the common capital securities.

Endesa Capital Finance, L.L.C.
(An Indirect Wholly Owned Subsidiary of Endesa, S.A.)

Notes to Financial Statements (continued)

(In Euros)

5. Preferred Capital Securities

Under the terms of the Amended and Restated Limited Liability Company Agreement of Endesa Capital Finance, L.L.C. (the Agreement), the Company is authorized to issue and sell 80,000,000 preferred capital securities having an aggregate initial liquidation preference of €2 billion. This amount may be amended or restated by resolution of the Board of Directors. Holders of preferred capital securities are entitled to receive, when, as, and if declared by the Board of Directors, out of the Company's net profits, cash dividends that will be paid at such rates as will be determined by the Board of Directors prior to the first issuance of these securities. Dividends on the preferred capital securities are noncumulative. Endesa is the guarantor of these securities.

Preferred capital securities have no voting rights. However, in the event that the Company fails to pay dividends in full on the preferred capital securities (and the guarantor fails to make a corresponding payment under the guarantee) for five consecutive dividend periods, the holders of the preferred capital securities have the right to alter the composition of the Board of Directors as prescribed in the Agreement.

Preferred capital securities may not be sold or otherwise transferred to a person in the United States of America except pursuant to sales or other transfers that satisfy the requirements of Regulation S under the Securities Act of 1933 (the Securities Act) or that are otherwise exempt from the registration requirements of the Securities Act.

In the event of any liquidation of the Company, the holders of the preferred capital securities will be entitled to receive out of the assets of the Company available for distribution to securityholders an amount equal to the liquidation preference per preferred capital security, plus accrued and unpaid dividends thereon for the then-current dividend period, if any, to the date of liquidation. This distribution will occur before any distribution of assets is made to holders of common capital securities or any other class of securities ranking junior to the preferred capital securities.

The Company may not, without the prior approval of the preferred capital securityholders owning not less than 66% of the aggregate liquidation preference of all preferred capital securities then outstanding, merge or consolidate into another entity unless such successor entity assumes all of the obligations of the Company under the preferred capital securities or replaces the preferred capital securities with other securities that have at least the same participation in the profits or assets of the successor entity as the preferred capital securities have in the Company.

Endesa Capital Finance, L.L.C.
(An Indirect Wholly Owned Subsidiary of Endesa, S.A.)

Notes to Financial Statements (continued)

(In Euros)

5. Preferred Capital Securities (continued)

On March 28, 2003, the Company completed the issuance of 60,000,000 preferred capital securities and received proceeds of €1.5 billion. Costs in the amount of €111,574,581 related to this transaction were incurred by the Company and have been recorded as a reduction of the proceeds.

The preferred capital securityholders' are entitled to receive dividends at a rate equal to the three-month effective Euribor, provided, however, that the three-month effective Euribor shall in no event be less than 4.00% or more than 7.00%. Dividends are payable quarterly in arrears on March 28, June 28, September 28, and December 28 of each year.

In June 2011, the Company redeemed €1,318,628,775 of the preferred capital securities. In connection with the repurchase, the Company paid €11,208,345 to third parties as a redemption fee. This amount has been recognized in operating expenses for the year ended December 31, 2011.

The preferred capital securities are redeemable at the Company's option subsequent to March 28, 2013. In February 2013, the Board of Directors approved the redemption of the outstanding preferred capital securities, which was executed on March 28, 2013. The Company utilized proceeds from the Loan to International B.V. to facilitate the redemption. The redemption resulted in a €111,574,581 reduction in retained earnings, which reflected the amounts paid in connection with the original net issuance costs.

6. Liquidity Fee

In February 2003, the Company entered into a "Contrato de Liquidez" (the Liquidity Fee Agreement) with the underwriters, an unrelated party, of its preferred capital securities offering. Pursuant to the Liquidity Fee Agreement, the Company is committed to pay an annual liquidity fee of 0.2% of the outstanding principal amount of the preferred capital securities. The Company has recorded liquidity fee expense of €1,007,406 and €3,000,009 for the years ended December 31, 2012 and 2011, respectively.

Endesa Capital Finance, L.L.C.
(An Indirect Wholly Owned Subsidiary of Endesa, S.A.)

Notes to Financial Statements (continued)

(In Euros)

7. Related-Party Transactions (Amounts Shown in U.S. Dollars)

Pursuant to the Agreement described in Note 5, the Parent is responsible for paying substantially all expenses of the Company to the extent such expenses are not paid by the Company. The expenses covered by the Agreement include administrative and organizational costs, as well as any costs resulting from any litigation against the Company.

As discussed in Note 3, the Company's loans to the Parent are related-party transactions.

Under terms of a Vendor Agreement dated February 25, 2003, Puglisi & Associates provides accounting and related administrative functions for the Company. The related vendor fee amounts to \$28,500 per year. Under the terms of a Lease Agreement dated February 25, 2003, Puglisi & Associates also provides office space to the Company. The office lease amounts to \$1,500 per year. Gregory F. Lavelle, who is a director of the Company, is employed by Puglisi & Associates. The related director fee amounts to \$6,000 per year.

8. Subsequent Events

Management of the Company has evaluated the need for adjustments and/or disclosures resulting from subsequent events through April 3, 2013, the date the financial statements were available to be issued. Please refer to Note 5 for disclosure of the announced repurchase of the preferred capital securities.

Ernst & Young LLP

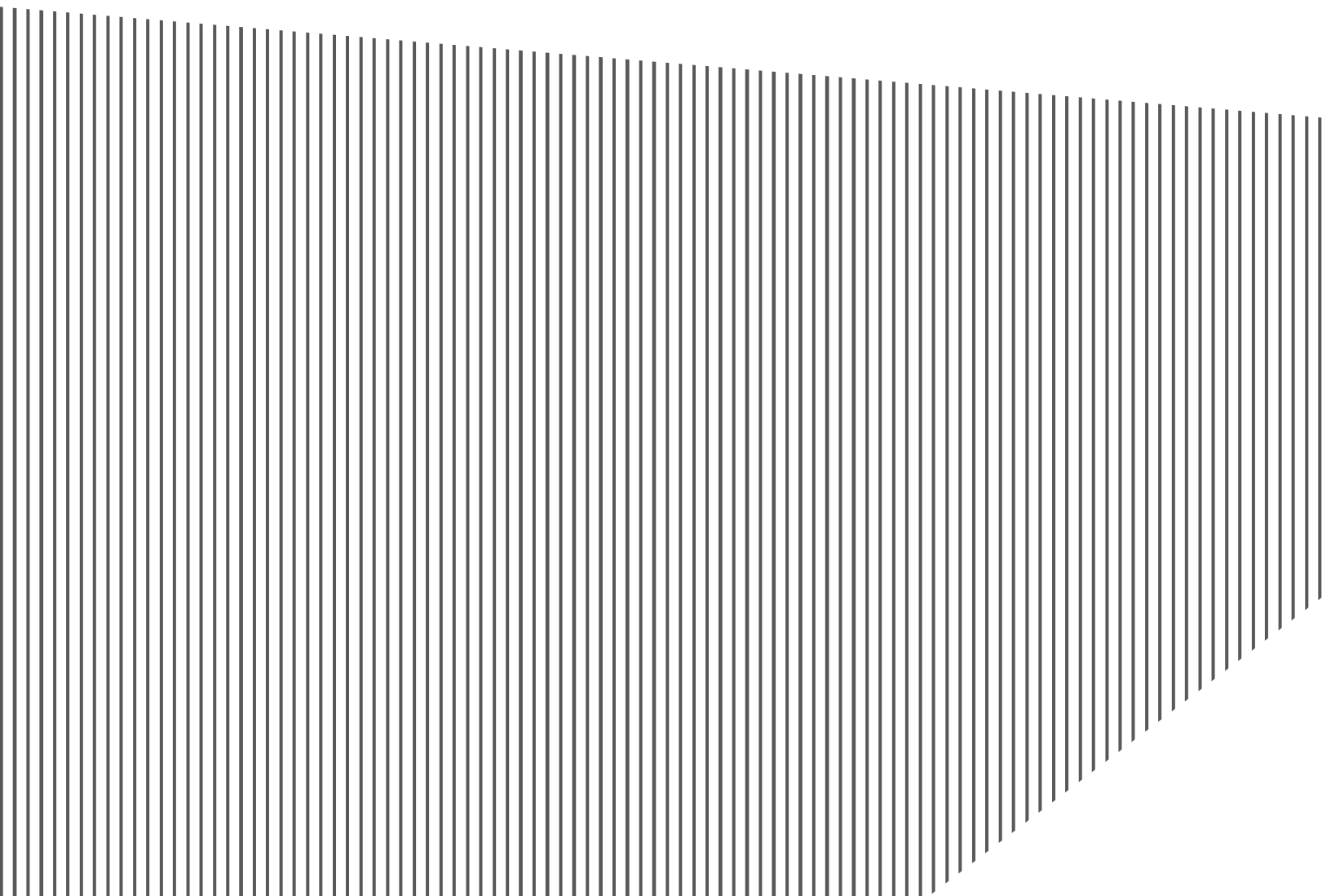
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Madrid, 12 de Abril de 2013

COMISIÓN NACIONAL
DEL MERCADO DE VALORES
C/Miguel Angel, 11
28010 Madrid

Muy Sres.Nuestros:

En relación con la Norma 5ª de la Circular 1/2004, de 17 de Marzo de 2004, de la Comisión Nacional del Mercado de Valores, y a efectos de dar cumplimiento a lo establecido en la misma, le comunicamos:

1. Que Endesa Capital Finance, LLC es una sociedad constituida de acuerdo con la Ley de Sociedades de Responsabilidad Limitada del Estado de Delaware de los Estados Unidos de América, con domicilio en Suite 204-F, 850 Library Avenue, Newark, Delaware 19711, controlada en su totalidad, de forma indirecta, por Endesa, S.A. a través de la sociedad International Endesa, B.V.
2. Que de acuerdo con lo establecido en la citada Circular, Endesa Capital Finance, LLC justifica mediante la presente comunicación la no elaboración del Informe Anual de Gobierno Corporativo y se remite al Informe Anual de Gobierno Corporativo del ejercicio 2012 de su sociedad dominante, Endesa, S.A., que fue aprobado por su Consejo de Administración el 25 de Febrero de 2013, y remitido como Hecho Relevante a la Comisión Nacional del Mercado de Valores con fecha 27 de Febrero de 2013.

Atentamente,

D.Francisco Ramírez Millor
Endesa Capital Finance, LLC

D.Gregory F.Lavelle
Endesa Capital Finance, LLC



Capital Finance L.L.C.

Management Report 2012

1. General Comments

Endesa Capital Finance, L.L.C. (the “Company”) was formed under the laws of the State of Delaware on February 21, 2003. The Company is a wholly owned subsidiary of International Endesa B.V. (the “Parent”) which, in turn, is a wholly owned subsidiary of Endesa, S.A. (“Endesa”). Endesa is a Spanish corporation that is involved in the generation, transmission, marketing, and distribution of electricity in Spain, Europe, and Latin America.

The Company was established for the purpose of issuing preferred capital securities and common capital securities and to use substantially all of the proceeds thereof to enter into loan agreements with the Parent or other non-U.S. affiliates of Endesa.

Loan to the Parent: On March 28, 2003, the Company made a loan of €1.5 billion to the Parent in exchange for a note. The note, which matures on March 28, 2013, bears interest at a rate equal to the three-month European InterBank Offering Rate (“Euribor”) rate plus a margin (0.30%), provided, however, that the three-month Euribor effective rate shall in no event be less than 4.00% or more than 7.00%. Interest shall be due and payable quarterly in arrears on March 28, June 28, September 28, and December 28 commencing June 28, 2003. In connection with this loan, the Company deducted an up-front loan fee of €12,200,000 from the loan amount to be disbursed to the Parent. The Company recognized loan fee income of €1,283,716 and €23,546,855 representing the accretion of the up-front loan fee for the years ended December 31, 2012 and 2011, respectively. The loan to the parent is presented net of unearned up-front loan fees of €320,929 and €1,604,645 as of December 31, 2012 and 2011, respectively.

In June 2011, the Parent repurchased €1,318,628,775 of the outstanding notes. In connection with the repurchase, the Company adjusted in amortization related to the upfront loan fees, which resulted in an additional €12,326,855 in up-front loan fee accretion. The Company also collected an additional €1,208,345 from the Parent, which has been recognized as prepayment fee income for the year ended December 31, 2011.

Also on March 26, 2003, the Company extended a €10 million short-term credit facility (the “Credit Facility”) to the Parent. The Credit Facility bears interest equal to the average of the three-month and six-month Euribor rates plus a margin (0.10%). On March 24, 2009 the Company extended a new €20 million short-term credit facility (2009 Credit Facility) to the Parent that modified and superseded the March 26, 2003 Credit Facility. At December 31, 2012 and 2011, the Company had a loan receivable of €1,736,535 and €12,131,632 respectively, from the Parent pursuant to the Credit Facility.

Preferred capital securities: On March 28, 2003, the Company completed the issuance of 60,000,000 preferred capital securities and received proceeds of €1.5 billion from the issuance. Preferred capital security holders are entitled to receive dividends at a rate equal to the three-month Euribor effective rate, provided, however, that the three-month Euribor effective rate shall in no event be less than 4.00% or more than 7.00%. Dividends

shall be payable quarterly in arrears on March 28, June 28, September 28, and December 28 of each year. The preferred capital securities shall not be redeemed by the Company prior to March 28, 2013, with the exception of certain tax-related events, as defined in the Amended and Restated Limited Liability Company Agreement of Endesa Capital Finance, L.L.C. (the "Agreement"). In the event the preferred capital securities are not redeemed on March 28, 2013, preferred capital security holders are entitled to receive dividends at a rate equal to the three-month Euribor rate plus an effective annual rate of 3.75%. All costs related to this transaction were incurred by the Company and have been charged against the proceeds from issuing the securities.

On June 2011, the Company repurchased €1,318,628,775 of the preferred capital securities notes. In connection with the repurchase, the Company paid €11,208,345 to third parties as redemption fee. This amount has been recognized in operating expenses for the year .

Liquidity fee: In February 2003, the Company entered into a "Contrato de Liquidez" (the "Liquidity Fee Agreement") with the underwriters, an unrelated party, of its preferred capital securities offering. Pursuant to the Liquidity Fee Agreement, the Company is committed to pay an annual liquidity fee of 0.2% of the outstanding principal amount of the preferred capital securities.

Guaranty fee: In February 2003, the Company entered into a "Acuerdo de Contragarantía" (the "Guaranty Fee Agreement") with Endesa, the guarantor of the Company's preferred capital securities offering and the Company's ultimate parent company. Pursuant to the Guaranty Fee Agreement, the Company is committed to pay an annual guaranty fee of 0.2% of the outstanding principal amount of the Preferred Capital Securities. In December 28th 2008 this fee was removed.

The Company is filing with the CNMV the Financial Statements, balance sheet and income statement, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), for the twelve months period ended December 31, 2012.

2. Operating Results

The net income attributable to common security holders for the period ended December 31, 2012 reached €901,747.

3. Main Activities during 2012

No new preferred capital securities were issued during 2012.

Holders of preferred capital securities received dividends of €7,254,849 during 2012.

The Company paid €1,007,406 as a liquidity fee.

During 2012 the Company continued to grant loans to the Parent. As of December 31, 2012 the amount granted reached €181,050,296 as a long term loan and €1,736,535 as a short-term credit facility.

4. Financial Risk Management

The Endesa's Group's Corporate Risk function provides services to manage the financial risk relating to the Company's operations.

5. Subsequent Events

In February 2013, the Board of Directors approved the redemption of the outstanding preferred capital securities, which was executed on March 28, 2013. The Company utilized proceeds from Loan to International Endesa B.V. to facilitate the redemption.

April 3, 2013

Francisco Ramírez Millor
Endesa Capital Finance L.L.C.

Greg Lavelle
Endesa Capital Finance L.L.C.