Annual Report
Activities
2013
Annual Report
Activities
2013
• ENDESA was incorporated in 1944 as Empresa Nacional de Electricidad, S.A. Its name was changed to Endesa, S.A. at the General Shareholders’ Meeting held on 25 June 1997.

• Endesa, S.A. is registered in Volume 323, Book 1, Page 143, Sheet M6405 of the Madrid Companies Register. The Company’s registered office and headquarters are at Ribera del Loira, 60, 28042 Madrid and its corporate tax identification number (NIF) is A-28023430.

• At 31 December 2013, the Company had share capital of Euro 1,270,502,540.40, represented by 1,058,751,117 shares, each with a par value of Euro 1.20. Its shares are listed on Spanish stock exchanges and the Santiago de Chile offshore exchange.

• ENDESA’s main business activity is the generation, transmission, distribution and supply of electricity. The Company is also a major operator in the natural gas market and carries out other services related to the energy business.

• ENDESA is the leading company in the Spanish electricity sector and the largest private electricity multinational in Latin America with total assets of Euro 56,457 million at 31 December 2013.

• In 2013, ENDESA posted profit after tax of Euro 1,879 million, EBITDA of Euro 6,720 million, EBIT of Euro 4,302 million and total income of Euro 31,203 million.

• At year-end 2013, it directly employed 22,995 people, 11,166 in Spain and Portugal, and 11,829 in Latin America and other countries and business areas.
«Our mission is to generate and distribute value in the global energy market to the benefit of our customers and investors, to boost the competitiveness of the countries in which we operate, and to fulfil the expectations of everyone who works with us. We serve the community, respecting the environment and safety of individuals, and are committed to creating a better world for future generations.»

VALUES

- Respect
- People-centric
- Focused on results
- Ethical rigour
- Social responsibility
ENDESA's mission, vision and values are logically intended to ensure our own operations contribute to fulfilling the Enel Group's strategic objectives as a whole, and to reinforce our position as an energy market leader, always with the benefit of our stakeholders in mind and generating value for our shareholders.

VISION

- ENDESA is an energy sector operator and provider of associated services, focused on electricity.
- A responsible, efficient and competitive multinational company, committed to safety, health and the environment.
- A company ready to compete on a global level.

MISSION

- To maximise the value of our shareholders’ investments.
- To serve our markets and exceed customers' expectations.
- To contribute to the development of our employees.

VALUES

- **Human resources**: we work to ensure development opportunities for all company employees, based on merit and professional contribution made.
- **Health and safety**: we make a firm commitment to occupational health and safety by promoting a preventive culture.
- **Team work**: we encourage working towards achieving a common goal, sharing information and knowledge.
- **Ethical behaviour**: we encourage professionalism, moral integrity, loyalty and respect for others.
- **Customer focus**: we aim to boost customer satisfaction by providing competitive, high-quality solutions.
- **Innovation**: we strive constantly to improve and find innovative solutions to meet maximum profitability criteria.
- **Focused on results**: our activities are aimed at achieving the objectives of our business project and profitability for our shareholders, endeavouring to exceed their expectations.
- **Community and the environment**: we have made a social and cultural commitment to the community and adapt our business strategies to preserve the environment.
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Dear Shareholders,

I am pleased to present to you the annual ENDESA Activities Report for 2013. This information is part of our commitment to transparency and good corporate governance which we have undertaken with all our shareholders and which is also applicable to the Company’s other stakeholders. This report has been prepared in accordance with our pledge to provide clear and reliable information on the Company.

The economic crisis affected our ability to develop our business in 2013. That said, at the time of writing, and now that the first few months of 2014 have passed, the economy is showing clear signs of recovery. This new situation means we are now able to look to the future with renewed optimism and confidence. Even though it is still too early to talk about a definitive rebound, the fact that macroeconomic indicators are showing undeniable signs of an improvement has prompted growth forecasts for 2014 and 2015 to be upgraded.

This change became apparent in the second half of 2013 with a slight improvement to GDP, in sharp contrast with the declines seen in the first half. This change of trend was reflected in the growth forecasts for 2014 published by leading financial entities and international bodies. Indeed, the International Monetary Fund – the international body that has been least optimistic about Spain’s economic performance – has raised its GDP growth forecast for 2014 to 0.6%, while the Spanish government estimates growth of 1%.

This is not the only figure that raises our optimism. At the end of March 2014, the risk premium fell to 175 points, way below the 400-point mark reached at the 2012 year end. This has very significantly lessened the financial pressures on national debt. Debts of households and non-financial businesses dropped 4.8% year on year at the 2013 close, underlining the positive impact of the adjustment to the entire Spanish economy. The fruits of this effort were reflected in the growth in investments and consumption in the second half of 2013.
Nevertheless, the Spanish economy has been shaped by the impact of the crisis on the labour market. At year-end 2013, 5.9 million people were out of work, representing 26% of the economically active population. The latest figures published show that the process of job destruction has slowed, primarily due to wage cuts. According to the Spanish Public Employment Service, the employment rate grew year on year in February 2014 for the first time since May 2008.

It will however take time for the brighter economic outlook to be reflected in the number of jobs. We cannot therefore rest on our laurels, thinking that the crisis is over. That said, we can celebrate the increasingly clear signs of economic recovery, although care must be taken not to overlook the possibility of another downturn.

One cannot separate these indications of recovery from the structural reforms that the Government is implementing to redress the imbalances in the Spanish economy. Some of these far-reaching reforms have been called for over many years and involve overhauling the labour market, reforming the banking sector, pension reforms, and the recently proposed reform of the tax system. All these reforms have entailed a significant effort and sacrifice by the entire population and therefore some of the measures rolled out have been strongly criticised. Taken as a whole, however, this is indisputable evidence of the bravery and determination with which the Government has tackled the highly complicated challenges it faced. A clear indication of the success of these policies, especially the avoidance of a bailout, is that prevailing uncertainties have been dispelled.

We have come along way, although there is still a lot of work to be done. Without doubt, this is especially the case in the electricity sector. We cannot deny that, in contrast to the other reforms implemented, the energy reform has not been laid down in a coherent plan of action aimed at resolving the imbalances in the current regulatory model. In fact, tariff adjustments have been made to try and resolve the problems with the institutional framework, which has only fuelled uncertainties among all the players in the sector.

It is neither the time nor the place to contemplate the debate around this reform. Electric utilities in general, and ENDESA in particular, have strived to table our views and proposals for overcoming the problems faced by the sector. It cannot be disputed that on occasions we have taken a clearly critical stance, although this has always been reasoned, clearly constructive and aimed at maintaining an ongoing relationship based on loyalty, trust and open dialogue with the Government. Our aim has always focused on contributing to the deregulation of the sector to ensure competition and boost the efficiency of the electricity sector.

Nonetheless, criticisms aside, I believe resolving the problems affecting the electricity sector satisfactorily is in the interests of all players concerned. These problems have been growing for some time and many have a direct impact on other aspects of national economic policy, which evidently cannot be overlooked. The size and economic impact of energy costs has implications for all sectors of the economy, which means the electricity sector is a key driver of economic development.

Electricity sector players are having to make sacrifices in this reform; ENDESA, by no means any less so. The recurring impact on our margins of the regulatory and tax measures approved to date is Euro 1,700 million per annum. This is not an inconsiderable amount and fully justifies our calls to be heard when putting forward alternative solutions that mean the desired objectives can be met without having such a negative impact on the earnings and bottom-line of one of the companies that are essential to coming out of the crisis.

As logic dictates, my letter focuses on the state of the Spanish economy and most particularly its electricity sector, although I cannot overlook the very different position yet again of the five Latin American countries in which we operate: Argentina, Brazil, Chile, Colombia and Peru.

Compared to the macroeconomic data for Spain mentioned previously, the GDP of these five countries increased by between 2.3% (Brazil) and 5.1% (Peru) during 2013.
Meanwhile, electricity demand in the markets supplied by ENDESA went up by between 3.2% (Colombia) and 5.9% (Peru), in stark contrast to the 2.2% fall in Spain during the year. Performance across Latin America in terms of customer numbers was also noteworthy, rising from 14 million at year-end 2012 to 14.5 million by the 2013 close.

These figures highlight the growing importance of diversifying investments in a globalised economy to limit the concentration of the risks to which we are exposed. We continue to adopt a long-term strategy in Latin America, based on the conviction that electricity demand will continue to rise over the coming years in all the countries in which we do business. In short, the economic development of these countries is inexorably linked to the need to build new power infrastructure to meet supply.

In our case, this challenge is, however, two-fold. On the one hand, it involves boosting our generating capacity and on the other, doing so in a sustainable manner. Following environmental sustainability criteria when rolling out energy projects must be intrinsic to driving the development of the energy supplies Latin America needs in a responsible manner.

Nevertheless, when applying these sustainability criteria one cannot overlook the fact that these growing energy requirements must be met, to a significant extent, by large-scale energy infrastructure that occasionally leads to reservations and concerns among social groups and public institutions. In this regard, we are firmly convinced that the various interests can be met, paving the way for development of these facilities, to which end we are dedicating all our efforts. Our environmental policy revolves around rolling out technologies that allow energy needs to be covered sustainably. This commitment aims to ensure economic development and improvements to the quality of life of our customers go hand in hand.

The level of ENDESA’s investments in Portugal and Spain and Latin America demonstrates the Company’s staunch approach to contributing to economic development. Despite the dissuasive regulatory measures in Spain and Portugal and, above all, the drop in demand, the need to maintain the quality and security of facilities and the organic growth in the number of consumers led to gross investments of Euro 933 million in 2013, which continues to sustain a high number of businesses and jobs. In Latin America, capex required to respond to rising demand reached Euro 1,525 million in 2013, some 16% higher than a year earlier.

This investment commitment comes at a time when we are strengthening our financial position and cutting debts. The measures taken to pursue our focus on high-growth markets have been coupled with a major drive to unlock synergies, achieve efficiency gains, and streamline costs, where pertaining to the Enel Group is undoubtedly an advantage.

Our commitment to achieving growth while maintaining the robustness of our financial position led us to increase Enersis’s capital, which was successfully completed in March 2013. This operation underpinned our leadership in Latin America while generating the funds needed to exploit new growth opportunities in the region. The takeover bid in January 2014 to acquire shares from the minority shareholders of the Brazilian company Coelce forms part of the growth strategy for coming years.

These criteria of financial robustness, efficiency and rigour have once again enabled us to present excellent results to our shareholders. The efforts made in Spain to respond to the consequences of the regulatory and fiscal measures in as successful a manner as possible and the measures taken in Latin America to unlock value from the healthier economic and regulatory environment there drove up profit after tax to Euro 1,879 million in 2013. This resulted from the 13% improvement in the Latin American business, which partially offset the 17% drop in profits of the Spain and Portugal business, whereby the total decrease in profit was 7.6%.

On the other hand, several of the factors described in this letter – the brighter economic outlook in Europe, the favourable position of Latin America, wiping out the tariff deficit, and the Company’s positive response to the impacts of the regulatory and tax measures approved in Spain – led to the ENDESA Board resolving to pay out an interim dividend.
against 2013 profits of Euro 1.5 per share, equivalent to Euro 1,588 million. This dividend was distributed on 2 January 2014.

After analysing events in 2013, it can be confirmed that ENDESA remains a solid and reliable company, capable of meeting the challenges it has faced head on, while remaining firmly focused on growing. Our Company has shown clear signs of being in good shape, despite the considerably adverse circumstances of the electricity sector in Spain, which have seen it continuing to exploit the fantastic opportunities available to us in Latin America. Basically, the Company has a proven capability to achieve positive results despite strong economic headwinds.

These results have and will continue to be driven by a common denominator: the human quality of the thousands of individuals – employees, shareholders, suppliers and customers – who in one form or another guarantee that this joint endeavour responds satisfactorily to their interests and needs. Their basic need is to receive a reliable and quality electricity supply, however they also have other less fundamental requirements such as ensuring the health and safety of everyone working for our company, protecting the environment, and creating jobs and spurring on economic development. The underlying goal of this Company is to improve the quality of life of all citizens through energy.

Borja Prado Eulate
Chairman of ENDESA
For several years, ENDESA has been operating in a two-speed environment: on the one hand, in an economy marked by the recession, drop in energy demand and regulatory uncertainty in Spain and Portugal; and on the other, in a market shaped by economic growth, higher energy demand and greater regulatory stability in the Latin American countries we serve.

The results presented to our shareholders and other stakeholders in this annual report are evidence of the Company’s ability to successfully rise to the challenges of these very different situations. In Spain and Portugal, we have effectively limited the impact on earnings of shrinking energy consumption, and especially, the regulatory and tax measures introduced by the Spanish government in 2012 and 2013. Meanwhile, in Latin America we have exploited the business opportunities arising in a more favourable energy market and economic climate, despite the fact that certain matters still had to be resolved such as the challenges of building new power infrastructure in certain countries that urgently need it if their economic development is not to be jeopardised.

The government in Spain has had to implement urgent measures to tackle significant problems such as the tariff deficit, although this has led to a situation in our sector that is hard to bear. Conventional power plants are operating at below profitable capacity; however, they remain an essential back-up for intermittent technologies. Regulated activities are being remunerated at less than their capital costs, while the obligation to perform these activities remains. The wholesale electricity market is distorted by the high contribution of renewable energy and cogeneration facilities. The retail market continues to be regulated, while domestic and business customers pay more than the European average for their electricity.

At ENDESA, we believe the solutions to the problems faced by the electricity sector must be market-based, with regulations that avoid distortions and enable reasonable returns on the investments made in an environment of regulatory stability.
and legal certainty; allowing future investments to be made as the economy picks up and to achieve a decisive technological leap in terms of competitiveness and sustainability towards a new energy model. We also believe that costs not related to the generation, transmission and distribution of electricity should gradually be excluded from electricity bills to ensure that households pay the right amount and businesses do not have to suffer the negative impacts thereof on their competitive positions.

ENDESA has once again proved it is capable of posting very healthy earnings in this climate, with resolution, strength and rigour. Income totalled Euro 31,203 million, down 8% on 2012, EBITDA dropped 4% to Euro 6,720 million, while profit after tax stood at Euro 1,879 million, also down 8% on 2012.

The regulatory and tax measures imposed in Spain hit 2013 EBITDA to the tune of Euro 1,329 million, while profit after tax was limited by Euro 659 million.

ENDESA has managed to mitigate the significant impact of these fiscal and regulatory measures through strict cost controls and maintenance capex; reducing funds earmarked for growth and tapping in to the better conditions in Latin America. It has developed and heavily marketed value-added products and services, and continuously unlocking the benefits and synergies it enjoys as a member of the Enel Group.

In the Spain and Portugal business, EBITDA was down year on year at Euro 3,277 million, while profit after tax fell 17% to Euro 1,176 million, principally due to the major negative effect of the aforementioned regulatory and tax measures. In contrast to these declines, the Latin America business posted EBITDA of Euro 3,443 million, 7% up despite having to assume the Euro 349 million drop in the value of the Latin American currencies against the Euro. Stripping out this exchange loss, EBITDA of the Latin America business rose 18%, while ENDESA’s entire EBITDA grew 1%. Profit after tax in Latin America climbed 13% from 2012 to Euro 703 million. As a result of these figures, the Latin America business now contributes 51% of ENDESA’s total EBITDA.

The figures shown reflect the difference in electricity demand between one geographical area and the other. While demand in Spain shrank 2.2%, it rose on average by 3% in the Latin American countries in which ENDESA operates, especially Chile and Brazil. Meanwhile, ENDESA’s output in both regions fell: 10% in Spain, due to the lower demand and greater contribution of renewable energies to the system; and 2% in Latin America because of drought, especially in Chile but also in the other countries in which we operate.

The other indicators of how the Company’s revenues and finances have been managed during 2013 underline its healthy performance despite the adverse conditions in Europe. The Euro 142 million decrease in fixed costs in Spain and Portugal is noteworthy, as is the Euro 4,492 million reduction in debt to Euro 4,286 at the 2013 close. This lowering of debt is fruit of: the strict controls over costs and working capital; collections in 2013 of the rights accumulated in prior years as a result of the historical tariff deficit in Spain until year-end 2012 (totalling Euro 3,751 million); and the the cash contribution of Euro 1,796 million from non-controlling shareholders, as part of the capital increase carried out in Enersis.

With regard to this capital increase at Enersis, the action started in 2012 continued during the year, culminating in the capital increase being fully subscribed on 28 March 2013, for a total amount equivalent to Euro 4,562 million. Of this amount, Euro 1,796 million corresponds to the cash contributed by non-controlling shareholders. ENDESA, which holds a 60.62% interest in Enersis, subscribed its proportional amount in the capital increase through the contribution of 100% of the share capital of Cono Sur Participaciones. This latter company holds practically all the direct ownership stake in the region.

As a result, Enersis now holds all ENDESA’s ownership interests in South America and the resources obtained from the share issue will be deployed to expand in the region through the acquisition of minority interests in companies controlled by Enersis and M&A opportunities. Enersis’s first move, in Jan-
uary 2014, was to launch a takeover bid for the stake that it did not hold in the Brazilian distribution company Coelce, acquiring an additional 15.13% of Coelce’s capital for an amount equivalent to Euro 175 million, which takes its total stake to 74%.

Also in 2013, the Shareholders’ Assembly of Endesa Costanera in Argentina resolved to increase capital by up to Euro 76 million, which was completed on 21 November. As a result, ENDESA now has a 75.68% interest in this company.

Turning to investments in 2013, ENDESA invested Euro 604 million in Spain and Portugal, 33% less than a year earlier due to the fall in demand and regulatory uncertainty. Investments in Latin America rose 5% to Euro 1,216 million in response to the brighter energy and regulatory environment. The Company’s total investments stood at Euro 1,820 million in 2013, 11% down on those made in 2012.

While the economic and financial data for 2013 taken as a whole basically reflect a slight decline in profit margins, they indicate that ENDESA put in a solid performance, achieving very good results despite the recession and regulatory upheaval in Spain, thanks to the considerable efforts of its management. This robustness combined with the enhanced economic prospects in Spain and collection of the historical tariff deficit permitted the Company’s Board of Directors to authorise paying shareholders a dividend of Euro 1.50 per share against 2013 profits, which involved a payout of Euro 1,588 million on 2 January 2014.

In any event, neither ENDESA’s performance nor its underlying goals can be summarised solely by its results. These obviously form the foundations of the Company’s activity, but we are aware that our responsibilities are wider reaching, which we wholeheartedly accept.

Specifically, ENDESA takes great steps to developing a new energy model that requires our Company to grow sustainably, efficiently and in a competitive manner. The smart cities we are helping to build in Malaga and Barcelona (Spain), and in Santiago (Chile) and Búzios (Brazil) position the Company as a leader in this field. ENDESA is working closely with Enel, a leader in remote management, to roll out digital smart meters in Spain. 4.2 million meters and 32,765 concentrators had been installed at December 2013, over 3 million of which were being fully managed remotely. We have installed over 850 electric vehicle charging points in Spain and more than 120 in Latin America, and will continue to roll out more in Spain and Latin America. In 2014, we became the first Spanish company to launch "Tariff One", which is solely available on line and comprises an electricity supply and management tariff that offers significant discounts for customers.

By focusing on customer needs, we achieved an 8% increase in overall satisfaction with the telephone channel in the residential market in Spain in 2013, a 10% increase in overall satisfaction among business customers of the complaints process, and a 5% improvement in overall satisfaction with meter reading and billing among residential customers. These improvements were accompanied by greater supply security and continuity, with the main indicator – the equivalent interruption time related to the installed capacity (TIEPI) – falling by 5% last year, which equates to full supply security 99.99% of the time per annum.

Turning to environmental performance, 98% of ENDESA’s total output in Spain and Portugal and in Latin America is environmentally certified. Meanwhile, the measures implemented since 2008 have driven down emissions of SO₂ by over 90%, NOₓ emissions by more than 50%, and emissions of suspended particulates by the major thermal power plants by over 75%.

The main aim of this report is to inform our shareholders and other stakeholders of the Company’s activities in a transparent and consistent manner, which involves providing them with sufficiently illustrative data that has been verified. However, it is also the case that the figures reported do not always
show the extent of a Company’s contribution to improving citizens’ quality of life.

ENDESA’s sole goal is this: to enable the citizens of the countries it serves to have an increasingly better quality of life by supplying them with electricity and through excellent economic, social and environmental management.

People are therefore foremost in our minds, which is most especially reflected in: the utmost priority we give to our customers and the health and safety of the people working at and for the Company; our unwavering commitment to shareholders and investors who place their trust in us; our close collaboration with our partners; the building of cooperative relationships built on loyalty with public institutions and associations in society and the economy in all the regions in which we operate; and, in short, the expectations of those who deal with the Company.

We cannot imagine a more commendable duty, which we can dedicate our greatest efforts to fulfil.

Andrea Brentan
CEO of ENDESA
## Corporate governance

### BOARD OF DIRECTORS

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
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<tbody>
<tr>
<td>Honorary Chairmen</td>
<td>RODOLFO MARTÍN VILLA</td>
</tr>
<tr>
<td></td>
<td>MANUEL PIZARRO MORENO</td>
</tr>
<tr>
<td>Chairman</td>
<td>BORJA PRADO EULATE</td>
</tr>
<tr>
<td>Vice Chairman</td>
<td>FULVIO CONTI</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>ANDREA BRENTAN</td>
</tr>
<tr>
<td>Members</td>
<td>MASSIMO CIOFFI</td>
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<tr>
<td></td>
<td>GIANLUCA COMIN</td>
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<td>ALEJANDRO ECHEVARRÍA BUSQUET</td>
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<td>LUIGI FERRARIS</td>
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<td></td>
<td>MIQUEL ROCA JUNYENT</td>
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<tr>
<td>Secretary (director)</td>
<td>SALVADOR MONTEJO VELILLA</td>
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### AUDIT AND COMPLIANCE COMMITTEE

<table>
<thead>
<tr>
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<th>Name</th>
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<tr>
<td>Chairman</td>
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<td>Members</td>
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<tr>
<td>Secretary</td>
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### EXECUTIVE MANAGEMENT COMMITTEE

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<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>ANDREA BRENTAN</td>
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<tr>
<td>General Manager – Legal Department and General Secretary</td>
<td>BORJA ACHA BESGA</td>
</tr>
<tr>
<td>General Manager – Latin America</td>
<td>IGNACIO ANTOÑANZAS ALVEAR</td>
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<tr>
<td>General Manager – Spain and Portugal</td>
<td>D. JOSÉ DAMIÁN BOGAS GÁLVEZ</td>
</tr>
<tr>
<td>General Manager – Finance</td>
<td>PAOLO BONDI</td>
</tr>
<tr>
<td>General Manager – Procurements</td>
<td>FRANCESCO BURESTI</td>
</tr>
<tr>
<td>General Manager – Systems and Telecommunications</td>
<td>RAFAEL LÓPEZ RUEDA</td>
</tr>
<tr>
<td>General Manager – Communication</td>
<td>D. ALBERTO FERNÁNDEZ TORRES</td>
</tr>
<tr>
<td>General Manager – Strategy and Development</td>
<td>HÉCTOR LÓPEZ VILASECO</td>
</tr>
<tr>
<td>General Manager – Organisation and Human Resources</td>
<td>JOSÉ LUIS PUCHE CASTILLEJO</td>
</tr>
<tr>
<td>General Director – Innovation</td>
<td>FEDERICO FEA</td>
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### EXECUTIVE COMMITTEE

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### APPOINTMENTS AND COMPENSATION COMMITTEE

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### Key financial data

#### Key statement of financial position data (Euro million)

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<td>4,976</td>
<td>4,875</td>
<td>5,011</td>
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<tr>
<td><strong>EQUITY, NON-CONTROLLING INTERESTS</strong></td>
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<td>5,388</td>
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<tr>
<td><strong>NET FINANCIAL DEBT</strong></td>
<td>18,562</td>
<td>15,336</td>
<td>11,002</td>
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<tr>
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<td>6,841</td>
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<tr>
<td>Business in Latin America</td>
<td>4,697</td>
<td>4,652</td>
<td>4,161</td>
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</table>

#### Key income statement data (Euro million)

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<th>2010</th>
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<tbody>
<tr>
<td><strong>INCOME</strong></td>
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<td>31,177</td>
<td>32,686</td>
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<td>Business in Spain and Portugal</td>
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<td>22,650</td>
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<td>Business in Latin America</td>
<td>8,452</td>
<td>9,986</td>
<td>10,036</td>
<td>10,787</td>
<td>9,691</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>5,052</td>
<td>5,031</td>
<td>4,653</td>
<td>4,418</td>
<td>4,302</td>
</tr>
<tr>
<td>Business in Spain and Portugal</td>
<td>2,555</td>
<td>2,483</td>
<td>2,244</td>
<td>1,998</td>
<td>1,651</td>
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<tr>
<td>Business in Latin America</td>
<td>2,497</td>
<td>2,548</td>
<td>2,409</td>
<td>2,420</td>
<td>2,651</td>
</tr>
<tr>
<td><strong>PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS</strong></td>
<td>3,430</td>
<td>4,129</td>
<td>2,212</td>
<td>2,034</td>
<td>1,879</td>
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<tr>
<td>Business in Spain and Portugal</td>
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<td>3,498</td>
<td>1,593</td>
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<td>1,176</td>
</tr>
<tr>
<td>Business in Latin America</td>
<td>671</td>
<td>631</td>
<td>619</td>
<td>624</td>
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<tr>
<td><strong>EBITDA</strong></td>
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<td>7,474</td>
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#### Key economic flows (Euro million)

<table>
<thead>
<tr>
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<th>2010</th>
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<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td><strong>NET FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>4,967</td>
<td>5,905</td>
<td>5,838</td>
<td>5,247</td>
<td>4,551</td>
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<tr>
<td>Business in Spain and Portugal</td>
<td>2,387</td>
<td>3,532</td>
<td>3,407</td>
<td>3,114</td>
<td>2,262</td>
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<tr>
<td>Business in Latin America</td>
<td>2,580</td>
<td>2,373</td>
<td>2,431</td>
<td>2,133</td>
<td>2,289</td>
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<tr>
<td><strong>TOTAL INVESTMENT</strong></td>
<td>4,180</td>
<td>3,408</td>
<td>2,826</td>
<td>2,727</td>
<td>2,458</td>
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<tr>
<td>Business in Spain and Portugal</td>
<td>2,972</td>
<td>2,211</td>
<td>1,495</td>
<td>1,413</td>
<td>933</td>
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<tr>
<td>Business in Latin America</td>
<td>1,208</td>
<td>1,197</td>
<td>1,331</td>
<td>1,314</td>
<td>1,525</td>
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<tr>
<td><strong>DIVIDENDS</strong></td>
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<td>1,077</td>
<td>642</td>
<td>—</td>
<td>1,588</td>
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#### Per share data (Euro)

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<th>2013</th>
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<tbody>
<tr>
<td><strong>Yield</strong></td>
<td>3.24</td>
<td>3.9</td>
<td>2.09</td>
<td>1.92</td>
<td>1.77</td>
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<tr>
<td><strong>Dividend</strong></td>
<td>1.03</td>
<td>1.02</td>
<td>0.61</td>
<td>—</td>
<td>1.50</td>
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<td><strong>Equity of the Parent</strong></td>
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<td>16.79</td>
<td>18.22</td>
<td>19.51</td>
<td>19.38</td>
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<tr>
<td><strong>Total shareholder return (%)</strong></td>
<td>4.34</td>
<td>-15.13</td>
<td>-12.58</td>
<td>10.26</td>
<td>38.11</td>
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<tr>
<td><strong>P/E ratio (Price/Earnings (x))</strong></td>
<td>7.39</td>
<td>4.95</td>
<td>7.59</td>
<td>8.78</td>
<td>13.13</td>
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## Key operative data

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<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td><strong>Workforce</strong></td>
<td>26,305</td>
<td>24,732</td>
<td>22,877</td>
<td>22,807</td>
<td>22,995</td>
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<td>Spain and Portugal (1)</td>
<td>13,397</td>
<td>12,151</td>
<td>11,670</td>
<td>11,504</td>
<td>11,166</td>
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<td>12,462</td>
<td>11,092</td>
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<tr>
<td>Other</td>
<td>232</td>
<td>119</td>
<td>115</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td><strong>Installed capacity (MW)</strong></td>
<td>39,642</td>
<td>40,142</td>
<td>40,095</td>
<td>39,403</td>
<td>39,562</td>
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<tr>
<td>Spain and Portugal</td>
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<td>23,116</td>
<td>23,072</td>
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<tr>
<td>Hydroelectric</td>
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<td>4,731</td>
<td>4,716</td>
<td>4,716</td>
<td>4,755</td>
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<td>Conventional thermal (2)</td>
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<td>14,720</td>
<td>14,675</td>
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<td>Thermal – nuclear (2)</td>
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<td>3,681</td>
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<td>3,686</td>
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<tr>
<td>CHP and renewable (2)</td>
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<td>0</td>
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<td>Latin America (3)</td>
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<td>15,835</td>
<td>15,832</td>
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<td>16,240</td>
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<td>Other (2)</td>
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<td>1,191</td>
<td>1,191</td>
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<tr>
<td><strong>Output (GWh)</strong></td>
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<td>130,485</td>
<td>138,714</td>
<td>141,434</td>
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<td>Spain and Portugal (4)</td>
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<td>75,132</td>
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<td>Hydroelectric</td>
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<td>Conventional thermal</td>
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<td>25,967</td>
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<td>62,767</td>
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<td>Other (2)</td>
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<td>1,020</td>
<td>815</td>
<td>930</td>
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<tr>
<td><strong>Sales (GWh)</strong></td>
<td>157,254</td>
<td>162,465</td>
<td>162,336</td>
<td>162,490</td>
<td>157,634</td>
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<tr>
<td>Spain and Portugal</td>
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<td>106,894</td>
<td>105,241</td>
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<td>96,122</td>
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<tr>
<td>Regulated market</td>
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<td>0</td>
<td>0</td>
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<tr>
<td>Deregulated market (5)</td>
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<td>106,894</td>
<td>105,241</td>
<td>102,766</td>
<td>96,122</td>
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<td>Latin America (6)</td>
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<td>55,571</td>
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<td>61,512</td>
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<td><strong>Energy distributed (GWh) (7)</strong></td>
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<td>193,527</td>
<td>197,176</td>
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<tr>
<td>Spain and Portugal</td>
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<td>117,670</td>
<td>115,727</td>
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<td><strong>Customers (thousands)</strong></td>
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<td>25,001</td>
<td>25,192</td>
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<td>25,887</td>
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<td>11,537</td>
<td>11,431</td>
<td>11,376</td>
</tr>
<tr>
<td>Deregulated market (5)</td>
<td>11,700</td>
<td>11,729</td>
<td>11,537</td>
<td>11,431</td>
<td>11,376</td>
</tr>
<tr>
<td>Latin America</td>
<td>12,907</td>
<td>13,272</td>
<td>13,655</td>
<td>14,015</td>
<td>14,511</td>
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</table>

(1) In contrast to previous years, 2008 to 2013 data include figures for Asociación Nuclear Ascó-Vandellos, Carbopego, Nuclenor, Pego Energía Eléctrica, Tejo Energía and Endesa Ingeniería due to changes to the consolidation scope.

(2) Data consolidated by ENDESA.

(3) Includes the Chilean plant GasAtacama, accounted for using the proportional consolidation method from 1 January 2008.

(4) Data measured according to busbar cost. 2009 hydro output sold to Acciona is included to June and output from Nuclenor and Tejo Energía throughout the year as these assets were accounted for using proportional consolidation.

(5) To provide coherent economic data for this business, includes sales made by Endesa Energía and customers in European countries outside of Spain and Portugal.

(6) Does not include tolls or unbilled consumption.

(7) Data measured according to busbar cost.
1. Enel, an international leader

Enel is the largest power utility in Italy. It owns most of the country’s electricity distribution grid and is an active operator in the electricity and gas supply, distribution and generation market.

Enel has been listed on the Milan stock exchange since 1999 and its main shareholder is Italy’s Ministry of Economy and Finance which holds a 31.24% stake. It boasts the greatest number of shareholders of any Italian company; approximately 1.2 million minority and institutional shareholders.

Enel’s shareholders include leading international investment funds, insurance companies, pension and ethical investment funds and over one million individual savers who value the Group’s adoption of international best practices regarding transparency and corporate governance along with its environmental and sustainability policies and zero tolerance to corruption and its Code of Ethics.

2. ENDESA as part of the Enel Group

Enel has a 92.06% stake in ENDESA, the largest electricity company in Spain and the leading private power utility in Latin America.

Through ENDESA, the Enel Group boasts 24 GW of installed capacity in Spain and Portugal and a major presence in the electricity and gas supply and distribution business, serving 11 million customers. It is the largest private corporation in Latin America with 16.2 GW of installed capacity, and operates in the distribution sector in the five largest cities in South America with close to 14 million customers.

ENDESA also enables Enel to play a role in the gas market in Morocco where it operates a thermal power plant.

3. Energy without borders

The Enel Group operates in 40 countries across four continents, with an installed capacity of 98.9 GW, and distributes electricity and gas to more than 61 million customers.

The Enel Group, through its various companies all over the world, boasts annual output of 286.1 TWh/year and operates over 1.8 million kilometres of power lines.

The Enel Group also has operations in other European countries. In Russia, it is an end-to-end operator in the gas cycle and in electricity generation and supply. In Slovakia, Enel holds 66% of the share capital of Slovenské Elektrárne (SE), the biggest electricity producer in the country with 5.4 GW of capacity and the second largest in Central and Eastern Europe. In Romania the Group supplies power to 2.7 million customers thanks to its own distribution network. Enel Green Power (EGP) also operates in the renewable energy sector in both Romania and Greece. Enel operates in France’s nuclear sector, and its renewable energy sector through EGP. The Enel Group also operates in other countries where it is involved in the extraction of fuels, grid research, and supply and representation activities (Albania, Algeria, Saudi Arabia, Belgium, China, Egypt, the UAE, the Philippines, Germany, Honduras, Indonesia, Nicaragua, Holland, Poland, Qatar, Turkey and Hungary).

In North America, EGP has 1.2 GW of hydroelectric, geothermal, wind, solar and biomass facilities. In Africa, Enel is pres-
ent in the gas sector in Algeria and Egypt and has thermal power plants in Morocco.

4. Innovation and service quality

The Enel Group is at the leading edge of technological innovations to generate electricity more efficiently and responsibly, and offers new solutions to customers (from energy efficiency products to smart grids) under a common denominator: electricity, the cleanest and most efficient energy vector.

Enel is the first company anywhere in the world to have installed over 34 million smart meters in Italy which measure real-time consumption and manage contractual relations remotely.

Enel is the first company anywhere in the world to have installed 34 million smart meters (in Italy). It will also roll out a further 13 million among its customers in Spain. This cutting-edge tool is critical to developing smart grids, smart cities and e-mobility.

All this work is conducted while paying the utmost attention to service quality and relations with our stakeholders through a transparent corporate social responsibility policy that guarantees value creation for all present and future stakeholders.

5. Enel Group's 2013 results

In 2013, the Enel Group hit its published targets, generating EBITDA of Euro 17,011 million, compared to 16,738 in 2012, a 7.6% improvement. EBIT for the year totalled Euro 9,944 million, up Euro 2,209 million on that obtained in 2012 (Euro 7,735 million).

It also brought down its net financial debt by 7.2% to Euro 39,862 million at the reporting close. Profit after tax stood at Euro 3,119 million or Euro 3,265 million including the impact of non-recurring income (including the write-down of the stake in ENDESA).
Energy Management Centre in Madrid
Macroeconomic, energy and regulatory framework
1.1. Global economic climate

Throughout 2013, the world economies continued to be buffeted by the effects of the global crisis, and while the most advanced economies began to show some signs of stabilising at the same time as a number of emerging markets, global economic growth slowed slightly during the year (2.9%), below the 2011 and 2012 figures (3.9% and 3.2%).

The slowdown hit advanced and emerging economies given that, while both continued to grow, they did so at a rate some basis points below previous years. Although economic activity showed some signs of firming up, it was expected that there would probably be turbulence ahead, at least in the near term.

According to the International Monetary Fund (IMF), serious threats to the global recovery persisted and were avoided in 2013 (weakening of confidence in the European market with a potential impact on the single currency and the risk of going over the so-called fiscal cliff in the United States). At the same time, the global financial sector was shored up, although there were some warning signs of differing rates of recovery between economies against a widening backdrop of multiple international interconnections. At year-end 2013, the financial climate had brightened, although the improvements did not lead to higher growth across the board.

In this context, emerging economies were able to come out of the recession with greater momentum than developed economies, posting growth rates close to those achieved before the crisis.

Undoubtedly, there was heightened economic uncertainty during the year after the US Federal Reserve announced a change to its monetary policy. The announcement of the end of injecting cash into the US economy led to unease in global markets.

During the fourth quarter of 2013, GDP in the eurozone grew by 0.3% compared to the previous quarter when a rate of 0.1% was achieved.

Despite the more positive figures in the last quarter, eurozone GDP for the whole of 2013 shrunk by 0.4%, while the European Union only saw growth of 0.1%.

The German and French economies posted positive growth rates in 2013, with German GDP climbing by 0.4% in the last quarter of 2013, with the year-end growth rate also standing at 0.4%. France’s GDP growth rate hit 0.3% for the year thanks to private consumption and an uptick in investments.

The other economies in the eurozone to grow in the last quarter of the year were: Romania (1.7%), the Czech Republic (1.6%), Lithuania (1.2%), the Netherlands (0.7%), Portugal (0.5%) and Italy (0.1%). Cyprus (-1%) and Finland (-0.8%) posted the worst GDP rates.

The North American economy only grew 1.6% in 2013 (with an inflation rate of 1.5%), primarily due to the adjustment during the year. It is worth mentioning that in 2013, the fiscal adjustment amounted to 2.5% of GDP, while the Federal Reserve changed its message halfway through the year and announced that it would continue pumping money into the economy.

<table>
<thead>
<tr>
<th>GDP Growth (%)</th>
<th>World</th>
<th>Emerging economies</th>
<th>Developed economies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2009</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2010</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2011</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2012</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2013</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Source: ESADE Economic Report, January 2014
According to the IMF, in Asia, Japan managed to reverse the trend of several years of deflation and negative (or very limited) growth, posting a growth rate of 2% in 2013 (annual inflation of 1.6%). This recovery comes off the back of an expansionary monetary policy, the tax stimulus (equivalent to around 1.5% of GDP) and greater internal consumption and investments by companies. China, meanwhile, grew sharply in the second half of 2013, to a large extent because of higher investments. It posted a growth rate of 7.7% (annual inflation of 2.7%), while this rate of growth is expected to be sustained moving forward. India returned to growth after a favourable monsoon season and significant upturn in exports, which continued to rise thanks to more robust structural policies underpinning investments.

### 1.2. Economic climate in Spain

Spain’s economy continued to adjust during 2013 to overcome the return to negative growth at the start of 2011. GDP grew during the last two quarters of the year against a backdrop of a lessening of financial pressures and the gradual return to normal levels of foreign investment. At a political level, the Government continued to be criticised for its economic reforms, unemployment, welfare budget cuts, and, particularly for the electricity market, the regulations imposed on the sector.

The GDP growth rate at year-end 2013 stood at 0.2% in the fourth quarter. Nonetheless, despite being positive, the growth rate between October and December was lower than originally forecast. While the fourth-quarter growth rate is promising, compared to the same quarter in 2012, GDP shrank by 0.2%, and, according to the Spanish National Institute for Statistics (INE), fell by 1.2% over the course of 2013.

Spain therefore enjoyed two quarters of GDP growth after the slight growth between July and September (0.1%) when it came out of recession.

The INE reported that fourth-quarter growth compared to the previous quarter was fuelled by higher private consumption (0.5%, as posted in the previous quarter) and the improvement in investments (0.7%), with exports up 0.8% (two basis points higher than in the previous three months) and imports down 0.6%.

Spain’s risk premium ended the last session of 2013 at 223 basis points – very similar levels to that posted in June 2011. During 2013, the risk premium fell from 359 basis points at the start of the year to a low of 230 basis points, off the back of a 391-basis point high in February. This improvement was bolstered after the Bank of Spain reported that economic activity had increased at the end of 2013.

At year end, the unemployment rate stood at 26.03%, 0.05% higher than in the third quarter of 2013 and very similar to the year-end 2012 figure (26.02%). In 2013, jobs were lost in Spain for the sixth year running, although the number of jobs fell the least since 2008.

Inflation was up a basis point during the last month of the year (compared to the previous month), ending 2013 at 0.3% – the lowest rate since 1961 when records began. December’s inflation rate was up due to higher prices for transport fuel and lubricants and heating fuel-oil for homes. Underlying inflation – stripping out changes in energy and food prices – dropped two basis points in December to 0.2% below the general increase in the CPI.

### 1.3. The Spanish electricity market

Electricity demand in the Spain and Portugal business was weakened by the stagnation of the Spanish economy, standing down 2.2% in 2013 following the decreases of 1.7% and 1.2% in 2012 and 2011, respectively.

According to the Red Eléctrica Index (IRE) prepared by the Spanish grid operator, Red Eléctrica de España, electricity demand of large and medium enterprises fell 0.5% in 2013 year on year, while industrial demand climbed 1.3% and demand by service companies dropped 3.8%.

Despite the lower demand over the year, in December, major consumers required 2.7% more electricity as a result of industrial consumers using 4.1% more electricity and service sector demand only falling by 0.2%.
ENDESA’s electricity output in Spain and Portugal (including the Morocco business) stood at 70,542 GWh in 2013, down 9.9% year on year. Of this amount, 68,514 GWh corresponded to Spain (-9.9%), 1,176 GWh to Portugal (-13.5%) and 852 GWh to Morocco (-8.4%).

Mainland electricity output in 2013 was 56,179 GWh, 10.3% down on the previous year. This fall resulted from the drop in output from coal-fired plants (-26.7%) and combined-cycle plants (-62.2%), although this was partially offset by the higher hydroelectric output (+77.8%). Nuclear output also declined 3.7% in the period due to the decommissioning of the Santa María de Garoña plant.

ENDESA’s output from non-mainland facilities was 12,335 GWh, a decrease of 7.9% compared to 2012.

1.4. Economic climate in Latin America

Since 2004, Latin America has posted year-on-year growth, demonstrating a significant ability to adapt to economic changes and maintain its high growth potential. According to the IMF, the countries in the region have grown at an average rate of 4% since 2004.

Despite this upward trend, economic growth in the region was slower in 2013, with both the IMF and the World Bank indicating that less pronounced growth rates in Latin America were a reflection of weaker external demand, greater financial volatility worldwide and a drop in internal consumption.

The IMF considers that the slowdown resulted from a fall in the rate of growth of the two largest economies: Brazil and Argentina, representing half of the region’s aggregate GDP.

The Brazilian economy grew by 2.4% in 2013 and is expected to expand by 2.6% in 2014, while Argentina posted a growth rate of 3.7% in the year, although this is expected to fall in 2014.

Table for GDP and inflation in the countries in which ENDESA operates are shown hereon:

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP Chg. (previous year (pp))</th>
<th>Inflation Chg. (previous year (pp))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>3.7</td>
<td>2.20</td>
</tr>
<tr>
<td>Brazil</td>
<td>2.3</td>
<td>1.20</td>
</tr>
<tr>
<td>Chile</td>
<td>4.4</td>
<td>-1.10</td>
</tr>
<tr>
<td>Colombia</td>
<td>3.9</td>
<td>-0.50</td>
</tr>
<tr>
<td>Peru</td>
<td>5.7</td>
<td>-0.40</td>
</tr>
</tbody>
</table>

1.5. Latin American electricity market

The economic environment in the markets where ENDESA’s subsidiaries operate was influenced by the growth in electricity demand in 2013. Growth rates were as follows: Peru, +5.9%; Chile, SIC +4.3% and SING +3.8%, Argentina, +3.8%; Brazil, +3.5%; and Colombia, +3.2%.

World Bank estimates show that the Latin American economy will grow by 2.9% in 2014 and 3.1% in 2015, expanding by 3.7% in 2016.

ENDESA should benefit from the favourable macroeconomic environment in the region and stable regulatory frameworks in both the generation and distribution businesses, driving up its operating performance and reinforcing its leading position by exploiting growth opportunities.

Against this backdrop, electricity output of the generating companies in Latin America reached 61,885 GWh.
2. Interest rate and exchange rate trends

Long-term Euro and US Dollar interest rates rose throughout 2013, while those at the short end of the curve remained stable at 0.2-0.3%.

Three-month Euribor started 2013 at 0.187%, rising to 0.287% by year end. At the long end of the Euro interest rate curve, the 10-year swap rate climbed from 1.565% at the close of 2012 to 2.154% by the end of 2013.

In the case of the US Dollar, the three-month US Dollar Libor began the year at 0.31%, and continued to decline to 0.25%.

At the long end of the curve, the ten-year US Dollar interest swap rate rose from 1.84% at the start of 2013 to 3.09% at year end.

The European Central Bank’s official rate was cut twice in 2013 (May and November) to an all-time low of 0.25%.

The EUR/USD exchange rate fluctuated wildly during 2013, reaching a high of 1.380 and a low of 1.278, standing at 1.374 at year end.

In Latin America, the currencies of the five countries (Argentina, Brazil, Colombia, Chile and Peru) weakened against the US Dollar during 2013. The Chilean Peso, Colombian Peso and Peruvian Nuevo Sol fell by around 9-10%, the Brazilian Real by 15% and the Argentinean Peso by 33% against the US Dollar.

The central banks of Colombia, Chile and Peru all cut their official rates in 2013 by 100, 50 and 25 basis points, respectively. In contrast, the Brazilian Central Bank raised the official rate to curb inflation, with the SELIC rate being increased by 275 basis points to 10% during 2013.

Country risk indicators of countries in the European periphery improved significantly in 2013. The ten-year Spanish and Italian bond spread against the German Bund stood at 220 basis points at year-end 2013, having fallen by 173 and 99 basis points, respectively.

After months of uncertainty, the US Federal Reserve decided to taper off its asset purchases by USD 10,000 thousand as from January 2014.
3. International fuel and freight market

3.1. Oil and oil derivatives

Dated Brent Crude stood at between USD 96 and USD 117 per barrel in 2013, reaching a high in February and a low in April. After bottoming out, prices gained ground slowly, closing the year at USD 110.3 per barrel. The average Brent price was USD 108.62 per barrel (vs. USD 111.67 per barrel in 2012, -2.7%).

Oil derivatives prices climbed slightly less than oil prices. FOB ARA 0.1% sulphur fuel oil and FOB NWE 1% sulphur fuel oil closed the year at an average price of USD 918.8/t (–3.6% vs. 2012) and USD 610.8/t (–8.6% vs. 2012), respectively.

3.2. Natural gas

Spot prices in Europe continued to underperform relative to LNG prices in the Far East.

Natural gas demand in Spain fell 8.1% year on year, primarily due to the 32.8% drop in demand for electricity. Natural gas demand in the conventional power generation sector remained stable compared to 2012.

17% of the natural gas consumed was used to generate electricity, compared to 23% in the previous year.

3.3. Coal

In 2013, coal prices continued to drop, although to a lesser extent that a year earlier (API2 USD 84.63/Mt at December 2013 vs. USD 89.96/Mt at December 2012). The downward trend lasted until July, although prices recovered in the latter half of the year. The oversupply and low prices remained during 2013, despite the supply bottlenecks in Colombia due to strikes.

Demand for coal rose by 37.1 million tonnes from 851.2 million tonnes to 888.3 million tonnes. Demand in the Atlantic dropped from 224.7 million tonnes to 213.7 million tonnes, while Asia demanded 674.6 million tonnes compared to 626.5 million tonnes a year earlier. Indonesia consumed 43 million tonnes more.

A total of 7.5 million tonnes of coal was imported for ENDESA’s thermal power stations in Spain in 2013, 22% less than in the previous year (9.6 million tonnes).

3.4. Freight market

During the latter half of 2013, the freight market showed signs of a significant recovery, especially the capesize bulk carrier market (150 kt). The average annual price for the South Africa-Europe route for this type of vessel ended the year at USD 9.06/t, 8.63% higher than the 2012 average. In the time charter market for capesize carriers, the average lease price was USD 14,580/day, 90% higher than in 2012. This fluctuation in the market trend is due to a reduction in the number of new capesize vessels for 2014 and 2015 and a forecast uptick in iron ore and coal trading.
4. Regulatory framework in 2013

4.1. Main regulatory changes in Spain

In 2013, the Spanish electricity sector was basically regulated under the Electricity Sector Act 54/1997 of 27 November, which was last amended on 4 July 2007 by Act 17/2007.

Since 1 July 2009, all customers have bought their electricity through supply companies; although some customers meeting certain requirements can acquire their energy at a price pre-established by the Government, the Last Resort Tariff (LRT). These customers are supplied by Last Resort Suppliers (LRS).

However, against the backdrop of the Spanish government’s energy reform, on 27 December 2013, Law 24/2013 of 26 December on the electricity sector was published in the Official State Gazette, repealing and replacing the aforementioned Law 54/1997.

The Spanish gas sector is regulated under the Hydrocarbons Sector Act 34/1998 of 7 October, which was last amended on 2 July 2007 by Act 12/2007.

Also, since 1 July 2008, all customers have obtained natural gas from supply companies although, in some cases, customers meeting certain requirements can acquire their gas at a price pre-established by the Government, the last resort tariff (LRT). These customers are supplied by last resort suppliers (LRS).

4.1.1. Energy sector reform

In 2012, the Spanish government approved a series of measures to cut the revenue shortfall in the settlement system for regulated activities. The measures adopted were as follows:

• Royal Decree Law 13/2012 of 30 March, transposing EU directives on the electricity and gas markets and certain measures to reduce the electricity and gas industries’ deficit, which affected the electricity distribution and transmission businesses, ordinary regime generation in island and non-mainland electricity systems, the capacity payment mechanism, the mechanism of restrictions to guarantee supply (encouraging use of domestic coal), etc.

• Royal Decree Law 20/2012 of 13 July, establishing specific measures relating to ordinary regime generation in the island and non-mainland electricity systems, and the electricity transmission business. It also introduced a supplementary charge to be paid by consumers in addition to the access tariffs and the LRT in the case of regional taxes or regional surcharges over and above state taxes. This legislation also authorised the Ministry for Industry, Energy and Tourism to establish sliding scale criteria for access tariffs. Tariffs will be revised annually.

• Law 15/2012 of 27 December, amending certain taxes on electricity generation: a 7% general tax on ordinary regime output and CHP/renewable energy output; a tax on spent nuclear fuel and radioactive waste and the storage thereof in centralised deposits; a 22% levy on revenues from hydroelectric power output (with certain scenarios under which this levy can be reduced); and the imposition of a green tax of one Euro-cent on electricity generated using natural gas, coal, fuel-oil or gas-oil. Revenues from these taxes and part of the revenues from emission allowance auctions will be used to finance electricity system costs.

• Royal Decree Law 29/2012 of 28 December, amending the deficit thresholds for 2012 and 2013.

• Royal Decree Law 2/2013 of 1 February, replacing the current system for remunerating regulated activities linked to the Consumer Price Index with a system linked to the Consumer Price Index at constant tax rates, i.e. excluding prepared foodstuffs and energy products. This legislation also amends the options available to sell energy produced by CHP/renewable energy facilities.
Law 15/2013 of 17 October, establishes the financing charged to the General State Budget of certain electricity system costs, brought about by the financial incentives to promote electricity generation using renewable sources, and the grant of an extraordinary loan by the Ministry for Industry, Energy and Tourism, of Euro 2,200 million. However, Law 24/2013 of 26 December on the electricity sector subsequently repealed this law.

The measures described above were primarily intended to cut the deficit of regulated activities in 2012 and 2013. Nonetheless, due to the continuing deficit in the generation business, on 12 July 2013, the Council of Ministers approved a raft of reform measures for the energy sector to eliminate the imbalances that remain in the electricity system, establish a regulatory framework to ensure its financial stability and improve the system for consumers, clarifying billing processes and boosting competitiveness.

The initiatives announced encompass Royal Decree Law 9/2013 of 12 July, adopting urgent measures to ensure the financial stability of the electricity system, Law 24/2013 of 26 December, and a number of measures that require implementing provisions.

The main lines of Royal Decree Law 9/2013 are as follows:

- A new remuneration system for electricity generation facilities which use cogeneration, renewable energy sources and waste, and for transmission and distribution. A change to the investment incentive (capacity payments).

- An increase in the guarantee limit to Euros 4,000 million to cover issues associated with the 2012 shortfall, quantified at Euro 4,109 million.

- Financing the social bonus by the parent of business groups or companies which carry out energy generation, distribution and supply activities simultaneously. The Spanish Markets and Competition Commission (CNMC) will announce the percentage distribution for financing the social bonus, which will be covered by access charges until that time.

- A review of access charges is planned.

- The Spanish General State Budget is expected to finance 50% of the compensation earmarked for island and non-mainland electricity systems from the previous year, although this is repealed for 2013 by Law 24/2013.

Law 24/2013 of 26 December on the electricity sector derogated the previous Law 54/1997 of 27 November on the electricity sector, establishing a new general operating framework for the sector and the system of activities and agents. The major changes with respect to the previous system are as follows:

- A fundamental principal thereof is the economic and financial sustainability of the electricity system by ensuring sufficient revenues to cover all costs. A schedule of access charges is in place, providing the imbalances exceed predefined limits:
  
  — For 2014 and thereafter, the temporary imbalances will be capped at a yearly maximum of 2% of the system’s estimated income (or 5% in accumulated terms). Any temporary imbalance will be financed by all players taking part in the settlement system, in proportion to their remuneration. If these limits are exceeded, access fees or charges will be reviewed by an equivalent amount. Within these limits, imbalances will be redressed within five years, at market rates.

  — A deficit of a maximum of Euro 3,600 million was recognised for 2013 (not taking into account temporary imbalances), which will be redressed over 15 years at market rates. This deficit may be transferred pursuant to a procedure to be determined in new regulations.

  — The Spanish General State Budget will finance 50% of the compensation earmarked for island and non-mainland electricity systems each year.

- Remuneration for transmission, distribution and production in non-mainland systems and output from renewable
energy sources, cogeneration and waste will take into account the costs of an efficient and well-managed company. Remuneration parameters will be established in due consideration of the cyclical situation of the economy, demand for electricity and proper profitability of these activities over six-year regulatory periods. The law establishes the remuneration of assets for the first regulatory period (which ends on 31 December 2019) as the average yield on 10-year treasury bills on the secondary market for the three months prior to entry into force of Royal Decree Law 9/2013, plus 200 basis points (300 basis points for production from renewable energy sources, cogeneration and waste).

- Other general stipulations were also amended: the differentiation between ordinary regime and special (renewables and CHP) regime power generation has also been removed, without prejudice to specific considerations for certain technologies. The Last Resort Tariff (LRT) was renamed as Small Consumer Voluntary Price (SCVP).

Additionally, the Government launched in July 2013 the process of other regulatory developments that relate to transmission, distribution and generation in island and non-mainland systems, renewable energies, self-consumption, capacity payments and aspects of sales and supply.

Further details of some of these measures are set out below.

4.1.2. Generation and markets

In order to guarantee supply, Royal Decree 1221/2010 introduced a restriction establishing a preferential dispatch mechanism for certain levels of energy volume at power stations fired by domestic coal, which must offer energy at variable cost in the day-ahead market and, in the event that their offer is not taken up, the transmission system operator will transfer programmed energy from other plants on a decreasing CO₂ emissions basis. The abovementioned regulation also provides for the restrictions on guarantee of supply to remain in force until the end of 2014.

Ministerial Order ITC/3127/2011 established an availability service to be provided by facilities, specifically, coal-fired, combined cycle and fuel-oil plants as well as pure pumped, mixed pump and reservoir hydroelectric plants. The consideration for the service provided is set at a single amount of Euro 5,150/MW, although this will be affected by the different availability factors for each technology. The Ministerial Order also amends the current investment initiative for facilities built after 1998, increasing this figure from Euro 20,000 to Euro 26,000/MW. It also establishes an investment incentive (Euro 8,750/MW) for those installations which have invested in environmental improvements and in substantially reducing sulphur oxide emissions. Royal Decree Law 9/2013 modified the system of investment incentives included in the capacity payments mechanism, reducing the amount from Euro 26,000 to Euro 10,000/ MW, but extending the period during which these may be received from double the time remaining to the end of the 10-year period.

The Spanish government also introduced regulatory amendments and changes to the remuneration system for CHP/renewable energy output. Royal Decree 1/2012 suspended the procedure for pre-assigning feed-in tariffs and premiums for electricity generated by new CHP, renewable energy and waste-to-power plants. This has affected CHP/renewable energy technologies such as wind, solar, solar thermal, cogeneration, biomass, biogas, small hydro and waste-to-power as well as ordinary regime facilities offering these technologies. The regulation is not retroactive.

Royal Decree Law 29/2012 also stipulated that the premiums for CHP/renewable energy plants would not be available for installations inscribed in the Remuneration Pre-assignment Register which were not fully commissioned within the specified deadline.

Royal Decree 2/2013 amended the system for revising the feed-in tariffs for CHP/renewable energy plants, eliminating the possibility of such plants collecting a premium if they have opted to sell their output on the open market. Thus, with effect from 1 January 2013, all plants opting to sell on the open market are automatically required to sell their output at tariff (unless expressly stated otherwise, in which case they will not be able to sell at tariff in the future).
Against the backdrop of the energy reform in July 2013, Royal Decree Law 9/2013 established a new remuneration system for electricity generation facilities which use cogeneration, renewable energy sources and waste, which will receive extra remuneration for their investment costs taking into account the technology used, guaranteeing a reasonable return based on the 10Y treasury bill plus 300 basis points, revised every six years.

Law 24/2013 on the electricity sector establishes the remuneration of assets for the first regulatory period (which ends on 31 December 2019) as the average yield on 10Y treasury bills, plus 300 basis points.

### 4.1.3. Shortfall from regulated activities

Royal Decrees 6/2009 and 6/2010 modified certain provisions of Law 54/1997, stating that as of 1 January 2013 access tariffs will be sufficient to cover all costs relating to regulated activities without the ex-ante deficit. This also limits the maximum deficit for 2009-2012. The initial deficit limits were established for each year by the first Royal Decree and were subsequently modified by Royal Decree 14/2010, setting them at Euro 5.5 billion for 2010, Euro 3 billion for 2011 and Euro 1.5 billion for 2012.

However, the Spanish government adopted the aforementioned measures in 2012 prompted by the structural deficit in the Spanish electricity system and in order to reduce or eliminate this deficit. Royal Decree Law 29/2012 also amended the deficit thresholds, specifically increasing the 2012 deficit that may be transferred to the Deficit Securitisation Fund for the Electricity System (FADE) up to the amount resulting from the final settlement that year, which finally amounted to Euro 5,609 million. The first section of the twenty-first additional provision of the aforementioned law was also eliminated, which specified that the 2013 deficit would be zero.

The temporary imbalances until 31 December 2013 are covered by certain companies. Their percentage contributions are laid down in law, with ENDESA financing 44.16%. From 2014 onwards, Law 24/2013 establishes that these imbalances will be financed by all players taking part in the settlement system, in proportion to their remuneration.

Moreover, Royal Decree Law 6/2009 saw the establishment of a securitisation fund through which the companies financing the deficit of regulated activities could transfer their rights to collect amount equivalent to the deficit financed. To date, the securitisation fund has acquired all the rights associated with the deficit generated until 31 December 2012.

### 4.1.4. 2013 tariff deficit

As explained above, Law 24/2013 recognised a maximum deficit for 2013 of Euros 3,600 million, without prejudice to any temporary imbalances that may arise. This amount may be transferred, in accordance with the procedure to be established by regulation.

Law 4/2013 determines that the deficit for 2013 be calculated based on an additional settlement before 1 December 2014, which will include the various revenues stipulated in this law that have been included before that date.

### 4.1.5. 2013 electricity tariff

The 27 December 2012 ruling by the Department of Energy Policy and Mines revised the LRT for the first quarter of 2013, increasing it by 3%.

The Ministerial Order IET/221/2013 of 14 February set the access charges applicable as from 1 January 2013, which remained unchanged.

The 25 March 2013 ruling by the Department of Energy Policy and Mines revised the Last Resort Tariff for the second quarter of 2013, cutting it by 6.6%.

The 25 March 2013 ruling revised the LRT for the third quarter of 2013, increasing it by 1.3%.

Pursuant to the provisions of Royal Decree Law 9/2013, Ministerial Order IET/1491/2013 of 1 August reviewing access charges was published on 3 August whereby they were in-
creased an average of 6.8%. The LRT was also reviewed and was increased by 3.1%.

Finally, the resolution dated 24 September 2013 revised the LRT for the fourth quarter of 2013, increasing it by 3%.

4.1.6. 2014 electricity tariff

The twenty-fifth "CESUR" auction (Last Resort Energy Supply Contracts) to determine the cost of energy to be integrated in the calculation of SCVP was held on 19 December 2013. It replaced the LRT. After the auction, on 20 December the National Markets and Competition Commission issued a ruling declaring that the results of the auction could not be validated in view of atypical circumstances and because the auction was held in an energy context that could not be extrapolated to the first quarter of 2014. As a result, in accordance with regulations the auction was cancelled for all effects.

Under Royal Decree Law 17/2013 of 27 December, the Government fixed the price for calculating the energy costs to be included in SCVP in the first quarter of 2014.

Moreover, on 1 February 2014, Ministerial Order IET/107/2014 was published in respect of revised 2014 access charges, with an average increase of approximately 2%. Consequently, the SCVP was revised, bringing an average increase of around 2% with respect to prices prevailing at 31 December 2013.

4.1.7. Non-mainland systems

Royal Decree 1623/2011 of 14 November, adapted the regulation for island and non-mainland systems, taking into consideration power obtained from the Mainland-Balearics interconnection.

Law 2/2012 of 29 December, concerning the Spanish government budgets for 2012, and Law 17/2012 of 27 December on the budgets for 2013, amended the percentages set by Royal Decree Law 6/2009 for funding compensation for these systems in 2011 and 2012 via the budgets, as the settlement system managed by the CNE is intended to be supplementary. Furthermore, Ministerial Order IET/221/2013, setting the access tariffs as from 1 January, gave instructions for the Spanish National Energy Commission (CNE) to include these items in the 2012 settlements.

As part of the aforementioned reform, various measures were also adopted affecting these systems. Specifically, Royal Decree Law 13/2012 of 30 March, laid down that the Ministry for Industry, Energy and Tourism should present a revision of the model for remunerating output from the island and non-mainland systems.

Meanwhile, Royal Decree Law 20/2012 amended certain aspects of the recognised costs of non-mainland generation with effect from 1 January 2012, specifically:

- The yield spread over the government bond for the purposes of financial return on the investment is established at 2%.
- Annual fixed operating and maintenance costs are reduced by 10%.
- Remuneration on recurring costs has been removed.

Royal Decree Law 20/2012 also laid down that any revision resulting from the provisions of Royal Decree Law 13/2012 be applied from 1 January 2012.

Law 17/2013 of 29 October on security of supply and increased competition in island and non-mainland systems, established certain measures affecting this activity. Specifically, the law determines that new facilities in island and non-mainland electricity systems owned by a company or business group which holds more than 40% of generating power in the system will only receive the mainland price, certain exceptions aside. Pumped-storage hydro plants and regasification plants will also be exclusively owned by the System Operator and the Technical System Manager respectively, and the facilities concerned must be transferred within six months at market price. Pumped-storage facilities that are being built or pending approval may continue to be operated by current owners, subject to compliance with a raft of requirements.
As stipulated beforehand, Law 24/2013 on the electricity sector established the remuneration for this activity for the first regulatory period (which ends on 31 December 2019) as the average yield on 10Y treasury bills, plus 200 basis points for transmission; in line with the aforesaid Royal Decree Law 20/2012.

A proposed Royal Decree is also pending approval, which amends certain provisions relating to the cost of this activity, and also developing a number of provisions of Law 17/2013.

4.1.8. Distribution

Royal Decree 222/2008 of 15 February, which includes remuneration for electricity distribution activities, set a new remuneration regime for four-year regulatory periods, the first being 2009-2012. Final remuneration for 2011 was calculated using methodology developed by the CNE as stipulated in the Royal Decree.

Royal Decree Law 13/2012 introduced a reduction in remuneration for electricity distributors in 2012, including in their commercial management activities, of Euro 689 million, of which Euro 278 million would correspond to ENDESA on an annual basis. According to the Royal Decree Law, the remuneration criteria from 1 January 2012 are as follows:

- Non-amortised assets in service will be remunerated under the concept of investment, taking their net value as a base for their financial remuneration.
- The accrual of compensation generated by installations put into service in year "n" will begin on 1 January of year "n+2".

The Royal Decree Law states that the Ministry for Industry, Energy and Tourism will submit a proposal that ties investment compensation to non-depreciated assets in service.

Royal Decree Law 9/2013 establishes the remuneration for distribution (and transmission) grids as the average yield on 10Y treasury bills, plus 200 basis points. However, in 2013 up until the new Royal Decree Law comes into effect, the remuneration specified in Ministerial Order IET/221/2013 of 14 February, will be applied and for the remainder of the year a remuneration rate will be set according to the 10Y treasury bill plus 100 basis points.

Meanwhile, as explained above, Law 24/2013 on the electricity sector establishes the remuneration of this activity for the first regulatory period (which ends on 31 December 2019) as the average yield on 10Y treasury bills, plus 200 basis points.

Lastly, Royal Decree 1048/2013 of 27 December was published on 30 December 2013, establishing the methodology for calculating remuneration for distribution activity, setting out the criteria for calculating remuneration for this activity, the main provisions of which are as follows:

- Investment in non-amortised assets in service will be remunerated in due consideration of the net value of the assets and a financial remuneration rate based on 10Y treasury bills plus 200 basis points, in addition to operation and maintenance of the assets.
- There will be remuneration for the costs required to carry out distribution activities, such as meter reading, supply contract process, billing access charges and management of non-payments, customer phone service, charges for occupancy of public areas and structural costs.
- There are incentives and penalties in connection with improvements to supply quality, reducing losses on distribution networks, and a new fraud reduction incentive.
- The extra costs of specific regulations introduced by regional or local authorities will not be borne by the electricity tariff.
- Accrual and payment of remuneration for facilities commissioned in year "n" will start from 1 January of the year "n+2", and a financial cost will be recognised.
- Mechanisms have been established to control investment. For the whole sector, the maximum volume of authorised investment has been limited to a total of 0.13% of Gross Domestic Product (GDP), with distributors needing to submit to the Ministry of Industry, Energy and Tourism their yearly and multiannual plans for approval, and also requir-
ing a favourable report by the regional authorities concerned. Limits are also established for deviations from the standard, just recognising part of the extra costs, which must be duly justified and audited. Volumes of investment will also be reduced in the event of non-compliance with the plans established, and the possibility exists of early construction of a facility, provided it is already envisaged and its cost is not met by the system.

4.2. Regulatory changes in Europe

During 2013, energy markets across Europe were subject to increased regulation, specifically related with the trading of commodities and derivatives. This stemmed from the enactment and application of regulations approved in prior years (REMIT and EMIR) and regulations that will be approved in 2014 (MiFID).

Work also continued apace on integrating European electricity and gas markets, with further developments expected in 2014.

At year-end 2013, a new proposal for directives on state aid for renewable energy and capacity payments was presented for consultation. This proposal favours the use of market mechanisms to achieve maximum efficiency and introduces various criteria aimed at improving the current schemes and enabling the market to be redesigned through capacity payment models. These directives will be submitted for approval in July 2014.

4.3. Main regulatory changes in Latin American countries where ENDESA operates

4.3.1. Brasil

Law 12.783 transforming Provisory Measure 579 approved in September 2012 was introduced on 14 January 2013. This defines the terms of renovation of concessions and reduction of tariffs following the withdrawal of sector taxes. Pursuant to this law, in January 2013 the Brazilian regulator (ANEEL) approved an extraordinary tariff review with an average 20% reduction in tariffs for regulated customers, as the result of lower energy costs arising from renovation of generation and transmission concessions, and of a reduction in tariff charges.

On 8 March 2013, Presidential Decree 7.945/2013 was published in the Official State Gazette, authorising the transfer of government funds to distributors in payment of part of the additional costs incurred by distributors from the dispatch of thermal power and contractual exposure on the spot market. Additional costs not immediately compensated by the government will be recouped through the tariff as stipulated in the regulations, or through further transfers of funds as defined in the respective tariff adjustments.

In the same month, approval was given for the postponement to April 2013 of the tariff adjustment for Ampla Energia e Serviços, S.A. and the new tariffs applicable from that date, leading to an average increase in VAD (distribution margin) of 7.8%.

The annual tariff adjustment for Companhia Energética do Ceará, S.A. (Coelce) was also approved in April. The new tariffs prevailing thereafter involve an average increase in VAD of 5.5%.

Resolution 570/2013 was passed in July 2013 laying down the requirements and procedures to create a retail electricity supplier. Pursuant to this resolution, suppliers or generators may represent agents who contract electricity in the deregulated market as well as those agents who have installed capacity equal to or less than 50 MW who do not hold a supply contract in the regulated market and/or the reserve market. This ruling is yet another step towards expanding the deregulated market which currently represents 27% of domestic consumption.

Resolution 572/2013 establishing a new procedure for granting the electricity social bonus was also passed in August 2013. Under the new procedure, distributors must
check whether the low-income consumer is registered in the government’s social programme.

Finally, in December 2013 the regulator decided to extend the trial period for the new tariff system, known as “the flag system”, until the end of 2014. The proposed flag system for tariffs (green, yellow and red flags) aims to address monthly changes in customers’ energy rates, providing notice of increases in energy purchase costs.

4.3.2. Chile

In April 2013, a decree was published in the Official State Gazette establishing the tariff formulae applicable to regulated users of Chilectra, S.A. It made provision for an effective 4.5% reduction of tariffs, chiefly through efficiency gains. The new tariffs are applicable retroactively since November 2012. Another decree was also published establishing the transmission tariffs also applicable to Chilectra, S.A., which are also applicable retroactively since January 2011.

In August 2013, the government published new regulations for the Environmental Impact Evaluation System which update and amend certain procedures so that projects will now be assessed at an earlier stage. Regulatory periods have also been extended and the authorities may now only request information from the company leading the project on two occasions.

Two energy laws were approved in October of the same year: Law 20.701, which simplifies and speeds up the provisional concession process, shortens administration periods, stipulates possible observations and objections to projects, amends the notifications process, establishes summary legal proceedings, introduces the possibility of division of applications for concessions, amends the procedure for appraisal of property, and resolves conflicts between different types of concessions. Law 20-25, amending Law 20.257, promoting the development of non-conventional renewable energy sources, established a mandatory charge for the parent electricity company of 20% by 2025 for non-conventional renewable energy sources, in due observance of the withdrawals contemplated in the previous law for contracts in force in July 2013, i.e. for contracts signed between 2007 and July 2013, the target is 10% by 2024, whereas it will be 20% by 2025 for contracts signed after this date.

In December 2013, the government launched a tender process to award 50-year land concessions in the regions of Tarapacá and Atacama that is suitable for gas- or coal-fired power plants with capacity totalling at least 2,450 MW. A maximum of two concessions can be awarded to each business group, which must build at least 350 MW in each concession area.

4.3.3. Colombia

In April 2013, the regulator (CREG) passed Resolution 043 establishing the principles under which the 2014 distribution tariff must be reviewed. These principles are intended to give rise to accessible tariffs that reflect the outlay needed to ensure supply is of an adequate quality.

In the natural gas market, the regulator laid down rules for establishing a new regulation for this segment. Inter alia, it approved: Resolution 062 offering an incentive to build LNG plants; Resolution 089 regulating trading and competition in the wholesale natural gas market; Resolution 122 setting out a schedule for transition to a wholesale natural gas market; Resolution 123 establishing the Regulation on the wholesale supply of natural gas; Resolution 124 setting out the mechanisms to be considered by the CREG when selecting the Market Manager and the terms under which the Manager is to provide services and be remunerated; and CREG Resolution 137 determining the tariff formula to be applied for the consumption of natural gas by regulated market users.

In November 2013, Decree 2445 was published, establishing the Cross-sector Strategic Project and Infrastructure Committee (CIIPE). The remit of this body is to coordinate and oversee the functions of the public authorities involved in structuring, financing, tendering and executing infrastructure, oil and gas, mining, and energy projects and other projects of national strategic interest.
4.3.4. Peru

In January 2013, Law 1.396 on energy security was enacted which establishes a cross subsidisation mechanism between electricity consumers and the owners of future gas pipelines and other facilities to bolster security of the energy supply in Peru.

Ministry of Energy and Mines Resolution 177, published in May, fixed the Backup Margin for May 2013 to April 2014 at 37%. This margin will be used to calculate the units and capacities used each month to cover Peak Demand and Backup Demand.

Ministerial Resolution 203 MEM/DM was also passed in May on the 2013-2022 Universal Energy Access Plan, giving priority to the use of available energy sources.

Royal Decree Law 1002 was enacted in June 2013, the aim of which is to spur investments by the electricity sector in renewable energy sources to improve the quality of life of the population living in rural areas who do not have access to the electricity grid or are not supplied with electricity.

In October 2013, the regulator (OSINERGMIN) published Resolution 203 establishing the distribution tariffs for Edelnor for November 2013 to October 2017. Under this Resolution, the VAD rate (distribution margin) for Empresa de Distribución Eléctrica de Lima Norte, S.A. will increase by 1.2%.

Parliament introduced Law N° 30115 on Financial Equilibrium of the Public Sector Budget, published on 2 December 2013 to approve an extension of the timeframe for Emergency Decree N° 049-2008 to 31 December 2016. The decree stipulated that as of 1 January 2009 marginal costs would be determined pursuant to the consideration that there were no restrictions on output or transmission of either natural gas or electricity, and also established that the difference between the variable costs of operations incurred by operators with variable costs exceeding marginal costs would be covered by demand through an additional charge on the transmission fee.

Lastly, measures were introduced through Supreme Decree 046-EM in December 2013 to encourage the development of natural gas.

4.3.5. Argentina

Much of ENDESA’s efforts in Latin America concerning the regulatory framework centred around Argentina. Resolution 95 was published in the Official State Gazette in March 2013, establishing a new regulatory framework for the generation of electricity, based on a scheme to pay fixed costs and variable costs, with a stipulation for additional remuneration. The new regulatory framework also specifies that the manager of the electricity market (CAMMESA) will take over management of fuels and market management on expiry of the current contracts.

In May 2013, Argentina’s Energy Secretary approved Resolution 250 which recognised payment of compensation to be applied under the Cost Monitoring Mechanism (MMC) adjustment for cost fluctuations which had not been passed on to the end user between 2007 and February 2013, in addition to the amounts already received under the Rational Use of Electricity Programme (PUREE) and other obligations with the manager of the electricity market. In order to implement this resolution, the Energy Secretary published Note 6852 in November 2013 authorising Edesur to offset MMC payments using the debt generated through the PUREE programme between March and September 2013.

Lastly, the inspector appointed by the electricity sector regulator (to oversee and verify all the Company’s administrative work that does not imply that ENDESA loses control thereof) was named at year-end 2013. The ENRE also published Resolution 243 which increases the inspector’s term of office from an extendable period of 45 days to an extendable period of 90 days.
2013 results
1. Financial data

1.1. Consolidated key figures

1.1.1. Net income

ENDESA reported net income of Euro 1,879 million in 2013, an 8% decrease on 2012. The decrease was mostly caused by the tax and regulatory measures applied in Spain in 2012 and 2013. The measures introduced in 2013 had a negative impact on net income of Euro 659 million.

Net income in Spain and Portugal declined by 17%, a decrease of Euro 234 million due to the aforementioned measures. Net income in Latin America rose 13% (Euro 79 million) due to the business’s improved performance and the Argentine government’s recognition of the compensation for cost variations not transferred to the tariff from 2007 until February 2013. These two effects offset the weakening of local currencies against the Euro.

- The fiscal measures applied in Spain and Portugal during 2013 (Euro 664 million higher costs) and the other measures rolled out by the Spanish government (Euro 269 million less income) cut EBITDA by Euro 933 million. Nonetheless, the decline was only Euro 519 million, due to a reduction in fixed costs of Euro 142 million and the positive generation mix evolution due to extraordinary hydro conditions, and the lower wholesale electricity market prices during the year.

- Meanwhile, the Euro 234 million EBITDA increase in Latin America mainly resulted from the Argentine government’s recognition of the compensation for cost variations not transferred to the tariff from 2007 until February 2013 in the amount of Euro 293 million. The positive impact from Argentina (Euro 63 million) offset the extraordinary stranded costs for energy purchases during the period borne by the Brazilian distribution companies. This amount will be compensated in future tariff reviews, as provided for in Brazilian regulations.

Stripping out the two effects mentioned above, the strong operating performances of the subsidiaries in Latin America absorbed the negative impact of the devaluation of local currencies against the Euro, causing EBITDA to decline by Euro 349 million.

Meanwhile EBIT fell by just 3% to Euro 4,302 million thanks to a 7% reduction in “Depreciation and amortisation and impairment losses” as the result of an extraordinary write-down in 2012 for certain assets, chiefly the Santa María de Garoña nuclear plant, Spanish mining assets, generation assets in Ireland and the Tarapacá plant in Chile for a total amount of Euro 213 million.

1.1.2. Revenues and EBITDA

ENDESA’s income totalled Euro 31,203 million, down Euro 2,730 million on 2012.

EBITDA fell 4% in 2013 to Euro 6,720 million. The drop was due to a 14% decline in EBITDA for Spain and Portugal, and a 7% increase in the Latin America business.

<table>
<thead>
<tr>
<th>Business</th>
<th>2013</th>
<th>2012</th>
<th>% change</th>
<th>Contribution to total net income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain and Portugal and Other</td>
<td>1,176</td>
<td>1,410</td>
<td>-17%</td>
<td>63%</td>
</tr>
<tr>
<td>Latin America</td>
<td>703</td>
<td>624</td>
<td>13%</td>
<td>37%</td>
</tr>
<tr>
<td>Total</td>
<td>1,879</td>
<td>2,034</td>
<td>-8%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business</th>
<th>Revenues Euro million</th>
<th>% change 2012</th>
<th>EBITDA Euro million</th>
<th>% change 2012</th>
<th>EBIT Euro million</th>
<th>% change 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain and Portugal</td>
<td>21,512</td>
<td>(7.1)</td>
<td>3,277</td>
<td>(13.7)</td>
<td>1,651</td>
<td>(17.4)</td>
</tr>
<tr>
<td>Latin America</td>
<td>9,691</td>
<td>(10.2)</td>
<td>3,443</td>
<td>7.3</td>
<td>2,651</td>
<td>9.5</td>
</tr>
<tr>
<td>Total</td>
<td>31,203</td>
<td>(8.0)</td>
<td>6,720</td>
<td>(4.1)</td>
<td>4,302</td>
<td>(2.6)</td>
</tr>
</tbody>
</table>
EBITDA and EBIT for the Latin America business now account for more than 51% and 62% of the Company’s totals, respectively.

### 1.1.3. Financial results

The net financial loss in 2013 was Euro 350 million, an improvement of Euro 291 million on the Euro 641 million cost in 2012.

Net exchange losses were Euro 6 million compared to losses of Euro 42 million in 2012.

The excellent improvement in the financial result was primarily due to the debt reduction over both periods.

### 1.1.4. Cash flows

At 31 December 2013, cash and cash equivalents stood at Euro 4,335 million, an increase of Euro 2,349 million compared to the figure at 31 December 2012.

In 2013, cash flow from ENDESA’s operating activities amounted to Euro 4,551 million (compared to Euro 5,247 million in 2012), while total cash flows in 2013 stood at Euro 2,654 million vs. a negative amount of Euro 845 million the previous year.

### 1.1.5. ENDESA’s equity

ENDESA’s consolidated equity was Euro 26,769 million at 31 December 2013, Euro 400 million higher than at 31 December 2012.

This amount is reduced by Euro 1,588 million by the interim dividend approved by ENDESA’s Board of Directors at their meeting on 17 December 2017, and increased by Euro 1,724 million as a result of the capital contribution by minority shareholders in Enersis’s capital increase.

Changes in ENDESA’s equity and net debt resulted in leverage (net financial debt/equity) of 16% at 31 December 2013, compared to 33% at 31 December 2012.

### 1.1.6. Gross investment

ENDESA invested Euro 2,458 million in 2013, Euro 2,253 million was capex and investment in intangible assets and real estate. The remaining Euro 205 million related to financial investments, as shown hereon.

<table>
<thead>
<tr>
<th>Investment</th>
<th>Euro million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capex, intangible assets and investment property</td>
<td>Financial investments</td>
</tr>
<tr>
<td>Spain and Portugal</td>
<td>876</td>
</tr>
<tr>
<td>Latin America</td>
<td>1,377</td>
</tr>
<tr>
<td>Total (2)</td>
<td>2,253</td>
</tr>
</tbody>
</table>

(1) Stripping out carbon dioxide (CO₂) emission rights, Certified Emissions Reductions (CERs) and Emission Reductions Unit (ERUs).
(2) In 2012, excluded investments in non-current assets held for sale and in discontinued activities amounting to Euro 73 million, and the acquisition of the portfolio of gas customers in the Madrid area for Euro 34 million.

### 1.2. Financial management

Country risk indicators of countries in the European periphery improved in 2013. The ten-year Spanish and Italian bond spread against the German Bund stood at 220 basis points at year-end 2013, having fallen by 173 and 99 basis points, respectively.

The European Central Bank cut its official rate by 50 basis points in 2013 (25 basis points in May and 25 basis points in November) to an all-time low of 0.25%.
The Euro long-term interest rate (swap at 10 years) rose in 2013, from 1.56% at the beginning of the year to 2.15% by year end. The short-term rate rose from 0.19% to 0.29% by year end.

The long-term US Dollar interest rate climbed by approximately 70% during 2013 to 3.09% at year end. In contrast, the short-term US Dollar interest rate dropped by 0.31% at the start of 2013 to 0.25% at year end.

The EUR/USD exchange rate fluctuated widely reaching a high of 1.380 and a low of 1.278, and closing the year at 1.374.

After months of uncertainty, the US Federal Reserve decided at a meeting in December 2013 to taper off its quantitative easing programme at the start of 2014. This eased the tensions in the financial markets that had arisen in September 2013 when the Fed did not begin its tapering. The economic recovery has therefore been underpinned and it is expected that the global economy will achieve growth of 3% in 2013.

At the close of the year, all the Latin American currencies weakened against the US Dollar, especially the Argentinean Peso (33%) and the Brazilian real (15%). The other currencies (Chilean Peso, Colombian Peso and Peruvian Nuevo Sol) lost 9-10% of their value.

Despite the stronger headwinds than in previous years, the emerging economies continued to grow, posting average GDP growth rates of 3.8%. In general, their credit ratings remained unchanged while Argentina enjoyed a considerable upgrading, with its sovereign debt rating being raised a notch (upick by S&P from B- to B).

Countries such as Chile, Peru and Colombia stand out for their positive growth rates (4% to 5%) and controlled inflation (within the range of 1.8% to 2.9%). In a less favourable international environment, Brazil continued to face the growth (GDP of 2.3%) vs. inflation (increase in CPI of 6.10%) dilemma, with the SELIC rate rising by 275 basis points, while the other central banks in Latin America cut their reference rates by between 50 and 100 basis points.

In this situation, ENDESA maintained a solid financial position and a comfortable level of liquidity, enabling it to secure new lines of finance and substantially reduce its debt. ENDESA and its investees therefore ended the year with liquidity lines committed in the long term totalling Euro 6,717 million, excluding the Enersis Group.

The average life of debt at ENDESA and its subsidiary companies, excluding the Enersis Group, stood at 6.1 years at December 2013. Liquidity stood at Euro 8,719 million, of which Euro 6,683 million corresponded to undrawn credit lines; sufficient to cover debt maturities for the next 37 months.

At the same time, ENDESA maintained its programme of short-term debt issues on international markets, with an outstanding figure of Euro 814 million at the end of the year.
Meanwhile, Enersis Group companies continued to access local and international financial markets. The average life of debt was 5.7 years at the year end and liquidity stood at Euro 2,848 million, of which Euro 549 million related to unconditional long-term credit lines, and cash of Euro 2,299 million. These amounts are sufficient to cover debt maturities falling due in the next 42 months.

The average life of the Endesa Group’s debt at 31 December 2013 was 5.9 years.

At year end, 38% of total debt was in Euros, 26% in US dollars, and 36% in other currencies, primarily Latin American currencies. ENDESA continues to deploy a policy whereby its companies’ debt is always denominated in the currency in which its cash flows are generated.

Debt at fixed interest rates accounted for 64% of total debt at 31 December 2013, while 36% was at floating rates.

1.2.1. Indebtedness and average cost of debt

ENDESA had net financial debt of Euro 4,286 million at 31 December 2013, a reduction of Euro 4,492 million compared to 31 December 2012.

The average cost of ENDESA’s total debt was 5.7% in 2013, while the cost of the debt corresponding to Enersis was an average of 8.1%. Stripping out Enersis’ debt, the average interest rate incurred on ENDESA’s debt was 3.1%.

It is noteworthy that ENDESA had the recognised right at 31 December 2013 to collect Euro 3,146 million in connection with various regulatory issues: Euro 1,985 million for financing the revenue shortfall from regulated activities and Euro 1,161 million in compensation for stranded costs in non-mainland generation. Stripping out these amounts, ENDESA’s net debt stood at Euro 1,140 million, down Euro 2,799 million on the 31 December 2012 figure.

In 2013, ENDESA ceded deficit collection rights to the FADE securitisation fund for a total amount of Euro 3,937 million.

At year-end 2013, ENDESA’s liquidity in Spain stood at Euro 8,719 million, sufficient to cover debt maturities falling due in the next 37 months. Euro 6,683 million of this amount related to undrawn sums on unconditional credit lines, Euro 3,500 million of which is related to the credit line with Enel Finance International, N.V. Meanwhile, Enersis could draw on liquidity of Euro 2,299 million and had undrawn sums on unconditional credit lines of Euro 549 million, which covered debt maturing for the next 42 months.

<table>
<thead>
<tr>
<th>Breakdown of ENDESA’S net debt by business line (*)</th>
<th>Euro million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 December 2013</td>
</tr>
<tr>
<td>Business in Spain and Portugal</td>
<td>1,440</td>
</tr>
<tr>
<td>Business in Latin America</td>
<td>2,846</td>
</tr>
<tr>
<td>Total</td>
<td>4,286</td>
</tr>
</tbody>
</table>

(*) Net financial debt = Non-current financial liabilities + Current financial liabilities – Cash and cash equivalents – Financial derivatives recognised under assets.
1.2.2. Credit ratings

At the date of presentation of this report, ENDESA’s long-term debt ratings are: Standard & Poor’s: “BBB” with a stable outlook; Moody’s: “Baa2” with a negative outlook, and Fitch: “BBB+” with a negative outlook.

1.2.3. Financial leverage

ENDESA’s leverage stood at 16% at 31 December 2013 compared to 33.3% at 31 December 2012.

1.2.4. Main financial transactions

The main transactions completed in 2013 were as follows:

- Exercising of the early redemption option by Endesa, S.A. of the preference shares, whereby the entire issue was cancelled (Euro 181 million).

- Negotiation of guarantee loans (new contracts, extension of existing lines and amendments to contracts) totalling Euro 2,433 million.

- Disbursements on financial operations with the European Investment Bank on terms of 15 years in the amount of Euro 150 million.

- The transfer of 16 tariff deficit collection rights corresponding to the securitisation bonds issued by the FADE totalling Euro 9,230 million for the electricity sector as a whole. Euro 3,937 million of these correspond to the Endesa Group.

The main transactions performed by the Enersis Group through its investees were as follows:

- In Chile, Empresa Nacional de Electricidad, S.A. and Enersis, S.A. renewed lines of credit with local financial institutions of Chilean Unidad de Fomento 2 million (equivalent to Euro 89 million) each for a three-year period.

- In Colombia, Emgesa S.A. issued domestic debentures totalling Colombian Peso 565,000 million (equivalent to Euro 212 million) for seven- and 12-year terms. It also renegotiated loans (Club Deal) for Colombian Peso 305,000 million (equivalent to Euro 114 million) for 10 years. In Colombia, Codensa issued domestic debentures totalling Colombian Peso 375,000 million (equivalent to Euro 141 million) for five- and 12-year terms.

- In Brazil, Ampla arranged a loan with Banco de Brasil for Brazilian Real 130 million (equivalent to Euro 40 million) for a six-year term. Funding was also secured from Banco Nacional do Desenvolvimento (BNDES) over seven years for capex in the amount of Brazilian Real 250 million (equivalent to Euro 77 million). Coelce also procured funding from BNDES over seven years for capex in the amount of Brazilian Real 150 million (equivalent to Euro 46 million).

- In Peru, Empresa de Distribución Eléctrica de Lima Norte, S.A.A. issued domestic debentures totalling Peruvian Nuevo Sol 50 million (equivalent to Euro 13 million) for a term of 20 years. It also arranged two loans over five years with Banco Bilbao Vizcaya Argentaria totalling Peruvian Nuevo Sol 89 million (equivalent to Euro 23 million). In the second half of the year, bonds totalling Peruvian Nuevo Sol 195 million (equivalent to Euro 50 million) were issued for seven- and 25-year terms.

- In Argentina, Hidroeléctrica El Chocón, S.A. took out a three-year syndicated loan with a number of local financial institutions for a total amount of 149 million Argentinian Peso (equivalent to Euro 17 million).
2. Results by business line

2.1. Business in Spain and Portugal and Other

2.1.1. Net income

Net income from ENDESA’s business in Spain and Portugal and other countries was Euro 1,176 million, Euro 234 million lower year on year, contributing 63% to ENDESA’s total net income.

<table>
<thead>
<tr>
<th>ENDESA’s net income, Fiscal Year 2013</th>
<th>Euro million</th>
<th>% change 2012</th>
<th>% of total net income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain and Portugal</td>
<td>1,176</td>
<td>(16.6)</td>
<td>62.6%</td>
</tr>
</tbody>
</table>

EBITDA stood at Euro 3,277 million, down by 14% year on year, while EBIT totalled Euro 1,651 million, down by 17%.

The decrease in EBITDA basically stemmed from the impact of the fiscal measures that started to be applied in 2013 along with the other measures approved by the Spanish government during the year, which had a negative impact on EBITDA of Euro 933 million. This was in addition to the annual recurring impact on ENDESA of approximately Euro 396 million arising from the regulatory measures introduced in 2012. Efforts made to achieve operating improvements to help offset part of the negative impact of the regulatory measures triggered a Euro 142 million reduction in fixed costs in 2013.

2.1.2. Highlights

Mainland electricity demand shrank by 2.2% in 2013.

Against this backdrop, electricity output in Spain and Portugal (also including Morocco) stood at 70,542 GWh, a reduction of 10% against 2012. Of this amount, 68,514 GWh corresponded to Spain (-10%), 1,176 GWh to Portugal (-14%) and 852 GWh to the rest of the segment (-8%).

During this period, ENDESA obtained a market share of 36.1% in ordinary mainland generation, a 43% share in distribution and a 37.5% share in sales to customers in the deregulated market.

2.1.3. Revenues

Revenues from operations in Spain and Portugal stood at Euro 21,512 million in 2013, a 7% decline. Of this amount, revenues from sales accounted for Euro 20,494 million (-7%) while other operating income accounted for Euro 1,018 million (-9%).

Sales in the Spain and Portugal business during 2013 were as follows:

<table>
<thead>
<tr>
<th>Sales in the Spain and Portugal business</th>
<th>Euro million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Electricity sales</td>
<td></td>
</tr>
<tr>
<td>Sales to the deregulated market</td>
<td>15,244</td>
</tr>
<tr>
<td>Sales to Last Resort Suppliers</td>
<td>7,761</td>
</tr>
<tr>
<td>Wholesale market sales</td>
<td>3,993</td>
</tr>
<tr>
<td>Supply to customers in deregulated markets outside Spain</td>
<td>965</td>
</tr>
<tr>
<td>Non-mainland compensation</td>
<td>895</td>
</tr>
<tr>
<td>Power trading</td>
<td>1,537</td>
</tr>
<tr>
<td>Other sales</td>
<td>13</td>
</tr>
<tr>
<td>Regulated revenues from electricity distribution</td>
<td>80</td>
</tr>
<tr>
<td>Gas trading</td>
<td>2,001</td>
</tr>
<tr>
<td>Other sales and services rendered</td>
<td>2,042</td>
</tr>
<tr>
<td>Total</td>
<td>1,207</td>
</tr>
</tbody>
</table>

Sales for the Spain and Portugal business in 2013 were as follows:

<table>
<thead>
<tr>
<th>Sales in Spain and Portugal business</th>
<th>Euro million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Electricity sales</td>
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<tr>
<td>Other sales and services rendered</td>
<td>2,042</td>
</tr>
<tr>
<td>Total</td>
<td>1,207</td>
</tr>
</tbody>
</table>
Supply to deregulated customers

Sales in the Spanish deregulated market totalled Euro 7,761 million, down 1.5% against 2012.

Revenues from sales to deregulated European markets other than Spain rose by 8.9% year on year to Euro 895 million.

Last resort supplier sales

ENDESA sold 3,993 GWh through its last resort supplier in 2013, 17.5% lower than in 2012.

Electricity distribution

Regulated revenues from distribution activities in 2013 amounted to Euro 2,001 million, down by 1.2% against 2012.

Gas supply

Revenues from gas sales in the deregulated market rose 5.9% to Euro 2,042 million.

2.1.4. Operating expenses

The breakdown of operating expenses by business in Spain and Portugal in 2013 was as follows:

Procurements and services (variable costs)

Procurements and services (variable costs) totalled Euro 15,951 million in 2013, 5.8% less than in 2012.

This includes Euro 664 million due to the adverse effect of certain measures in Law 15/2012 (fiscal measures to ensure the sustainability of the energy sector) which were introduced in 2013, establishing taxes on electricity output.

Despite this negative impact of Law 15/2012, variable costs were lower mainly as a result of the 9.8% reduction in energy costs to Euro 5,274 million thanks to lower average prices and the 7.7% decrease in fuel costs to Euro 2,817 million thanks to lower thermal output in the period.

Personnel and other fixed operating expenses

Fixed costs amounted to Euro 2,386 million in 2013, down Euro 142 million (-5.6%) compared to 2012 as a result of the cost-savings policy deployed.

Personnel expenses amounted to Euro 1,043 million, a reduction of 3.2% largely thanks to wage restraints coupled with a reduction in personnel. This decrease included addi-
tional compensation payouts of Euro 57 million and the Euro 34 million lower cost of adjusting provisions for workforce restructuring.

Other operating expenses stood at Euro 1,343 million, down by Euro 107 million (-7.4%) over the period as a result of the cost-reduction policy.

**Depreciation and amortisation charges and impairment losses**

Depreciation and amortisation charges and impairment losses totalled Euro 1,626 million in 2013, Euro 172 million (-9.6%) less than in 2012.

In 2012 this heading included write-downs on the assets of the Santa María de Garoña nuclear power plant and of Empresa Carbonífera del Sur, S.A.U. in the amounts of Euro 60 million and Euro 66 million respectively, plus a Euro 67 million impairment provision for the Group’s assets in Ireland.

**2.1.5. Financial results**

The net financial loss reported for 2013 was Euro 100 million, Euro 161 million less than in 2012 (Euro 261 million).

This was due to a Euro 128 million decline in net financial expenses and a Euro 33 million improvement in net exchange differences, which moved from a loss of Euro 5 million in 2012 to a gain of Euro 28 million in 2013.

The trend of long-term interest rates in 2013 and 2012 meant that provisions had to be adjusted to account for obligations from ongoing workforce restructuring plans for the sums of Euro 11 million (positive) and Euro 76 million (negative), respectively.

Excluding this impact, net financial expenses would have fallen by Euro 41 million (-22.8%), due to lower financing costs and debt reduction over the period.

**2.1.6. Cash flow from operating activities**

Net cash flows from operating activities in 2013 totalled Euro 2,262 million, down 27% on the figure of Euro 3,114 million posted in 2012.

**2.1.7. Investment**

Investment in the Spain and Portugal business in 2013 amounted to Euro 604 million, down 33% on 2012.

**2.2. Business in Latin America**

**2.2.1. Net income**

Net income in ENDESA’s Latin American business in 2013 was Euro 703 million, representing an increase of 13% against 2012 and a contribution to ENDESA’s total net income of 37%.

**2.2.2. EBITDA**

EBITDA was Euro 3,443 million, up by 7% year on year, while EBIT was Euro 2,651 million, up by 9.5% against 2012.

The strong performance of Latin America operations was mainly due to the Argentine government’s recognition of
the compensation for cost variations not transferred to the tariff between 2007 and February 2013 in the amount of Euro 293 million, plus Euro 40 million in net financial income, with an impact on net income of Euro 94 million.

This positive impact in Argentina was offset by the stranded costs affecting distributors in Brazil, which were not fully offset by the extraordinary measures adopted by the Brazilian government for their immediate compensation. The Euro 63 million pending will be compensated in future tariff reviews, as provided for in Brazilian regulations.

These results were negatively affected by significant devaluations against the Euro of local currencies which brought a decrease of Euro 349 million in EBITDA.

The breakdown of these results by ENDESA’s various businesses is as follows:

<table>
<thead>
<tr>
<th>EBITDA and EBIT from the business in Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA (Euro million)</td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>Generation and transmission</td>
</tr>
<tr>
<td>Distribution</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

### 2.2.2.1. Generation and transmission

**Argentina**

Higher output (+3.4%) in 2013 and the higher unit margins (+32.7%) due to the application of the new regulatory framework, boosted EBITDA 106.1% year on year to Euro 101 million.

EBIT in the year totalled Euro 50 million, up by Euro 46 million against the previous year.

**Brazil**

The total amount of electricity generated by ENDESA investees in Brazil stood at 4,992 GWh in 2013, down 3.6% on 2012.

The fall in output and lower margins (-9.3%) resulted in EBITDA of Euro 218 million (-14.8%). EBIT fell 15.7% to Euro 198 million.

**Chile**

In 2013, EBITDA of the generation business in Chile rose by Euro 124 million (+27.1%) to Euro 581 million, while EBIT was also up by Euro 138 million (+46.6%) compared to the previous year to Euro 434 million.
Despite the unfavourable rainfall conditions in Chile, electricity generation by investees in the country declined by only 1.6% to 19,874 GWh, due to a greater thermal dispatch caused by the commencement of operations at the Bocamina II power plant. This situation and a better unit margin (+22.5%), helped boost EBITDA.

It should be mentioned that since 17 December 2013, the Bocamina II plant has remained inactive (pending a ruling on a related appeal) as a result of the charges presented by the environmental authorities in Chile.

**Colombia**

Lower output in Colombia (-4.1%) caused by less rainfall was offset by the positive impact of a wider unit margin (+2.2%).

EBITDA and EBIT from the generation business were up by Euro 8 million and Euro 12 million, respectively, in 2013 compared to the previous year, reaching Euro 610 million and Euro 553 million.

**Peru**

Total electricity generation by ENDESA investees in Peru reached Euro 8,529 GWh in 2013; down 7.6% compared to 2012. The lower output was compensated by the higher unit margin (+9.4%), which along with the cost recognised in relation to the incident involving the TG7 unit at Santa Rosa (Euro 29 million), led to a 3.2% increase in EBITDA to Euro 257 million, and a 0.5% increase in EBIT to Euro 183 million.

**Argentina - Brazil interconnection**

EBITDA and EBIT were Euro 68 million and Euro 48 million respectively in 2013, representing decreases of Euro 14 million and Euro 11 million against 2012.

The negative impact of both these figures against the previous year is mainly due to exchange rate trends between the Euro and the local currency.

**2.2.2.2. Distribution**

**Argentina**

2013 EBITDA stood at Euro 208 million, up on the negative figure of Euro 61 million in 2012. This result was due to the application of the Energy Secretary’s Resolution 250/2013 (7 May 2013) enabling income of Euro 293 million to be recognised under the Cost Controlling Mechanism (MMC) adjustment. Stripping out this income, EBITDA would have been a loss of Euro 85 million.

The amount offset also includes the compensation stipulated in Note 6852 of 6 November 2013 for cost variations not transferred to the tariff until September 2013, on application of the MMC adjustment of Euro 88 million.

The business also registered a gain at the EBIT level of Euro 185 million, compared to the loss of Euro 87 million the previous year.

**Brazil**

EBITDA and EBIT for 2013 stood at Euro 566 million (-16.5%) and Euro 358 million (-27.1%) respectively.

This fall was due to the stranded costs incurred by distributors from the dispatch of thermal power, which could not be immediately compensated through the mechanism established by Presidential Decree 7.945/2013. The stranded costs not compensated totalled Euro 63 million, which will be recouped in the tariff after future tariff reviews, and changes in the value of the Euro against the local currency.

The greater decline in EBIT compared to EBITDA is due to the 11.2% increase in depreciation and amortisation charges and impairment losses, primarily the Euro 44 million write-down of assets that are no longer in operation.
Chile

EBITDA in the distribution business in Chile totalled Euro 268 million in 2013, down 1.5% year on year, while EBIT shrank 0.9% to Euro 215 million in the same period.

The increase in sales volumes (+4.4%), brought about by rising demand (+4.3%) did not offset the narrower unit margin (-6.8%).

Colombia

EBITDA and EBIT in the Colombian distribution business declined by 6.6% and 5.4%, respectively, to Euro 470 million and Euro 371 million.

Despite the higher demand (+3.2%) and physical sales (+1.0%) in Colombia, EBITDA and EBIT were reduced due to a dip in demand in Bogota (-3.0%) and a lower unit margin (-8.1%) deriving from indexing the tariffs to the Producer Price Index (IPP).

Peru

EBITDA in the distribution business in Peru totalled Euro 142 million in 2013, down 6.6% year on year, while EBIT shrank 7.1% to Euro 104 million compared to 2012.

Despite the higher demand (+5.9%) and physical sales (+2.7%), these parameters fell because a lower unit margin (-8.1%) deriving from the tariff indexation.

ENDESA’s results in the countries in which it operates were as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>EBITDA (Euro million)</th>
<th>EBIT (Euro million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>101</td>
<td>50</td>
</tr>
<tr>
<td>Brazil</td>
<td>218</td>
<td>198</td>
</tr>
<tr>
<td>Chile</td>
<td>581</td>
<td>434</td>
</tr>
<tr>
<td>Colombia</td>
<td>610</td>
<td>553</td>
</tr>
<tr>
<td>Peru</td>
<td>257</td>
<td>183</td>
</tr>
<tr>
<td>Total</td>
<td>1,767</td>
<td>1,418</td>
</tr>
<tr>
<td>Brazil-Argentina interconnection</td>
<td>68</td>
<td>48</td>
</tr>
<tr>
<td>Total generation and transmission</td>
<td>1,835</td>
<td>1,466</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>EBITDA (Euro million)</th>
<th>EBIT (Euro million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>208</td>
<td>185</td>
</tr>
<tr>
<td>Brazil</td>
<td>566</td>
<td>358</td>
</tr>
<tr>
<td>Chile</td>
<td>268</td>
<td>215</td>
</tr>
<tr>
<td>Colombia</td>
<td>470</td>
<td>371</td>
</tr>
<tr>
<td>Peru</td>
<td>142</td>
<td>104</td>
</tr>
<tr>
<td>Total distribution</td>
<td>1,654</td>
<td>1,233</td>
</tr>
</tbody>
</table>

ENDESA's results in the countries in which it operates were as follows:

EBITDA and EBIT from the business in Latin America – Generation and transmission

<table>
<thead>
<tr>
<th>Country</th>
<th>EBITDA (Euro million)</th>
<th>EBIT (Euro million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>101</td>
<td>50</td>
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<tr>
<td>Brazil</td>
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<tr>
<td>Chile</td>
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<td>434</td>
</tr>
<tr>
<td>Colombia</td>
<td>610</td>
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</tr>
<tr>
<td>Peru</td>
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</tr>
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<td>1,767</td>
<td>1,418</td>
</tr>
<tr>
<td>Brazil-Argentina interconnection</td>
<td>68</td>
<td>48</td>
</tr>
<tr>
<td>Total generation and transmission</td>
<td>1,835</td>
<td>1,466</td>
</tr>
</tbody>
</table>

EBITDA and EBIT – Business in Latin America: Distribution

<table>
<thead>
<tr>
<th>Country</th>
<th>EBITDA (Euro million)</th>
<th>EBIT (Euro million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>208</td>
<td>185</td>
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<td>Brazil</td>
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<td>470</td>
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</tr>
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<td>Peru</td>
<td>142</td>
<td>104</td>
</tr>
<tr>
<td>Total distribution</td>
<td>1,654</td>
<td>1,233</td>
</tr>
</tbody>
</table>
2.2.3. Financial results

ENDESA’s Latin American business generated a net financial loss of Euro 250 million in 2013, showing a fall of 34.2% against 2012. Net financial expense stood at Euro 216 million, down by Euro 127 million in 2013, a fall of 37.0%.

The recognition of amounts to be applied under the Cost Controlling Mechanism (MMC) adjustment in Argentina generated net financial income of Euro 40 million.

Stripping out the recognition of a charge of Euro 83 million to update the financial assets associated with Brazilian distribution concessions (Federal Law 12.783/13), net financial expense in 2013 would have fallen by Euro 184 million (-35.2%) due to the decrease in average financial debt with respect to 2012 and also to the decrease in the average cost of debt.

Net exchange losses of Euro 37 million were recognised for 2012, and stood at Euro 34 million in 2013.

2.2.4. Cash flow from operating activities

Net cash flows from operating activities amounted to Euro 2,289 million in 2013, Euro 156 million more than in 2012.

<table>
<thead>
<tr>
<th>Net cash flows from/ (used in) operating activities</th>
<th>Euro million</th>
</tr>
</thead>
<tbody>
<tr>
<td>in 2013</td>
<td>2,289</td>
</tr>
<tr>
<td>in 2012</td>
<td>2,133</td>
</tr>
<tr>
<td>Difference</td>
<td>156</td>
</tr>
<tr>
<td>Change (%)</td>
<td>7.31%</td>
</tr>
</tbody>
</table>

2.2.5. Investment

ENDESA invested a total of Euro 1,525 million in 2013. Of this figure, Euro 148 million were financial investments and the remaining Euro 1,377 million related to capex and investment in intangible assets.

<table>
<thead>
<tr>
<th>Capex and investment in intangible assets and financial investment – Business in Latin America</th>
<th>Euro million</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Generation</td>
<td>649</td>
<td>530</td>
</tr>
<tr>
<td>Distribution and transmission</td>
<td>439</td>
<td>360</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Total capex</td>
<td>1,094</td>
<td>901</td>
</tr>
<tr>
<td>Intangible assets (*)</td>
<td>283</td>
<td>290</td>
</tr>
<tr>
<td>Total capex and investment in intangible assets</td>
<td>1,377</td>
<td>1,191</td>
</tr>
<tr>
<td>Financial investment</td>
<td>148</td>
<td>123</td>
</tr>
<tr>
<td>Total capex and investment in assets and financial investments</td>
<td>1,525</td>
<td>1,314</td>
</tr>
</tbody>
</table>

(*) Includes investments in the Brazilian distribution business as, given the nature of the concession, the associated assets are classified partly as intangible and partly as financial under IFRIC 12.
3. Share price performance and investor relations

3.1. ENDESA on the stock market

The brighter outlook and macroeconomic conditions, primarily in developed countries, combined with the expansionary monetary policies set in motion by the major central banks lay behind the buoyant stock markets in 2013.

In Europe, Spain’s Ibex 35 index stood out after rebounding from three consecutive years of contraction, closing the year up 21% and only outperformed by the German stock market, which climbed 26%. The Paris stock exchange was just behind, advancing 18%, followed by Milan (+17%) and London (+14%). The pan-European Eurostoxx 50 index also ended the year up by 18%, reflecting renewed confidence in the stability of the eurozone.

Non-European stock markets were also buoyant in 2013, except those in Latin America. In Japan, the Nikkei surged 57% – the highest annual uptick in 40 years, while the Nasdaq, S&P 500 and Dow Jones in the United States saw gains of 38%, 30% and 26%, respectively, after posting numerous record highs.

Investors in Spain were optimistic given the first signs of economic recovery, with GDP rising slightly in the third quarter (+0.1%), and the consequential reduction in the country’s risk premium, which closed the year at its lowest level since 2011. The German bond spread fell over 170 basis points from January, standing at 220 points at year-end 2013. This demonstrated a change in perception of the Spanish market, with various official agencies indicating that the Spanish economy would return to growth in 2014.

The electricity sector in Europe again faced challenges and weak fundamentals: a drop in demand, regulatory risk, questions about the electricity market model, etc., although it too was party to the stock market upturn. The Dow Jones Eurostoxx Utilities index gained 9%. The only European electricity sector companies not seeing gains in their share price were the German utilities (E.On: -5%, RWE: -15%).

In Spain, the sector’s performance was affected by the introduction of the electricity generation tax, which came into effect in January 2013 through Law 15/2012. The aim of this tax is to wipe out the structural tariff deficit – a matter covered in Royal Decree Law 9/2013, prior to a full energy sector reform, which the regulator initiated in the second half of the year. This overhaul is being implemented through a new Electricity Sector Act and several royal decrees and ministerial orders.

On a positive note, 2013 saw the end of the securitisation of deficit collection rights through FADE (a vehicle designed for this purpose), in relation to the revenue shortfall recognised by electric utilities on their balance sheets.

Following the widespread trend among Spanish equities, ENDESA’s share price picked up notably from the low levels reached as a consequence of the major aversion to risk at the start of the year. It ended the year at the forefront of the sector. Shares surged by 38%, ending the year at Euro 23.3 per share – a high for the year. This level was also 46% above the low of Euro 16 registered at the close on 17 July.

The announcement mid-December that ENDESA had returned to paying out an interim dividend against 2013 profits contributed very positively to its performance during the trading year.

ENDESA’s market capitalisation at year end stood at Euro 24,669 million.
3.2. Dividend

In February 2013, ENDESA’s Board of Directors adopted a prudent stance and resolved to suspend the dividend payout against 2012 profits, given the regulatory uncertainty in the sector and the high tariff deficit pending securitisation at the time due to market turbulence.

This measure, tabled by the Board and subsequently approved by shareholders in the 22 April GSM, aimed to underpin the Company’s financial position given the challenges of responding to the economic, energy sector and regulatory environment.

Looking forward to 2014, at its meeting held on 17 December 2013, ENDESA’s Board of Directors agreed to pay its shareholders a gross interim dividend against 2013 earnings of Euro 1.5 per share. This distribution gave rise to a pay-out of Euro 1,588 million on 2 January.

3.3. ENDESA on the main benchmark indices

3.3.1. Total shareholder returns

The total return for ENDESA shareholders in 2013 coincides with the share price gain of 38%, as no dividends were paid out during the year.

3.3.2. ENDESA on the IBEX 35

Having been listed on the IBEX 35 since it was set up in 1992, the Technical Advisory Committee decided at a meeting on 16 December 2013 that ENDESA’s liquidity was insufficient for it to remain part of this blue chip index. Its share was removed on 23 December. Until that time, ENDESA was listed on the IBEX 35 index with a market capitalisation coefficient of 10% due to its free float of 7.94%.

3.3.3. Liquidity

Including trading on the Spanish stock market (continuous market) as well as block trades and special transactions, the average number of shares in the Company traded on a daily basis in 2013 was 502,052, 21% less than in 2012 (637,007). Total trading volume for 2013 was 0.12 times the Company’s capital. However, trading volume was 1.5 times the market capitalisation represented by the real number of outstanding shares.

3.3.4. ENDESA’s rating

Greater optimism in 2013 in view of Spain’s macroeconomic conditions and prospects, as demonstrated by the positive perspective of the country’s sovereign bonds announced by the three main rating agencies, was in contrast to the persistent difficulties remaining in the electricity sector.

These challenges regarding both key financials and regulatory matters saw the credit ratings of Spanish electric utilities remain hardly unchanged in 2013, although it should be noted that all of them started and ended the year with higher ratings than that of Spain.

Regulatory uncertainty led Fitch to put the main Spanish electric utilities including ENDESA on credit watch for a possible downgrade at the beginning of July, although this was pending a decision to date.
Also in July, S&P downgraded ENDESA’s rating to BBB, stable (previously BBB+, negative) just after Royal Decree Law 9/2013 was announced to reintroduce tariff sufficiency.

Moody’s, meanwhile, left the Company’s rating unchanged in the year (Baa2, negative).

Lastly, at the end of 2013 ENDESA’s credit rating was still Investment Grade according to all the ratings agencies.

3.4. Enersis and Endesa Chile share price performance

3.4.1. The Chilean stock exchange

In contrast to the performance of the leading financial markets in Europe and North America, the Latin American stock markets closed significantly down in 2013.

The main index of the Santiago stock exchange, the IPSA, ended 2013 down 14% following the downward trend of the other indexes in the region on which the Group is listed: Colcap (Colombia): -12.4%; Bovespa (Brazil): -15.5% and IG-BVL (Peru): -23.6%. The exception to this decline was the stellar performance of the Buenos Aires stock exchange with its 88.9% increase, reaching all-time highs after the legislative elections in the country.

ENDESA’s main investees in Chile, Enersis and Endesa Chile, posted mixed returns at the 2013 close.

Enersis’s shares fell 10.4%, ending the year at Chilean Peso 157.60 per share, primarily due to the operating variables such as the prolonged drought for the fourth consecutive year, doubts about the global economy, and especially the weaknesses in the emerging economies, above all China.

On 28 March 2013, Enersis’s capital increase was also completed with the 16,441,606,297 newly issued shares being fully subscribed and paid up. This equated to US Dollar 5,963 million in cash. Consequently, at year-end 2013, Enersis’s share capital was represented by 49,092,772,762 ordinary shares. After executing all its pre-emptive subscription rights, Endesa, S.A. holds 29,762,213,531 of these shares either directly or through its subsidiary Endesa Latinoamérica, S.A., representing a 60.62% stake.

Elsewhere, Endesa Chile saw its share price rise 0.5%, closing 2013 at Chilean peso 782.27 per share. As in previous years, Enersis and Endesa Chile continued to rank among the companies with the highest trading volume on the Chilean stock exchange. Enersis’ shares ranked among the top four most traded shares on the Santiago stock exchange, posting a total trading volume of Chilean Peso 1,571,717 million. Endesa Chile, meanwhile, occupied the sixth slot, with a trading volume of Chilean Peso 1,095,408 million; significantly higher than a year earlier.

The average daily trading volume at Enersis was 37.14 million shares in 2013, 48.9% more than in 2012. The average daily volume of Endesa Chile shares traded climbed 7% from 5.45 million shares in 2012 to 5.83 million in 2013.

<table>
<thead>
<tr>
<th>Source: Bloomberg</th>
<th>Enersis and Endesa Chile on the Santiago de Chile stock exchange and comparison with leading benchmark indexes, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPSA</td>
<td>IGPA</td>
</tr>
<tr>
<td>-14%</td>
<td>-13.5%</td>
</tr>
</tbody>
</table>

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3.4.2. New York stock exchange

The stock market performances of Enersis and Endesa Chile in US Dollar terms were negative. Enersis’ American Depositary Receipt (ADR) (ENI) closed the year down 17.7% at USD 14.99 while Endesa Chile’s ADR (EOC) was 8.7% down at USD 44.58.

3.4.3. Latibex

Enersis’ shares (XENI) on the Latibex market fell 19.4% to Euro 0.224 per share, while Endesa Chile’s share price (XEOC) decreased 15.1% to Euro 1.026 in 2013.

Note: Enersis and Endesa Chile shares were admitted for trading on the Latin American Securities Market (Latibex) of the Madrid stock exchange on 17 December 2001. Until April 2011, the trading unit for Enersis was 50 shares and for Endesa Chile, 30 shares. Since 2 May 2011, the trading unit is unitary.

3.4.4. Enersis and Endesa Chile ratings

The three leading ratings agencies in the world ratified the credit ratings of Enersis and Endesa Chile in 2013. Specifically, S&P and Fitch kept their long-term rating at BBB+, stable, while Moody’s left the two companies’ rating at Baa2, also stable.

3.5. Investor Relations and Shareholders’ Office activities

ENDESA maintains ongoing relationships with its shareholders, both private and institutional investors alike, as well as with the leading stock market analysts, and it provides them with a steady stream of detailed information.

The most noteworthy activities performed in 2013 include the publication of the Company’s quarterly results for the benefit of analysts and investors.

ENDESA held its Ordinary General Shareholders’ Meeting on 22 April 2013 at its headquarters in Madrid. All the items on the Agenda were approved at the meeting, with a quorum of 93.39% of the share capital.

ENDESA provides its individual shareholders with information through the “Information for Shareholders and Investors” section of its corporate website (www.endesa.com).

Key share price data for ENDESA, Enersis and Endesa Chile in 2013

<table>
<thead>
<tr>
<th></th>
<th>High</th>
<th>Low</th>
<th>Average</th>
<th>Closing price</th>
<th>Annual gain/loss (%)</th>
<th>Volume of shares traded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madrid Stock Exchange</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENDESA (Euro/share)</td>
<td>23.30</td>
<td>16.00</td>
<td>18.35</td>
<td>23.30</td>
<td>38.1%</td>
<td>128,023,145</td>
</tr>
<tr>
<td>Chilean Stock Exchange</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enersis (CLP/share)</td>
<td>188.15</td>
<td>151.80</td>
<td>168.81</td>
<td>157.60</td>
<td>-10.4%</td>
<td>9,263,149,937</td>
</tr>
<tr>
<td>Endesa Chile (CLP/share)</td>
<td>840.75</td>
<td>675.67</td>
<td>766.29</td>
<td>782.77</td>
<td>0.5%</td>
<td>1,448,191,935</td>
</tr>
<tr>
<td>NYSE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enersis (USD/ADR)</td>
<td>19.85</td>
<td>14.69</td>
<td>17.08</td>
<td>14.99</td>
<td>-17.7%</td>
<td>167,229,582</td>
</tr>
<tr>
<td>Endesa Chile (USD/ADR)</td>
<td>53.45</td>
<td>39.19</td>
<td>46.46</td>
<td>44.58</td>
<td>-8.7%</td>
<td>25,681,312</td>
</tr>
</tbody>
</table>

Source: Bloomberg, BME, Santiago Stock Exchange and NYSE.
Strategy
ENDESA’s 2014-2018 Strategic Plan

On 12 March 2014, ENDESA announced the outline for its 2014-2018 Strategic Plan, the main lines of action of which are broken down by business area below.

1. Strategy in Spain and Portugal

Despite the slight improvement at the end of 2013, the macroeconomic outlook for the short term in Spain and Portugal is bleak due to weak electricity demand and the regulatory measures introduced to reduce the tariff.

Against this backdrop, the 2014-2018 Strategic Plan for the business in Spain and Portugal will focus on dealing with the heightened regulatory framework by streamlining assets and cutting costs.

These priorities will be achieved through the following key actions:

- **Generation and supply:**
  - Strict spending control and optimising investments.
  - Focus on supply activities and the added-value services portfolio.

- **Distribution:**
  - Focus on operating efficiency improvements and, as with the generation and supply activities, spending control and optimising investments.
  - Roll-out of new value-added projects and services such as the introduction of digital meters and public lighting services.

2. Strategy in Latin America

Even though GDP growth forecasts seem favourable for the countries in Latin America where ENDESA operates, these are volatile economies whose currencies are exposed to various macroeconomic stresses.

The majority of these countries boast investment grade credit ratings and have a much lower risk level than the average for the region. In general, regulatory frameworks here are stable and predictable and favour expansion.

With this in mind, the 2014-2018 Strategic Plan for the business in Latin America will focus on exploiting opportunities to expand this solid platform for operations in the region.

These priorities will be achieved through the following actions:

- **Generation and supply:**
  - Increasing installed capacity by 834 MW in Chile and Colombia over the 2014-2018 period.
  - Improving efficiency by reducing fixed costs by 15% and investing in maintenance of generation assets.
  - Launching new businesses such as gas supply.

- **Distribution:**
  - Capturing growth through new customer connections, estimated at over 400,000 new customers a year.
  - Developing and increasing the value-added services portfolio.
  - Improving the quality of service, with an ambitious objective to improve the TIEPI (the equivalent interruption time related to the installed capacity).
— Reducing energy losses; an area in which there is room for improvement, above all in Brazil.

— Improving efficiency by reducing the cost of the service by 6%.

3. **Main economic/financial magnitudes**

The main economic/financial indicators relating to the introduction of the 2014-2018 Strategic Plan are highlighted below.

3.1. **Investment Plan**

The Investment Plan drawn up will be adaptable to the different potential market scenarios, even though the central scenario assumed is cautious, given the current economic crisis, and adjusted to reflect the current demand outlook.

That said, the Company intends to make a considerable investment effort, in keeping with its position as market leader. Euro 2,000 million has been earmarked for investments in 2014, rising to Euro 2,200 million in 2016. Of this, 30% is for the business in Spain and Portugal while 70% will go to the business in Latin America.

3.2. **Financial results**

The financials set out in the Strategic Plan show EBITDA of around Euro 6,400 million in 2014, climbing to Euro 7,500 million by 2016. Spain and Portugal’s contribution over this period will be 44%, which Latin America’s share will be 56%.
Businesses
1. Business in Spain and Portugal

1.1. Business in Spain

1.1.1. Electricity generation

At 31 December 2013, ENDESA’s installed capacity at ordinary regime facilities was 22,103 MW. Of this amount, 16,980 MW corresponded to the mainland electricity system and the remaining 5,123 MW to island and non-mainland systems, i.e., the Balearic Islands, the Canary Islands, Ceuta and Melilla.

In Spain, ENDESA had total net output of 68,383 GWh between mainland ordinary regime and non-mainland generation, a decrease of 8.2% compared to 2012. This was caused mainly by a 2.2% decline in demand and an 8.1% increase in renewables and CHP output.

ENDESA’s mainland output declined in 2013 (-8.3%) compared to the previous year, as did output from all technologies except for hydro which saw output double (+4.2 TWh). The low operations of thermal technologies in general, due to the reduced thermal gap, is also striking: domestic coal (-3.9 TWh), imported coal (-3.1 TWh) and combined cycles (-1.2 TWh), and lower nuclear output (-1.0 TWh) due mainly to the stoppage of the Garoña plant.

Non-mainland output registered 12,335 GWh, 7.9% down on 2012.

1.1.2. New facilities and operational upgrades

Main electricity infrastructure projects started, developed, or completed by ENDESA during 2013 in Spain are as follows:

Mainland system

- Engineering and completion work of Phase 2 of the new ash deposit at the Compostilla thermal power plant.
- Engineering work was completed at the Ribera 2 quay at the Litoral thermal power plant (Almeria), and materials for the coal loading facility also started to be delivered.
- A cooling system for the burners of the second unit at the Puentes thermal power plant was installed, and work continued to assemble similar systems for the other units.
- Work commenced on installing a system to cut NOx emissions at the Puentes thermal power plant.
- Work started to construct the facilities to adapt SAA coal-fired operations at the Puentes thermal power plant.

<table>
<thead>
<tr>
<th>Generating technology</th>
<th>2013</th>
<th>2012</th>
<th>Chg. in GWh</th>
<th>% change</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hydroelectric</td>
<td>9,511</td>
<td>9,515,350</td>
<td>4,161</td>
<td>77.8</td>
<td>13.9</td>
</tr>
<tr>
<td>Nuclear</td>
<td>25,967</td>
<td>26,967</td>
<td>-1,000</td>
<td>-3.7</td>
<td>38.0</td>
</tr>
<tr>
<td>Domestic coal</td>
<td>6,178</td>
<td>10,040</td>
<td>-3,862</td>
<td>-38.5</td>
<td>9.0</td>
</tr>
<tr>
<td>Imported coal</td>
<td>12,919</td>
<td>16,024</td>
<td>-3,105</td>
<td>-19.4</td>
<td>18.9</td>
</tr>
<tr>
<td>Combined cycle</td>
<td>1,473</td>
<td>2,709</td>
<td>-1,236</td>
<td>-45.6</td>
<td>2.2</td>
</tr>
<tr>
<td>Total mainland</td>
<td>56,048</td>
<td>61,090</td>
<td>-5,042</td>
<td>-8.3</td>
<td>82.0</td>
</tr>
<tr>
<td>Non-mainland</td>
<td>12,335</td>
<td>13,395</td>
<td>-1,060</td>
<td>-7.9</td>
<td>18.0</td>
</tr>
<tr>
<td>Total</td>
<td>68,383</td>
<td>74,485</td>
<td>-6,102</td>
<td>-8.2</td>
<td>100.0</td>
</tr>
</tbody>
</table>
• Operational improvements were made to the cooling towers of unit 4 of the Puentes thermal power plant and the chimney at the Andorra thermal power station.

• Dismantling work at the Sant Adrià de Besós and Badalona thermal plants was completed.

• Preparative work prior to construction of the Moralets II reversible pumped-storage hydroelectric power station (400 MW) was finished.

Balearic Islands

• A new open-cycle gas turbine (50 MW) was commissioned at the Ibiza diesel-fired plant.

• Modifications and testing work was started to adapt the two generators at the diesel-fired plant in Ibiza to gas.

• Phase 1 of the project to construct a new landfill at the Alcuida thermal power plant (Majorca) was started, along with the work to construct Phase 2.

Canary Islands

• The new diesel generators were brought on stream at the Punta Grande, Lanzarote (18 MW) and Llanos Blancos, El Hierro (2MW) diesel-fired plants.

• Work continued to install NOx scrubbers at the Arona plant (Tenerife).

Ceuta and Melilla

• New workshops were completed at the Ceuta diesel-fired plant, while warehouses were extended and the former auxiliary service workshops were demolished.

• A new effluent treatment plant at the diesel-fired power plant in Melilla was brought on line.

• Work continued to relocate common facilities at the Melilla diesel-fired plant.

1.1.3. Mining

ENDESA has four coal mining operations in Spain at As Pontes (A Coruña) and Andorra (Teruel), belonging to ENDESA GENERACIÓN, and Puertollano (Ciudad Real) and Peñarroya (Córdoba) through ENCASUR. Coal was only mined at the Puertollano mine in 2013, while mining did not take place at other sites, which are currently being restored.

In 2013, ENDESA extracted a total of 619 thousand tonnes of coal, equivalent to 2,486 million therms LHV, which represents a decrease (10.8%) of 191 thousand tonnes compared to 2012. This reduction was due to the winding up of Endesa Generación’s mining operations at the Andorra mine, which was partially offset by an uptick in output from the Puertollano mine. ENDESA’s output accounts for approximately 10% of Spain’s total output of domestic coal.

701,000 tonnes of coal were sold in 2013, equivalent to 2,752 million therms, 20.3% lower than the output for the previous year pursuant to the Secretary of State for Energy’s resolution introducing restrictions on coal procurements to guarantee supply under Royal Decree 134/2010. The shortfall between sales and output was met with stock from previous years.

Of the total supply in therms LHV to customers, 23% was delivered to Elcogas and the remaining 77% to E.ON Generación.

As for land reclamation and the execution of end-of-life plans, it is worth drawing attention to the environmental restoration carried out at the Andorra plant and Puertollano.

ENDESA’s mining output by type of coal (millions of therms LHV)

<table>
<thead>
<tr>
<th>Producer</th>
<th>Type of coal</th>
<th>2013</th>
<th>2012</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endesa Generación</td>
<td>Black lignite</td>
<td>0</td>
<td>754</td>
<td>-100.0</td>
</tr>
<tr>
<td>Encasur</td>
<td>Bituminous</td>
<td>2,486</td>
<td>2,033</td>
<td>22.3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2,486</td>
<td>2,787</td>
<td>-10.8</td>
</tr>
</tbody>
</table>

LHV: Lower Heating Value
mine, in tandem with the exploitation phase. In 2013, 150 hectares of mining land were restored.

Work to restore the "Corta Cervantes" site at the Peñarroya mine was finished in 2013.

1.1.4. Regulated market

In Spain, ENDESA distributes electricity in 27 provinces across 10 autonomous regions (Catalonia, Andalusia, the Balearic Islands, the Canary Islands, Aragon, Extremadura, Castile-Leon, Navarre, Valencia and Galicia), covering a total area of 192,790 km² with a total population of nearly 22 million.

In 2013, the number of distribution customers was 11.9 million, with contracted capacity of 80.8 GW.

ENDESA’s network supplied 112,031 GWh of power in 2013 measured at busbar cost, covering 43% of total demand in Spain, which totalled 261 TWh, according to the Spanish electricity system operator.

1.1.4.1. Development of distribution infrastructure

In 2013, ENDESA had 323,633 kilometres of distribution grid lines in Spain (following the regularisation of the MV grid to make it homogeneous with the information submitted to the authorities). Of these, around 40% are underground lines.

In 2013, seven new medium- and high-voltage substations were commissioned. Other initiatives focused on reducing the environmental impact of the grids and developing specific plans, backed by respective local governments.

The remote management project continued as planned, with 4.2 million meters and 32,765 concentrators installed at year-end 2013. Over 3 million smart meters are now controlled automatically by ENDESA’s remote management system.

1.1.4.2. Continuity of supply

Supply continuity in Spain is gauged by two main indicators: equivalent interruption time related to the installed capacity (TIEPI) and the equivalent number of interruptions related to the installed capacity (NIEPI) which, respectively, measure the duration and number of equivalent interruptions of installed capacity. The calculation procedure for these indicators is regulated by Royal Decree 1955/2000 and the results are audited annually by an independent company.

During 2013, the TIEPI in the markets supplied by ENDESA in Spain stood at 47 minutes, down 5 minutes on the 2012 figure and a new record for supply availability offered to customers and service reliability 99.99% of the time per annum. The NIEPI in 2013 stood at 1.3, down 0.1 compared with the previous year.

### ENDESA’s commercial mining activity by type of coal (millions of therms LHV)

<table>
<thead>
<tr>
<th>Producer, Customer</th>
<th>Type of coal</th>
<th>2013</th>
<th>2012</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endesa Generación Teruel (EG)</td>
<td>Black lignite (UPT)</td>
<td>0</td>
<td>754</td>
<td>-100.0</td>
</tr>
<tr>
<td>Encasur Elcogas</td>
<td>Bituminous</td>
<td>630</td>
<td>583</td>
<td>8.1%</td>
</tr>
<tr>
<td>Encasur E.ON</td>
<td>Bituminous</td>
<td>2,122</td>
<td>1,689</td>
<td>25.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>2,752</strong></td>
<td><strong>3,026</strong></td>
</tr>
</tbody>
</table>

*The length of the low-voltage network is estimated.*

### ENDESA distribution facilities in Spain and Portugal

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>% change 2013-2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-voltage overhead lines (km)</td>
<td>18,311</td>
<td>18,815</td>
<td>18,821</td>
<td>0.0</td>
</tr>
<tr>
<td>High-voltage underground lines (km)</td>
<td>711</td>
<td>726</td>
<td>745</td>
<td>2.6</td>
</tr>
<tr>
<td>Medium-voltage overhead lines (km)</td>
<td>79,539</td>
<td>77,414</td>
<td>77,597</td>
<td>0.2</td>
</tr>
<tr>
<td>Medium-voltage underground lines (km)</td>
<td>39,261</td>
<td>39,434</td>
<td>39,946</td>
<td>1.3</td>
</tr>
<tr>
<td>Low-voltage overhead lines (km)*</td>
<td>95,921</td>
<td>96,291</td>
<td>97,026</td>
<td>0.8</td>
</tr>
<tr>
<td>Low-voltage underground lines (km)*</td>
<td>87,721</td>
<td>89,830</td>
<td>89,498</td>
<td>-0.4</td>
</tr>
<tr>
<td>Substations (no.)</td>
<td>1,240</td>
<td>1,255</td>
<td>1,244</td>
<td>-0.9</td>
</tr>
<tr>
<td>Substations (MVA)</td>
<td>82,526</td>
<td>83,569</td>
<td>84,890</td>
<td>1.6</td>
</tr>
<tr>
<td>Transformer centres (no.)</td>
<td>130,858</td>
<td>131,166</td>
<td>131,491</td>
<td>0.2</td>
</tr>
</tbody>
</table>

* The length of the low-voltage network is estimated.
Improvements in the continuity of supply indicators were achieved in most of the autonomous regions served by ENDESA. Catalonia and Andalusia saw their historical TIEPI values come down to 43 and 53 minutes, respectively, while the Canary Islands, the Balearics, Aragon and Extremadura enjoyed excellent annual interruption times of 31, 31, 54 and 56 minutes, respectively.

Equally, the cities served by ENDESA enjoyed outstanding supply quality; practically all registering average supply interruption times of below 30 minutes; 11 minutes for Teruel, Huesca, Almería and Palma de Mallorca.

### 1.1.5. Deregulated market

In 2013, ENDESA supplied 87.1 TWh to customers in the deregulated electricity market through 11.2 million supply points, achieving a market share of 37.5% in terms of energy supplied, and retaining its position as the clear leader in the sector. Its average market share in areas not covered by its distribution grid was over 20%.

### Operational excellence and customer service

ENDESA's Customer Service Excellence Plan focused on sales service quality, customer care and improvements to the methods for measuring customer satisfaction.

Among the results obtained, it is worth highlighting the following: an 8% increase in overall satisfaction with the telephone channel in the residential market in Spain, a 10% increase in overall satisfaction among business customers of the complaints process, and a 5% improvement in overall satisfaction with meter reading and billing among residential customers. The number of customers registered for e-billing also doubled.

#### 1.1.6. ENDESA Customer Ombudsman

ENDESA’s Customer Ombudsman, the only one in the Spanish electricity market, works independently from the Company’s management teams and was appointed to provide customers with an additional means of dialogue in connection with the services that ENDESA provides in the market; listening to external and in-house representatives and proposing to the Company recommendations for ascertaining customers’ needs and expectations and improving service quality.

José Luis Oller Ariño was appointed ENDESA Customer Ombudsman in 2005.

### Complaints handled

The Customer Ombudsman dealt with 2,658 complaints in 2013, 40% higher than in 2012.

Much of this rise was due to complaints that did not strictly lie within the Ombudsman’s remit, which practically doubled from the previous year, while claims within the Ombudsman’s jurisdiction remained stable (1,155).

By type, complaints related with metering equipment (16% of the total) increased the most during 2013. Complaints about the meter reading, billing and collection cycle (40% of the total), fell slightly, while those associated with the distribution grid (23%) were up 20% compared to 2012.

Complaints about gas and gas service contracts went down, while the number of complaints related to the contract arrangement process in the deregulated market remained stable (accounting for 15% of the total).
Some 79% of the complaints were resolved partially or fully in favour of the customer.

The average time taken to resolve complaints was also cut to 57 days; within the target margins. This improvement is reflected in the percentage of complaints resolved in less than 30 days and less than 60 days.

Most complaints were resolved through direct discussions between ENDESA and the customer (54%). In the other cases, the Ombudsman resolved cases through simple conciliation (20%) or reconciliation based on principles of justice and equity (26%).

Perceived quality

Overall customer satisfaction with the Ombudsman remained stable (a score of 7.4), with most customers saying they were satisfied or very satisfied.

The service and information received from the Customer Ombudsman Office scored most highly. Customers also especially appreciated the assurance given by the Ombudsman (7.6), with 76% stating that they would recommend the service to other customers.

Other activities

In 2013, the Ombudsman issued two Recommendations and 14 Failure Alerts.
The Recommendations issued concerned how complaints about electrical damage, and the procedure for cutting off and suspending supply are handled. In both cases, it was recommended that ENDESA should be more transparent and provide better information to its customers to avoid complaints.

In contrast to the Recommendations, the Failure Alerts flag up specific cases where the Customer Ombudsman has identified during his analysis an error or failure that he demands be fixed.

In 2013, the Ombudsman presented a Declaration of Commitments to customers.

The Declaration, shared with other ENDESA ombudsmen in Latin America, is intended to offer assurance to all customers in their dealings with the Ombudsman so that they place all their trust him to resolve their enquiries and complaints. The principles established in the Declaration are provided to customers on the Customer Ombudsman website.

### 1.1.7. ENDESA in the wholesale market

#### 1.1.7.1. The Spanish electricity wholesale market

In mainland Spain during 2013, 246 TWh of power were allocated for sale to end customers in the electricity market, for export and to cover the consumption of the system itself (i.e. grid losses, auxiliary consumption by power stations and pumping consumption). Pumping consumption, exports and the Mainland-Balearics interconnection totalled 14 TWh.

33.9% of the total output was traded on the day-ahead market managed by the Electricity Market Operator (OMEL), 26.8% through bilateral contracts, 8.8% through energy auctions, 6.1% on the operations markets run by Red Eléctrica de España (REE), while the rest, some 24.3% of output, was acquired directly by distributors at the renewables/CHP tariff rate.

Approximately 420 TWh was traded on forward electricity markets, up 30% on 2012, of which 41 TWh was traded on the organised market (OMEL) and the remainder on over-the-counter (OTC) markets.

19% and 8% of the total OTC market trades were arranged by OMICLEAR (38 TWh) and MEFF (33 TWh), respectively.

ENDESA arranged a total of 57 TWh of the total 420 TWh in 2013.

Since 2008, the volume traded on forward electricity markets has climbed, except in 2012 (due to regulatory effects).

#### 1.1.7.2. Electricity auctions in the wholesale market

At the same time, Last Resort Suppliers (LRS) took part in the CESUR auctions in line with their share of purchases made during 2013 (roughly 47% of the energy auctioned was acquired by ENDESA).
The energy auctioned was 55% of the total last resort energy. Pursuant to Royal Decree 302/2011, the rest of the last resort energy supplied was covered by the LRS using financial products acquired from the CHP/renewables facilities under the regulated tariff and, since the entry into force of Royal Decree 9/2013, acquired from the system.

1.1.7.3. Electricity price trends in the wholesale market

The arithmetic average price on the day-ahead market was 44.26 €/MWh in 2013, compared with 47.24 €/MWh in 2012 (-6.3%). Weighted average prices were 44.37 €/MWh in 2013 and 49.23 €/MWh in 2012. Given that in 2013 the stranded costs in forward markets added 4.9 €/MWh to the average price and capacity payments, 2.3 €/MWh, the final year-end price was 51.6 €/MWh.

1.1.7.4. Average day-ahead price

Despite the new taxes on output, the average day-ahead price during the year was lower than 2012, driven mainly by the reduction in prices, especially coal and CO2 and a reduced thermal gap of around 29 TWh (power which must be supplied by conventional thermal power plants).

Prices in the first six months were below average because of the high level of hydroelectric output which drove down prices considerably in March and April. In the latter half of the year, prices were higher in the summer and, especially, at
the beginning of December due to a period of high demand (low temperatures) and poor wind energy output, limited contributions and high unavailability (due to climatic conditions and programmed shutdowns).

1.1.7.5. ENDESA sales and purchases in the wholesale market

In 2012, ENDESA sold 60,449 GWh; 55,929 GWh on the wholesale market, representing 36% of total mainland energy supply, and the remainder corresponding to the CHP/renewables regime at tariff.

Almost 60% of the Company's sales were the result of bilateral contracts; and the remaining 40% were made on the OMEL and REE markets.

ENDESA acquired 93,931 GWh on the wholesale market, of which 91.1% was used to cover supply, and the rest for pumping consumption and exports.

1.1.7.6. CO₂ market: meeting ETS commitments

In 2013, CO₂ prices fluctuated between 6.46 €/t and 2.70 €/t, closing the year at 4.84 €/t. The lower prices were explained by the current crisis, surplus emissions rights and regulatory uncertainties.

ENDESA maintained its environmental policy within the framework of the European Emissions Trading Scheme (ETS), to comply with the objectives of the Kyoto Protocol. Emissions from the Endesa Group's activities in Spain reached 28.5 million tonnes, practically all of which was covered by European Union Allowances (EUAs).

The Company has a portfolio of CO₂ emissions rights acquired on the market and obtained through various international projects to reduce emissions through Clean Development Mechanisms (CDMs), in compliance with its commitment to reducing emissions in third countries.

1.1.8. Fuel supplies

Utilisation of thermal plants was low in 2013, largely due to lower demand, higher use of renewables and high rainfall. Output from all technologies declined in 2013, apart from hydro production which saw output double.

Despite these conditions, ENDESA was very active in the financial and physical wholesale markets.

The Company supplied 8.8 million tonnes of coal in 2013, a year-on-year drop of 33.2%. In terms of liquid fuel, the Company managed 1.3 million tonnes of fuel-oil and 0.7 million tonnes of gasoil, 8.8% and 15% less than in 2011, respectively, due to lower growth in electricity demand in the non-mainland systems, and, to a lesser extent, the commissioning of the electricity interconnection between the mainland and the Balearic Islands. Over the same period, it supplied 3 million tonnes of coal to third parties, 49% higher than in 2012.

Lastly, the Company handled 4.6 million m³ of gas.

### ENDESA sales and purchases (GWh)

<table>
<thead>
<tr>
<th></th>
<th>Total 2013</th>
<th>Total 2012</th>
<th>% difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic coal (kt)</td>
<td>1,673</td>
<td>3,584</td>
<td>-53.3</td>
</tr>
<tr>
<td>Imported coal (kt)</td>
<td>7,108</td>
<td>9,390</td>
<td>-24.3</td>
</tr>
<tr>
<td>Oil coke (kt)</td>
<td>51</td>
<td>353</td>
<td>-85.5</td>
</tr>
<tr>
<td>Fuel-oil (kt)</td>
<td>2,039</td>
<td>2,163</td>
<td>-1.4</td>
</tr>
<tr>
<td>Natural gas cycles (Mn. m³)</td>
<td>594</td>
<td>1,320</td>
<td>-55.0</td>
</tr>
<tr>
<td>Natural gas sales (Mn. m³)</td>
<td>4,002</td>
<td>4,593</td>
<td>-12.9</td>
</tr>
</tbody>
</table>

Note: Including non-mainland sales. Does not include third-party supplies.
1.1.9. Risk management in the electricity business

ENDESA’s results in Spain and Portugal are subject to various risk factors: fluctuating commodities prices (electricity, gas, coal and CO² emission rights), and in the Euro/US Dollar exchange rate (market risk); possible breaches of contract by counterparties (credit risk); or regulatory and other changes associated with business operations (operating risk).

The Company’s current risk management policy establishes, among other concepts, limitations on added risk (risk margin), trading portfolio risk (value at risk in the business portfolio) and exposure to counterparty credit. Risk management procedures are also in place to mitigate other types of operating risk. In 2013, risk control procedures were put in place, designed for all group companies.

In 2013, an appropriate balance was obtained between margin and risk in business activities. The management of counterparty risk regarding wholesale counterparties and customers remained significant, given the global economic crisis. Regulatory changes affected the risk profiles of the business, especially the imposition of new taxes on electricity output and fuel consumption, which affected generation risk profiles.

The hedging strategy applied in 2013 aimed to mitigate risk by taking positions in forward markets, and also took into account commercial sales activity and the reduction of the spreads of the coal-fired plants. This strategy therefore combined dynamic strategies for thermal generation assets and power purchase programmes in wholesale markets to cover short positions resulting from the sale of electricity.

Furthermore, the hedging strategy applied to the gas portfolio takes into account positions relating to supply, sales to customers, and demand for electricity generation.

In the CO₂ rights markets, regulatory uncertainty and the decline in prices during 2013 prompted ENDESA to reduce its exposure to these credits.

The implementation of these strategies allowed the Company to maintain a low level of risk, always within established limits.

1.2. Activities in the Portuguese electricity sector

ENDESA’s presence in the Portuguese electricity market focuses on the generation and supply of electricity in the deregulated market.
1.2.1. Generation

At the end of 2013, ENDESA had installed capacity in Portugal of 1,095 MW under the ordinary regime (244 MW at Tejo Energía and 851 MW at Elecgas).

ENDESA also holds a 38.9% stake in Tejo Energía, the company which owns the Pego coal-fired thermal plant (628 MW gross output).

The Pego plant produced 3,024 GWh (1,176 GWh corresponding to ENDESA’s 38.9% stake) which represents 6.2% of Portugal’s total electricity consumption.

ENDESA’s Portuguese operations also earned the Company Euro 7.7 million in dividends in 2012.

It also holds a 50% stake in Elecgas, the company which is currently building an 851-MW combined cycle plant (two 425-MW groups).

It has also entered into a tolling agreement with Elecgas, through which it obtains 100% of the energy generated; 132 GWh in 2013 (0.3% of the Portuguese electricity market).

PEGOP is responsible for maintaining the Pego combined cycle and coal-fired plant. ENDESA holds a 50% stake in this company. It also has a 50% stake in Carbopego, a company that buys coal for the power plant.

In 2013, ENDESA signed a concession contract to construct the Girabolhos-Bogueira dam and reverse pumped-storage hydro power plant (Portugal) (335 MW + 29 MW).

Output in Portugal totalled 117.6 GWh.

1.2.2. Sales to the deregulated market

In 2013, deregulation of the Portuguese market for the Large Customers (medium voltage) and Companies (special low voltage) segments continued. Power supplied to the deregulated market now accounts for 64% of total consumption in the country.

ENDESA remains the second largest operator in the Portuguese deregulated electricity market, with an average market share of over 22%. At year-end 2013, ENDESA had supplied 6,513 GWh to more than 165,000 supply points, an increase of 5.7% from the year before.

Alongside its strong position in power supply, ENDESA supplied 1,267 GWh to end customers in the Portuguese gas market, 1% more than in 2012. During the year, ENDESA also continued to focus on offering value-added products and services, to complement or enhance the supply of electricity and/or gas to customers.

1.3. Natural gas business in Spain

1.3.1. The Spanish natural gas market

Natural gas consumption in Spain declined 8.1% to 333 TWh in 2013, largely due to lower consumption at the Company’s generation plants, since conventional demand from end customers fell by less than 0.6% year on year.

1.3.2. ENDESA in the Spanish natural gas market

In Spain, ENDESA is present in the sale of natural gas and participates in the receipt, storage, regasification and transmission of liquefied natural gas (LNG).

1.3.2.1. Gas supply

Total gas supplied by ENDESA in 2013 was 55.5 TWh, 3.9% higher than in 2012. However, excluding demand from electricity generation plants, 11.8% more gas was supplied year on year.
1.3.2.2. Conventional market

At 31 December 2013, ENDESA’s customer portfolio in the conventional deregulated natural gas market (excluding sales for electricity generation) was made up of 1.2 million supply points, with an annual consumption of 49.1 TWh, an increase of 11.8% on 2012.

ENDESA is the second largest gas supplier in Spain, with a 15% share of the conventional market.

1.3.2.3. Electricity generation market

Natural gas sales to electricity generation plants totalled 6.4 TWh in 2013, 32.6% lower than in 2012.

1.3.2.4. International market

9.5 TWh was supplied in France, Portugal, the Netherlands and Germany in 2013; the first year natural gas was supplied to these countries.

1.3.4. ENDESA in the regulated gas market

In 2013, ENDESA sold its 20% stake in Endesa Gas T&D, S.L., which carries out natural gas transmission and distribution in various areas in Spain, to two Goldman Sachs infrastructure funds.

1.3.3.1. Reception, storage and regasification

ENDESA owns a 47.18% stake in Compañía Transportista de Gas Canarias, S.A. (Gascan), which is developing two LNG reception, storage, and regasification plants on the Canary Islands. Each of these plants has a planned storage capacity of 150,000 m³ of LNG and natural gas regasification capacity of 150,000 m³/(n)/h (1.31 bcm/year). Article 6 of Law 17/2013, of 29 October 2013, on security supply and increased competition in non-mainland systems, established that ENDESA must transfer its stake in Gascan to the business group of the Technical System Operator within six months of the law coming into force.

Medgaz, S.A. is the company that operates the underwater Algeria-Europe gas pipeline which connects Beni Saf with the Almeria coast. The pipeline has initial capacity of 8 bcm/year. In December 2012, Endesa Generación, S.A. reached an agreement with the Belgian company Fluxys SA/NV, S.A. to sell its 12% stake in Medgaz, S.A. In January 2013, Compañía Española de Petróleos, S.A.U. (CEPSA) and SONATRACH, S.p.A. exercised their pre-emptive right to acquire ENDESA’s entire stake in Medgaz, S.A. The transaction was closed on 28 June 2013, once all the consents required to substitute the seller on the guarantees granted in respect of the Medgaz project financing were obtained. The sale price was Euro 83.8 million (of which Euro 8.1 million correspond to the transfer to the buyers of the claim held by ENDESA against Medgaz in the form of a loan).
2. Business in Latin America

ENDESA is the leading private multinational utility in Latin America, operating in the generation, distribution and transmission businesses. It is the largest electricity company in Argentina, Colombia, Chile and Peru, and has a strong position in Brazil.

ENDESA generates electricity in Latin America using the most cutting-edge technologies available, supplying electricity to five of the region’s six largest cities (Buenos Aires, Bogota, Santiago, Lima and Rio de Janeiro). It supplies the city of Ceará, owns the CIEN interconnection line between Argentina and Brazil, and has a stake in the SIEPAC electricity interconnection system that will eventually link six Central American countries.

2.1. Key data

At the close of 2013, ENDESA’s investee companies in Latin America had 16,240 MW of installed capacity and generated 61,885 GWh, 2% less than the previous year. The distribution business sold 61,512 GWh, a 3% increase on 2012, to a total of over 14.5 million customers (up 497,000 on 2012).

ENDESA operates in Latin America through its 60.62% ownership interest in the Chilean multinational Enersis.

ENDESA remains firmly committed to protecting the environment in the Latin American countries in which it operates. 97.8% of the capacity of all the electricity generating facilities in the region are ISO 14001 certified (except for the Bocamina II thermal plant in Chile, which is expected to obtain certification for 2015). The six distributors in Latin America also passed their audits with flying colours and have therefore retained their ISO 14001 certificates.

ENDESA’s Latin American investees are firmly committed to the principles of Corporate Social Responsibility. On an internal level, they give priority to personal health and safety, working proactively in this area. In this spirit, they have obtained certification for occupational health and safety management systems for operating processes, under the OHSAS 18001 Standard. At the end of 2013, all the companies in the region had obtained this certification or were undergoing audits to verify compliance with the standard or renew their certification. The Global Accident Frequency Index was reduced by around 8% year on year in the Latin American business.

During 2013, ENDESA’s subsidiaries in Chile and Colombia were certified as family-friendly companies by the Más Familia Foundation, which promotes a new model of business based on a work-life balance, flexible working, gender equality, best employment practices and the full development of employees and their families. The certification process has still not started in Brazil, Peru and Argentina.

2.2. ENDESA’s presence in Latin America by country

2.2.1. Chile

Chile contributes 22.6% to ENDESA’s total EBITDA in Latin America. 2,507 people are employed by group companies in the country.

ENDESA operates in the Chilean market through the Enersis Group, in which it holds a controlling stake of 60.62%.

Through this holding in Enersis, ENDESA controls Endesa Chile, the main generator in Chile, which owns 5,961 MW of capacity either directly or through its investees. Enersis holds a 59.98% stake in Endesa Chile.

In turn, Endesa Chile holds stakes in other Chilean generation companies such as Celta, Pehuenche and the Canela wind farm, and owns 50% of GasAtacama, with 781 MW of...
thermal energy capacity. Endesa Chile exercises control over this company alongside another shareholder.

Also through Enersis, ENDESA holds a 99.09% controlling interest in the distribution company Chillectra which has 1.7 million customers. Enersis has significant holdings in other companies conducting other activities in Chile and elsewhere in Latin America.

Enersis and Endesa Chile are listed on the Santiago de Chile, New York and Madrid stock exchanges, while Chillectra and Pehuenche are only listed on the Santiago stock exchange.

2.2.2. Brazil

The Endesa Group’s investments in Brazil are grouped together in the Endesa Brasil holding company, which accounts for 31.3% of the Company’s EBITDA in Latin America. ENDESA has a total workforce in Brazil of 2,672 employees.

ENDESA holds a 99.75% stake in the Cachoeira Dourada hydroelectric power plant (665 MW installed capacity) and a 100% stake in the Fortaleza thermal power plant (322 MW installed capacity).

In the electricity transmission business, ENDESA wholly owns CIEN, which manages the two 500-kilometre interconnection power lines between Argentina and Brazil with a total interconnection capacity of 2,100 MW and forms part of the National Interconnected Electricity System (SIN).

In the distribution segment, ENDESA manages Ampla and Coelce, in which it has controlling interests of 99.64% and 58.87%, respectively. Ampla distributes energy to 2.8 million customers in Rio de Janeiro state, while Coelce, which is listed on the Sao Paulo stock exchange, sells electricity to over 3.5 million customers in the state of Ceará.

2.2.3. Colombia

Colombia contributes 34.5% to ENDESA’s total EBITDA in Latin America. 1,746 people are employed by group companies in the country.

ENDESA holds a stake in Emgesa, Colombia’s largest generation company, with 2,925 MW of installed capacity. ENDESA holds a 48.48% controlling interest in this company.

ENDESA also holds a 48.48% controlling stake in the distribution company Codensa, which supplies power to 2.7 million customers in Bogotá and neighbouring municipalities. Furthermore, Codensa holds a minority stake in Empresa de Energía de Cundinamarca (EEC), which supplies more than 266,000 customers in the Cundinamarca region.

2.2.4. Peru

Peru contributes 12.5% to total EBITDA in Latin America. Investees in this country have a headcount of 938 employees.

ENDESA manages a total capacity of 1,842 MW in this country. It holds an 83.6% controlling stake in the electricity generation company Edegel, with 1,540 MW of installed capacity, and a 96.5% controlling stake in Empresa Eléctrica de Piura (Eepsa), with 302 MW of capacity.

ENDESA also holds a controlling stake of 75.68% in Edelnor, which distributes electricity to 1.3 million customers in the northern part of Lima.

2.2.5. Argentina

In 2013, Argentina contributed Euro 309 million to ENDESA’s EBITDA in Latin America (Euro 208 million from the distribution business and Euro 101 million from the generation and transmission business. The group companies in this country employ a total of 3,963 people.
In the generation business, ENDESA holds a 69.99% stake in Central Dock Sud, a thermal plant with installed capacity of 870 MW. Through Enersis and Endesa Chile, it also controls 75.68% of the Costanera thermal plant (2,324 MW capacity) and 67.67% of the El Chocón hydro plant (1,328 MW capacity).

In the distribution business, the Group holds a 99.45% stake in Edesur, which supplies electricity to 2.4 million customers in the southern part of Buenos Aires.

In the transmission business, ENDESA holds a 22.22% stake in Yacylec, which operates the 282-kilometre Yacyretá line and the Resistencia transformer centre.

### 2.2.6. Central America

ENDESA took part in the infrastructure development for the SIEPAC Project, which involves the construction of a 1,800-kilometre grid interconnection between six Central American countries (Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama). This 230-kV dual circuit trunk line boosts the power transmission capacity between these countries from 50 MW to 600 MW, and once finished, will enable 5,000 GWh/year to be traded on the Regional Electricity Market. Transfers between January and November 2013 totalled 545 GWh.

Work on the infrastructure was carried out by Empresa Propietaria de la Red (EPR), which started trading in 2012. ENDESA holds an 11.1% stake in this company and is responsible for its executive management. This company’s remaining shareholders are state power utilities in the countries which the line will pass through, i.e. ISA in Colombia and CFE in Mexico.

The project also involves the launch of the Central American Regional Electricity Market (MER) and setting up the bodies responsible for regulation and operations: the Regional Electricity Interconnection Commission (CRIE) and the Regional Operator Agency (EOR).

### 2.3. Generation

#### 2.3.1. Key data

At year-end 2013, ENDESA’s generation investees in Latin America had total installed capacity of 16,240 MW, 0.5% higher than the figure posted at year-end 2012, largely due to the commissioning of an additional unit at the Malacas plant in Peru.

ENDESA’s total electricity output in Latin America was 61,885 GWh in 2013, a year-on-year decrease of 2%.

<table>
<thead>
<tr>
<th>Country</th>
<th>2013</th>
<th>2012</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>19,874</td>
<td>20,194</td>
<td>-1.6</td>
</tr>
<tr>
<td>Argentina</td>
<td>15,743</td>
<td>15,222</td>
<td>3.4</td>
</tr>
<tr>
<td>Colombia</td>
<td>12,748</td>
<td>13,294</td>
<td>-4.1</td>
</tr>
<tr>
<td>Peru</td>
<td>8,529</td>
<td>9,231</td>
<td>-7.6</td>
</tr>
<tr>
<td>Brazil</td>
<td>4,992</td>
<td>5,177</td>
<td>-3.6</td>
</tr>
<tr>
<td>Total</td>
<td>61,885</td>
<td>63,118</td>
<td>-2.0</td>
</tr>
</tbody>
</table>

#### 2.3.2. Plants under construction and project pipeline

ENDESA manages an active project portfolio to meet the region’s increasing energy demands and maintain its leadership position.

The main projects carried out in the generation business in 2013 are detailed below:
2.3.2.1. Brazil

- All field, engineering and environmental work was completed in 2013, as well as the feasibility study for the 6,133-MW São Luiz do Tapajós hydroelectric project. Significant progress was made on the environmental assessment for the 2,338-MW Jatobá hydroelectric plant. Both facilities form part of the Tapajós Hydroelectric Complex, made up of five plants with total capacity of 10.7 GW. It is envisaged that the environmental impact assessment (EIA) for São Luiz do Tapajós will be completed in the first half of 2014.

2.3.2.2. Chile

- An environmental permit was received in May 2013 for the modification to the transmission line linking the Los Cóndores hydroelectric project (150 MW) to the Central Interconnection System (SIC), while the hydraulic works permit was obtained in November 2013; a green light to modify river flows to build the plant.
- Addendum 4 of the EIA for the generation project and Addendum 4 of the EIA for the transmission project of the Neltume hydroelectric plant (490 MW) were submitted in November and December 2013, respectively. During the second half of 2013, the Environmental Assessment Service (SEA) launched a public consultation with indigenous groups in the area regarding the plant and transmission line.
- The environmental qualification resolution (RCA) for the Punta Alcalde thermal plant (740 MW) was published in April 2013, which had been approved by the Council of Ministers in December 2012. The Ninth Court of Appeal of Santiago upheld three appeals in August 2013 lodged in disagreement with the RCA, annulling the resolution reached. The Council of Ministers and ENDESA appealed to the Supreme Court, which is expected to issue a ruling in 2014. Moreover, the transmission line connecting the plant to the Maitencillo substation of the SIC was also subject to environmental assessment in July 2013.
- Tendering took place in 2013 for the civil works contracts to build the transmission line, substations and transformer centres for the Renaico wind farm.
- Basic engineering work was also completed and an application filed for permission to carry out the hydraulic works for the Piruquina small hydro plant (7.9 MW).
- In December 2013, the Environmental Impact Statement (DIA) was submitted to the Environmental Assessment Service for the closed CCGT at the Tal Tal plant, which will add 120 MW, boosting total net capacity to 365 MW, while raising efficiency from 35% to approximately 50%.
- An environmental permit for the generation facilities was granted for the HidroAysén hydroelectric project, in which Endesa Chile holds a 51% stake, while work to obtain the environmental permits for the transmission line continued in 2013. If successful, this project will see 2,750 MW coming on line.

2.3.2.3. Colombia

- As part of the project to construct the 400-MW El Quimbo hydro plant, phase 1 of the work to fill in the dam was completed. Pursuant to the commitments stipulated in the Environmental Licence, work commenced in 2013 to relocate communities and their respective irrigated land and housing, along with replacement roads and bridges.
- The Salaco project to overhaul and modernise six hydroelectric units continued apace, which will boost capacity of the complex by 145 MW to 221 MW. Unit 2 of the Darío Valencia plant came on stream in November 2013, con-
verted the plant from a low-head facility limited to 19.4 MW capacity to a 50-MW run-of-river plant.

1.3.2.4. Peru

- The second 186-MW unit at the Térmica Malacas plant (which previously had capacity of 116 MW) came on line in April 2013. This project was awarded to EEPSA in the Reserva Fría tender process carried out by the Peruvian government in May 2010.

- Tendering commenced for the main contracts for the generation project at the 188-MW Curibamba hydro plant, and work started on the studies needed to obtain permission to begin construction. Approval was granted for the Pre-Operations Study by the system operator (COES), and in April 2013, the EIA was approved for the first stretch of the transmission line. Work started in December to obtain the final generating concession.

- September 2013 saw Generalima acquiring 100% of shares in Compañía Energética Veracruz SAC, and consequently the Veracruz hydroelectric project (712 MW). Land and engineering studies commenced during the year to ratify the feasibility of the project, and the preliminaries needed to apply for the final concession for the plant were started.

2.4. Transmission

In 2013, 13 of the 14 stretches of the SIEPAC line were operating normally, bringing the total line length in service to 1,664 kilometres, i.e. 93% of the project, which is due to conclude in October 2014.

2.5. Distribution

2.5.1. Key data

ENDESA’s Latin American distribution investees distributed a total of 61,512 GWh of power in 2013, up 3% compared with 2012.

At the end of the year, ENDESA had over 14.5 million customers in the five Latin American countries where it operates, an increase of 3.5% on 2012.

2.5.2. Distribution networks and service quality

The concession surface area of the distribution companies in which ENDESA holds an interest in Latin America totals 213,057 km², equivalent to 42% of the total surface area of Spain.

In 2013, the infrastructure of the distribution companies in the region was bolstered off the back of major investments to meet rising demand driven by population growth and new customers.

As a result of the change in criteria, HV lines totalled 11,934 kilometres at year-end 2013, while the MV and LV lines totalled 160,524 kilometres and 154,253 kilometres, respectively. Installed capacity at the substations reached 63,598 MVA.

<table>
<thead>
<tr>
<th>ENDESA – electricity distribution in Latin America in GWh</th>
<th>2013</th>
<th>2012</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>13,030</td>
<td>12,485</td>
<td>4.4</td>
</tr>
<tr>
<td>Argentina</td>
<td>14,953</td>
<td>14,758</td>
<td>1.3</td>
</tr>
<tr>
<td>Colombia</td>
<td>8,274</td>
<td>8,193</td>
<td>1.0</td>
</tr>
<tr>
<td>Peru</td>
<td>6,456</td>
<td>6,017</td>
<td>2.7</td>
</tr>
<tr>
<td>Brazil</td>
<td>18,799</td>
<td>18,000</td>
<td>4.4</td>
</tr>
<tr>
<td>Total</td>
<td>61,512</td>
<td>59,724</td>
<td>3.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ENDESA customers in Latin America (thousands)</th>
<th>2013</th>
<th>2012</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>1,694</td>
<td>1,659</td>
<td>2.1</td>
</tr>
<tr>
<td>Argentina</td>
<td>2,444</td>
<td>2,389</td>
<td>2.3</td>
</tr>
<tr>
<td>Colombia</td>
<td>2,817</td>
<td>2,713</td>
<td>3.8</td>
</tr>
<tr>
<td>Peru</td>
<td>1,255</td>
<td>1,203</td>
<td>4.3</td>
</tr>
<tr>
<td>Brazil</td>
<td>6,301</td>
<td>6,051</td>
<td>4.1</td>
</tr>
<tr>
<td>Total</td>
<td>14,511</td>
<td>14,015</td>
<td>3.5</td>
</tr>
</tbody>
</table>
Energy losses reported by ENDESA’s Latin American distribution companies stood at 10.6%, in line with the losses reported a year earlier.

Turning to quality of service, the annual average interruption time per customer for all the distribution companies rose 6% to 15.2 hours with the number of interruptions declining 4% to 7.2x. In contrast, and stripping out Edesur, annual average interruption time per customer fell 10% to 11.2 hours, while the average number of interruptions per customer declined by 6% to 7.1x.

These achievements were affected by various external one-off factors during the year, such as the severe storm that hit the metropolitan area of Buenos Aires in April as well as the heat wave in December, and the adverse weather conditions affecting the central and southern areas of Rio de Janeiro, known as the Costa Verde, during the first quarter.

2.5.3. Innovation and smart grids

ENDESA is introducing smart meters and smart grids in Latin America to integrate these new technologies with its IT and communication systems. It is also carrying out noteworthy projects in Brazil, Chile and Colombia, which are pioneering at both a Latin American and global level, including the start of the Smartcity Búzios smart grid project and the launch of Smartcity Santiago.

2.6 Financial strategy

A key feature of ENDESA’s Latin American business strategy has been the ongoing effort to strengthen its subsidiaries’ finances (with the exception of Argentina) and to implement efficient liquidity, debt and hedging policies in order to bring their financial positions into line with those of an investment grade company.

Building on the improvements made, the business in Latin America is increasingly contributing to ENDESA’s revenues, both in terms of greater liquidity obtained through investments and in terms of profits earned in those countries.

The challenging operating climate in Argentina led to unstable cash flows in Argentine investees, although various operational and financial measures have been taken to achieve financial equilibrium.

On 28 March 2013, 100% of the shares comprising Enersis’s share capital increase had been subscribed, raising a total of US Dollar 6,022 million. As a result of this operation, all ENDESA’s shareholdings in South America were contributed to Enersis, providing the company with the funds required to carry out a significant growth and expansion plan.

2.6.1. Solvency

ENDESA’s Latin American investees successfully tapped the capital markets, enabling them to settle their obligations early and renegotiate loan repayment schedules. This was achieved through the implementation of prudent financing and hedging policies, which helped to maintain their financial strength.

We would highlight the following transactions carried out in the year:

- A domestic debenture issue of approximately US Dollar 293 million to finance the El Quimbo project and refinance the US Dollar 158 million syndicated loan at Emgesa.
- A domestic debenture issue at Codensa of approximately US Dollar 195 million to refinance repayments due in the near term.
- A domestic debenture issue at Edelnor of US Dollar 88 million to refinance repayments due in the near term.
- An increase of Costanera’s capital by US Dollar 85 million to redress its equity position.
- Financing of AMPLA, through a syndicated loan with BNDES, totalling US Dollar 152 million to fund capex.
Financing of Coelce, through a syndicated loan with BNDES, totalling US Dollar 79 million to fund capex.

Enersis’ domestic debenture programme, launched in 2008 for USD 555 million, also remained available. In 2009, Enersis and Endesa Chile arranged two credit lines equivalent to US Dollar 200 million each, these lines are currently undrawn.

The credit rating agencies Fitch Ratings and Standard & Poor’s currently give Enersis and Endesa Chile a BBB+ rating, while Moody’s continues to give them a Baa2 rating, in relation to both debt denominated in foreign and local currencies, and Yankee bonds issued. At a local level, the agencies Feller Rate and Fitch kept their ratings of Enersis’s and Endesa Chile’s solvency, bonds and credit lines unchanged at AA.


2.6.2. Foreign currency hedging policy

ENDESA’s foreign currency hedging policy in Latin America is based on cash flows and is intended to maintain a balance between flows indexed to foreign currencies (US Dollars) and asset and liability levels in that currency.

Enersis’ and Endesa Chile’s financial operations in 2013 enabled them to maintain dollar-denominated liabilities, with the exception of Argentina, adjusted for expected cash flows in that currency. Operations to hedge dividends in foreign currency from investees totalled approximately US Dollar 900 million.

ENDESA’s investees in Chile, Brazil, Colombia and Peru, and its distribution company in Argentina, hedged the currency of their cash flow with their debt. The Argentinian generation companies try to replace financing in US Dollars with local currency debt where local market conditions allow.

2.6.3. Liquidity

ENDESA’s liquidity policy in Latin America consists of arranging long-term credit facilities and current financial assets for amounts sufficient to cover forecast liquidity needs for a given period based on the particular current and forecast situation of the debt and capital markets.

At year-end 2013, the Enersis Group held cash and cash equivalents of US Dollar 3,171 million and US Dollar 757 million in undrawn sums on unconditional credit lines, which are fully available.

2.7. Corporate strategy

In 2013, ENDESA continued to pursue the policy of corporate streamlining and restructuring in Latin America first introduced in 1999 in order to optimise the management of its assets, take advantage of synergies and facilitate cash returns. It kept its commitment to driving ordered growth, combining the sale of non-core assets with new acquisitions. The following operations were carried out as part of this corporate strategy:

2.7.1. Chile

As part of the increase in Enersis’s capital, Inversiones Sudamérica Ltda. was incorporated in March 2013, which took over Empresa Cono Sur Participaciones, S.L. On 1 October 2013, Enersis S.A. took over Inversiones Sudamérica Ltda., becoming ENDESA’s only investment company in Latin America.

As part of the strategy to focus Enersis’s operations on its main business, several takeovers of Chilean generation companies were completed. In September 2013, Empresa C.E. San Isidro S.A was taken over by Compañía Endesa Eco S.A., with the winding up of the former and the continuation of the latter. In November, Compañía Endesa Eco S.A. was taken over by Celta S.A.
2.7.2. Brazil

Ampla Investimentos and Investluz were taken over by Endesa Brasil in November 2013. As a result of the transaction, Endesa Brasil became the controlling shareholder of Companhia Energética do Ceará, with a 58.86% stake in its total capital and 91.66% of its shares conferring voting rights.

2.7.3. Peru

In September 2013, Sociedad Generalima, 100% owned by Enersis S.A., acquired 100% of the shares in Compañía Energética Veracruz SAC., which is an investment company incorporated to potentially develop the Veracruz hydroelectric plant (712 MW). Consequently, this company is now an ENDESA investee.
3. Business in other countries

The main activities carried out by ENDESA outside Spain and Portugal and Latin America in 2013 were as follows:

3.1. Morocco

ENDESA operates in Morocco through the 32% stake it holds in Energie Electrique de Tahaddart, a company that owns a 384-MW combined cycle plant in Tahaddart. In 2013, the plant generated 2,663 GWh (852 GWh of which corresponded to ENDESA’s 32% stake).

In 2013, Energie Electrique de Tahaddart paid a dividend against 2012 earnings, of which Euro 5.1 million was payable to ENDESA.

3.2. Energy management and participation in European wholesale markets

ENDESA operates in several European wholesale markets to optimise its activities outside Spain and Portugal. This gives it the necessary power supply to service its contracts with European customers and to optimise management of its generation portfolio by exporting power via the Spain-France interconnection. The right to act as an importer via this interconnection was reacquired in July 2013, which had been prohibited since February 2006 due to regulatory restrictions. In addition, green certificates and other renewable energy products were exported to various European countries.

The first auction was held by OMIP to allocate capacity rights for the Spain-Portugal interconnection. Bidders were able to bid at the prices in both countries, with ENDESA acquiring import and export capacity rights.

During 2013, the spot price of electricity in Europe continued to fall due to dropping demand and greater renewable energy output. In Germany, for example, installed solar photovoltaic capacity and wind capacity were up from 2012 by 10% and 6%, respectively. This trend is expected to persist in coming years. In France, the average price was 43.24 €/MWh and in Germany it was 37.78 €/MWh.
ENDESA’s headquarters in Catalonia
Other activities
1. Procurements

In 2013, ENDESA’s Purchasing Department awarded contracts for materials, equipment, work and services worth Euro 3,267 million, achieving a supply management saving of around 9%.

1.1. Corporate activities

These are activities related to the Company’s core businesses, designed to achieve economies of scale and optimise procedures. In this regard, efforts focused on the following areas in 2013:

- The procurements planning process was redefined and improved, optimising the function and making it easier to search for and approve suppliers.

- The processes of reading meters and printing and sending out bills were optimised, as were logistics for materials procurement, by incorporating best practices. Economies of scale were equally achieved using procurements catalogues and structured bargaining.

- The first and second versions of the Enel Group General Terms and Conditions of Contracting were also approved and came into force.

- New policies affecting Global Procurement were also implemented, strengthening the tendering process, the global supplier rating system, management of purchase requests, the contracting of consultancy services, and the health and safety requirements of subcontractors.

- A collaborative space was also facilitated to support purchasers, providing all the information needed to facilitate and speed up the procurements process.

- A pilot plan for on-site audits of the occupational risk prevention systems of MV/HV contractors in Spain and Latin America was also launched.

1.2. Initiatives in Spain and Portugal

Total contracts awarded by ENDESA in Spain and Portugal in 2013 amounted to Euro 1,349 million. Major contracts awarded included the following:

- Endesa Power Plant Lubricants Framework Agreement for a term of five years entered into with the supplier Repsol Lub. y Esp., S.A. for a total of Euro 41 million.

- Back-office service contract awarded by the Billing and Collection Centre (CEFACO) to the supplier Indra BMB Servicios Digitales, S.L. for Euro 33 million.

- Contract for moving spoil and other work at the mining facility of Encasur, S.A.U. Puertollano (Ciudad Real) for Euro 25 million.
• International Vehicle Lease Agreement for 2013-2015 with the supplier Arval Service Lease, S.A. for Euro 24 million.

• Electricity meter reading contract for the area served by Endesa Distribución Eléctrica with the supplier Cobra Servicios Auxiliares for Euro 22 million.

• Contract for the supply of distribution transformers totaling Euro 19.2 million with the supplier Ormazábal Media Tensión, S.L.U.

1.3. Initiatives in Latin America

Endesa awarded contracts for Euro 1,600 million in Latin America in 2013. These included:

• A contract to carry out technical operations in the south area of Cundinamarca-EEC entered into with Consorcio Energía Colombia for Euro 39 million.

• Technical operational services consultation amounting to Euro 32.9 million in Brazil.

• Market discipline service agreement in Chile with the supplier CAM Chile, S.A. for Euro 14 million.

• Procurement of reinforced concrete posts for Ampla and Coelce in Brazil for Euro 9.2 million.

1.4. Systems and telecommunications purchasing

In 2013, contracts worth Euro 319 million were awarded for the purchase of systems and telecommunications, the most noteworthy of which were as follows:

• Proprietary telecommunications network for Spain and Portugal from the supplier Abertis Telecom for a total of Euro 28 million and a maximum period of five years.

• Proprietary telecommunications network for Latin America from the supplier Synapsis for a total of Euro 25 million and a maximum period of five years.

• Printing services managed by the supplier Hewlett Packard in Spain and Portugal and Latin America for Euro 19.7 million and a maximum period of 72 months.

• PC supply agreement with the supplier Hewlett Packard in Spain and Portugal and Latin America for Euro 5.8 million and a maximum period of 15 months.

• Support, maintenance and development services for the new online commercial channel for Spain and Portugal and Latin America with the supplier Everis for a total of Euro 17.6 million and a maximum of four years.

• Projects were completed in Latin America (Brazil, Chile, Colombia and Peru) to drive up efficiencies in the materials procurement process, leading to process redesigns to cut costs, centralise functions and disseminate best practices in each country.

• The system to assess the performance of and rate suppliers in Spain and Latin America was also rolled out. These measures led to 154% more annual supplier evaluations.
2. ICT systems and telecommunications

ICT work basically focused on measures to fulfil the objective of becoming a global business partner.

The main activities in 2013, classified by ICT areas and business units, were as follows:

2.1. ICT governance

ICT governance work comprised:


- Launching the Change Management Processes Programme to introduce new processes.

- Publishing the guidelines on “Cloud Services - Approaching Cloud SaaS services” and business intelligence and data warehousing infrastructure.

- Introducing the score card for the main indicators of Global ICT (SLA and KPI) and defining the new reporting models.

- Compliance work was also completed for self assessment and the remediation plan, while the new technological risk map was drawn up.

2.2. Spain and Portugal and Latin America market

Activities were carried out to transform systems and processes in response to legislative changes and market deregulation. Key initiatives included:

- Everest Project: Commercial processes were transformed in the area of marketing, sales, contracting and customer service, and the underlying IT systems.

- Internet Channel Project: Development and roll-out of an online channel for ENDESA’s general public segment, and ENDESA’s commercial portals in Latin America were merged.

- Project Titán: Adaptation of back-office systems for migration to the deregulated market of the customer segment leaving the Last-Resort Tariff (LRT).

- In situ billing project (Latin America): Launch of the application that will improve the billing process.

- Unbundling Project: Model to adapt customer service and contracting capacities to regulatory and technological changes, and ensure the Group’s processes converge and become standardised.

- Remote Management Project: Replacement of electricity meters for new remotely-managed meters, and development of a system to gather readings from electronic meters.

- Call Centre Project: Functional improvements and increase in the strength of the customer service platform.


- Project IS-U LatAm: Design of a solution for managing major customers.

2.3. Holding and global service function

Activities in this area in 2013 revolved around globalising and standardising corporate processes and underlying applications. The most significant work was as follows:
• HR Global Project: Model for standardised human resources processes.

• SIFRE Project: Work started on extending the MUREX system (end-to-end financial management system) to Spain and Portugal and Latin America, enabling all financial transactions to be handled by one system.

• Health & Safety Project: Work started on a standard application supporting this process.

• Four Seasons SAP Project: Development of a global platform bringing together all corporate processes.

• Corporate Portal Project: Measures to merge and standardise the various local portals.

• E2Bank-LatAm Project: Bank collections platform for mass sending of payments in Latin America.

• Vendor Rating Project: Adaptation of global supplier rating application in Spain and Chile.

• Global Supplier Portal Project: The Supplier Portals were merged to create a single, global access point.

• Appia Project: Adaptation of local tools to the corporate procurements management application.

• ELS (Electronic Learning System) Project: Roll-out of a shared, global training platform.

• Technology migrations: Upgrade SAP and GRC Upgrade Projects to migrate to SAP R/3 and related operations; Prisma Project to migrate PRISMA (general services maintenance management) tool.

2.4. Infrastructures and networks

The main activities focused on unlocking synergies between the technical management models in Spain and the businesses in Latin America.

Major projects include the following:

• GCORE Project: Implementation of a common platform for management of technical distribution processes of Latin America based on the systems used in Spain. Work was conducted in three of ENDESA’s companies in Latin America during 2013, and will be extended in coming years.

• SCADA Project in Latin America: Work started on updating the remote management SCADA systems (which was completed in COELCE, Brazil, and Codensa, Colombia).

• E-Order Project: Roll-out across Latin America of a single commercial workforce management platform using latest generation mobile devices.

• Remote Management Project: Replacement of conventional electricity meters for new remotely-managed meters, developed in the AMMS (Automated Metering Management System), to remotely gather readings from electronic meters.

2.5. Generation and trading

The main work on generation systems focused on increasing the security, reliability and availability of the systems and updating obsolete hardware and software. The network of portals serving the lines of business was also expanded.

The following new measures were taken:

• Engineering portal: A corporate application was developed to centrally manage the engineering database.
• Permitting Project: New functionalities were developed to use and store documents managed by the Operating Efficiency and Development Department.

• Inspection Management Project: A graphical interface was developed for the plant inspection management application.

• Nuclear Power Portal Project: An application was developed to optimise the classification and storage of documents managed by the Nuclear Training and Operating Experience team.

• Project Socio: Work commenced to standardise the applications of the generating businesses.

• OneFuelSystem Project: Work started to merge the coal procurement applications.

• Various enhancements to the energy management systems were also made: Launch of the End-to-end Electricity Measurements Management System; development of a module for calculating movements, settlements and guarantees; development of a market simulation model.

2.6. Infrastructures and operations

Several strategic projects were also conducted to standardise the provision of global technological services. These included:

• Cloud services for email and collaboration tools: Start of merging of corporate and global email service and collaboration tools into a single, end-to-end online solution.

• Merging of distributed services: Basic operational services around the world were merged (printing services, mobile devices, global end user platform).

• Personal productivity services: Tools and services were acquired to boost the productivity of personnel and work teams, cutting travel, telecommunications and document printing costs.

• Merging of call centres: A model was defined for merging the infrastructure, processes and tools of the existing call centres.

• Telecoms operations: A global multi-service trunk network was defined to standardise telecommunications tools and processes.

• A single management model was developed to streamline the data centres.

• Streamlining of security: A common, standardised security service model was developed providing efficient security.
3. Property asset management

ENDESA’s asset management function is responsible for managing its own and leased buildings, and unlocks the value of its real estate assets by selling assets that are not needed by the main businesses, obtaining the reclassification of land into buildable plots, and implementing sustainable development models on land with high environmental worth.

Most activities in Spain were channelled through Bolonia Real Estate, S.L., a company fully owned by ENDESA, while Inmobiliaria Manso de Velasco Ltda., a company fully owned by Enersis, was responsible for this work in Latin America.

Despite the slump in the European real-estate market, ENDESA sold property assets worth Euro 34.4 million in 2013, Euro 31.7 million of which in Latin America and Euro 2.7 million in Spain.

Land development work in Spain included the dismantling of the industrial building at the mothballed Sant Adrià thermal power plant in Barcelona and clearing of the land prior to its sale. Work at the La Térmica de Málaga site (through Nueva Marina Real Estate, S.L., 60% owned by ENDESA) was also completed leading to the signing of an agreement with Malaga City Council to resolve the dispute over the transfer of 40% of the rights to develop this site in lieu of payment of Euro 58 million.

In Latin America, work continues in Chile to develop and sell plots of the Enea real-estate project, comprising 1,041 hectares of land, 45% of which has already been built upon. Enea’s total sales during the year amounted to Euro 17.3 million.

Land restoration work in Spain included completion of the As Pontes lake (La Coruña) by filling the open cast coal mine with water, after which a plan was devised to restore the surrounding area.

Efforts continued throughout 2013 to optimise the use of office space and cut the cost of renting offices. The rental agreements for seven buildings were renegotiated, leading to a recurring saving of Euro 0.7 million per annum. Added to the savings achieved in the previous two years, ENDESA has achieved a recurring rental cost saving of over Euro 14 million a year.
Sustainability and the environment
ENDESA's 2013 Sustainability Plan

ENDESA’s strategy in the area of sustainable development is set out in the Sustainability Plan, which sets out the Company’s strategic objectives and goals for generating long-term value, as well as responding to issues that are of interest to our stakeholders in the economic, social and environmental dimensions.

The ENDESA 2013 Sustainability Plan (PES) carries on from the previous 2008-2012 Sustainability Plan (PES 2008-2012) now that the Company has aligned its policy with and integrated the Enel Group’s sustainability plan.

The 2008-2012 Sustainability Plan was designed based on the Company’s Sustainability Policy and its Seven Commitments to Sustainable Development, and builds on the results achieved in the 2003-2007 Strategic Environment and Sustainable Development Plan.

The 2013 Sustainability Plan forms a link between the Company’s past and future and like its predecessor, reflects ENDESA’s firm commitment to investing in assets that generate public confidence, maximising the most efficient intangible assets therein, which are crucial to fulfilling the mission of and carrying out the Business Plan over the long term.

The following is a summary of the main activities carried out under the Strategic Sustainability Plan in 2013. A more detailed description of these activities is offered in the Company’s 2013 Sustainability Report and on its website, www.endesa.com.

1. Commitment to our customers

Guaranteeing access to electricity to a larger number of people with higher standards of quality, security and efficiency is one of ENDESA’s main concerns.

In 2013, the Company worked on guaranteeing the continuity of and expanding supply through construction of the necessary infrastructure in order to move forward in the aforementioned areas and further enhance the already positive perception of the service offered.

In Spain and Portugal the length of the grid was extended by 0.34% and 11 substations were removed, putting the total at 1,244 at year-end 2013. A total of 112,031 GWh was distributed, or 43% of the country’s total demand.

In addition, ENDESA also undertook a large number of initiatives to improve quality of supply. These included increasing maintenance work, upgrading facilities and improving the automation of the HV and MV networks. Regarding automation, in 2013 the Company continued to roll out its Medium-voltage Grid Automation Plan, ending the year with a total of 29,387 remote-controlled elements.

To offer its customers the best possible service, ENDESA has had a Customer Service Excellence Plan in place since 2003, the main objective of which is to improve the main customer satisfaction indicators year after year. ENDESA boasts more than 11.3 million customers in Spain and Portugal and 14.5 million in Latin America.

In 2013, ENDESA’s Customer Service Excellence Plan focused on service quality (telephone, face-to-face and online assistance, as well as complaint management) and the development of new billing models and quicker customer perception measurement systems.

The “Endesa Online” office also continued to enjoy very significant growth in 2013, with over 170,000 new subscribers. This is now a powerful channel for boosting not only the sale and contracting of products and services, but also for achieving excellence in customer service. It also shows strong potential to continue growing in coming years.

E-billing was also ramped up during the year, with close to 995,000 existing contracts configured for e-billing at year end, 99.7% higher than in the previous year.

In 2013, ENDESA maintained access to electricity for disadvantaged and low-income social groups in the countries where it has operations. In Spain, it continued to apply the social rate (bono social), which was applied to over 985,000 customers in 2013.
2. Commitment to our employees

ENDESA pays permanent attention to equality, work-life balance and respect for human rights. Throughout 2013, through its Safety Plan, which is a key management tool, the Company continued to improve health and safety in the workplace and offer an optimum working environment for the welfare of all its employees.

The primary goal of the 2011-2015 Safety Plan is to progressively reduce the number of accidents to achieve “Zero Accidents” and consolidate all the efforts and action lines developed to date to encourage the exchange of best practices and synergies.

In 2013, occupational health and safety indicators continued to improve, in line with recent years. The combined injury rate for ENDESA employees and contractor staff fell by 16.27% year on year from 2.95 to 2.47 and the combined severity rate declined by 16.67% from 0.12 to 0.10. The total number of combined accidents also dropped by 8.17%.

All ENDESA’s corporate social responsibility initiatives are set forth in its CSR Plan for Human Resources (the Senda Plan). The aim of this plan is to progress in the area of HR management predicated on the integration of different groups, personal satisfaction, respect and development. In short, a more human, efficient and productive approach to talent management.

The Senda Plan, which is aligned with ENDESA’s Sustainability Plan, is rolled out at local level through the different Senda country plans, designed specifically for each region.

ENDESA embarked on the groundwork to perform a group-wide quantitative diagnosis of gender diversity, which will be used to prepare a specific action plan covering vertical and horizontal diversity issues.

No discriminatory acts were registered in the Company during 2013 and, as in prior years, progress was made towards the target of increasing the percentage of female employees in the workforce. The number of women in executive and middle-management posts increased to 27%, while 21% of the total workforce was female.

In 2013, ENDESA, which holds certification in Spain as a Family-Responsible Company, passed the maintenance audit for this model and raised the score achieved in the previous audit, placing it as Proactiva Plus. Chile obtained certification from the Más Familia Foundation and Colombia successfully passed the maintenance audit for certification.

Under the Senda Plan and in order to meet 2013 objectives, an analysis was carried out into the possibility of obtaining Family-Responsible Company certification for the entire organisation. This certification, which ENDESA will work to obtain in 2014, will cover all companies in the Latin American countries in which it operates.

In 2013, ENDESA’s training units merged with Enel’s corporate university, Enel University. This department, with the support of Human Resources and Organisation, provides training services for all areas where needs are detected.

In 2013, a training plan was initiated to address the requirements of the different business areas and achieve the goals set out in the Company’s Strategic Plan. As well as improving service quality, boosting efficiency, spurring continual improvements and standardising training, this plan is designed to contribute to developing the skills and capabilities that employees need to fulfil their objectives and implement the strategies defined.

With these goals in mind, priority was given to occupational health and safety, where a single, aligned global culture was established, in addition to the development of technical capacities to meet the business objectives.
In 2013, a total of 965,565 hours of training courses were given at Endesa Group companies, which equates to an average of 42 training hours per employee. Of this total, 199,795 hours (8.68 hours per employee on average) were dedicated to occupational risk prevention training.

3. Commitment to good governance

ENDESA’s commitment to corporate governance and transparency is present in its everyday work. Since 2010, it has had a Code of Ethics and a Zero Tolerance Plan Against Corruption, which outline the ethical responsibilities and commitments in managing its businesses and corporate activities. These have been adopted by ENDESA and its subsidiaries.

These reinforce the existing Employee’s Code of Conduct, charter governing senior management and charter governing executives.

During 2013, 98 complaints were filed, 18 of which involved breaches of the Code of Ethics.

4. Commitment to our investors

ENDESA maintains ongoing relationships with its shareholders, both private and institutional investors alike, as well as with leading stock market analysts, providing them with a steady flow of detailed information.

To this end, it has an Investor Relations Department, one of the tasks of which is to present the Company's quarterly results to analysts and shareholders. The Shareholders’ Office also responds to enquiries 24/7 through a drop-in service, helpline and electronic channels. 2,490 requests from shareholders were handled in 2013.

ENDESA has cemented its position as one of the world’s leading companies in the area of sustainability by appearing for the thirteenth consecutive year in the Dow Jones Sustainability Index.

5. Commitment to the environment

The 2008-2012 Environment Plan, which was extended for a year and covered 2013, is based on a commitment to respecting and protecting the environment. ENDESA continued to uphold its environmental commitment in 2013, conducting its activities in an environmentally-friendly manner, making progress with the roll-out and certification of environmental management systems, renewing existing certifications and devoting resources to biodiversity conservation and responsible waste management.

In 2013, ENDESA continued to work towards implementing and obtaining ISO 14001 and EMAS certification for its environmental management and audit systems at the facilities in the main areas and countries in which it operates.

In 2013, ISO 14001 certifications for the environmental management systems (EMS) implemented in all ENDESA's facilities in Spain and Portugal were maintained.

At year-end 2013, 97.23% of ENDESA’s installed capacity in Spain and Portugal was ISO 14001 certified, and all of its port terminals and mining operations. Meanwhile, 97.89% of installed capacity in Latin America holds this accreditation.

Assessment of the environmental risks inherent in the Company’s activities and the environmental certifications obtained from external agents help ensure excellence in its environmental management, which is fully integrated into and aligned with the Company's corporate strategy.

In 2013, ENDESA subscribed to the CDP Water Disclosure initiative for the fourth consecutive year, which provides critical water-related data from the world’s largest corporations to inform the global marketplace on investment risk and commercial opportunities and to guide investors towards sustainable water use.
As a direct result of ENDESA’s 2013 Sustainability Plan and the Company’s firm commitment to biodiversity conservation, the Water Resources, Environmental R&D and Innovation, and Biodiversity area was established in the Environment and Climate Change Department of the Spain and Portugal business. This team began operating in 2013 with the remit, _inter alia_, to define, coordinate, manage and evaluate the Biodiversity Conservation Plan in Spain and Portugal.

6. Commitment to innovation and technology

Throughout 2013, ENDESA continued to work on technological projects aimed at creating value by promoting an innovation culture within the Company and generating sustainable competitive advantages. ENDESA’s endeavours in R&D and innovation are part of its commitment to sustainability set down in the 2013 Sustainability Plan.

6.1. R&D and innovation and technological leadership

ENDESA is developing R&D and innovation projects in all of its business lines and corporate technology activities, which are included in the 2013-2017 Technology Plan, forming part of ENDESA’s 2013 Sustainability Plan.

ENDESA’s direct investment in R&D and innovation totalled Euro 40 million in 2013, Euro 23 of which was earmarked for the Spain and Portugal Business and Euro 17 million for Latin America, with over 200 projects being mobilised.

6.2. Technological response to energy challenges

ENDESA responded to the energy challenges with technological projects in advanced distribution networks, with efficiency in the use of energy through active demand management and with technological projects to ensure greater generation efficiency.

With regard to advanced distribution networks, we would highlight the remote management project where ENDESA leads the way in Spain and the various smart cities managed by ENDESA: Malaga and Barcelona in Spain, Santiago in Chile, and Búzios in Brazil, as well as the ZEM2ALL project which assesses the impact of rolling out a fleet of electric vehicles in urban environments (in this instance, in the city of Malaga), generating know-how and experience to roll out such solutions across society.

Turning to efficient energy use, we would note the Store energy storage project which seeks to improve temporary imbalances between production and consumption and manage peaks in demand.

Throughout 2013, ENDESA integrated energy efficiency criteria into its corporate strategy, whereby this is now present in all its business processes and in planning and decision-making. During the year, it pursued a two-pronged energy efficiency strategy covering all the areas where ENDESA is present as both a power consumer and supplier.

6.3. Knowledge management and alliances

As part of its open innovation model, ENDESA has chosen to work with entrepreneurs to find solutions to the challenges facing our businesses. ENDESA promotes a culture of innovation and knowledge management among its employees and throughout its value chain.

Eidos Market is a global application set up to promote and recognise innovative ideas among ENDESA employees in Spain and Latin America which provide solutions to the challenges and problems facing the Company. The second version was launched in June 2013 and has consolidated its position as a pioneering global application for managing ideas. Since its launch, Eidos Market has channelled around 2,000 ideas from employees across the Group. The platform makes use of the latest methodologies such as the crowdsourcing philosophy, or predictive markets techniques to maximise innovative
potential through the collective intelligence of the employees’ social network.

In 2013, the first edition of the ENEL LAB competition was launched across the Enel Group. With prize money of Euro 15 million, the competition is intended to promote young Spanish and Italian companies which are developing clean technologies. In this first edition ENDESA will be mentoring MIRUBEE, a Spanish energy efficiency company.

In Latin America, Colombia’s IDEO innovation system stands out. Launched in 2006, it offers the necessary equipment, support and resources so that ideas can be tested and generate value for the Company. Argentina has rolled out an innovation programme, comprising 18 projects submitted by company employees. Various programmes were carried out in Chile during 2013 in conjunction with major academic centres across the country, aimed at promoting innovation at all levels of the Company. Meanwhile, the Inspire programme was kick started in Brazil to bring together all the different initiatives already in place and targeting three areas of innovation: Inspire Novas Ideas to present new ideas to the Executive Committee; Inspire Deu Certo, which involves putting these ideas into practice; and Inspire Multiplique, which replicates the projects.

ENDESA also continued to participate in various technology platforms, including the Technology Platform for Energy Efficiency, the Platform for Electricity Grids of the Future (FUTURED) – where it is a member of the reactor working group, and the Nuclear Fission Platform (CEIDEN) – where it acts as Technical Secretary. The Company also collaborates in other platforms such as the Spanish CO₂ Technology Platform, the Spanish Technology Platform for Hydrogen and Fuel Batteries, the Spanish Technology Platform for Industrial Security (PLATI) and the Spanish Biomass Platform (BIOPLAT).

ENDESA also actively participated in many other organisations and is a founding patron of the Catalanian Institute for Energy Research (IREC), the Andalusia Technology Corporation (CTA) and the Pro Rebus Foundation of the Spanish Royal Academy of Engineering.

In Latin America, the Company works with Colciencias (Colombia), and has cooperation agreements with the Energy Sustainability Research Centre (CISE) at Chile’s Universidad Pontificia Católica.

7. Commitment to society: our partners

ENDESA stepped up its drive to promote a commitment to sustainability among its partners. The Vendor Rating System was rolled out in 2009 to boost compliance with applicable legal, labour, safety and environmental protection regulations. This system continued to be implemented in 2013. The system determines whether a supplier meets the requirements for working with ENDESA.

ENDESA strives to extend its sustainability commitments to its partners and to support the economic, social and environmental development of each region where it operates.

The Vendor Rating System covers 138 purchasing families, with 66% (55) more families covered in 2013 compared to 2012. It has been implemented for 53 families in Spain, 23 in Chile, 15 in Brazil, 26 in Peru, and 21 in Colombia.

Once fully deployed, it is expected that 60% of purchases will be covered by the system and close to 1,500 suppliers and contractors will have to fulfil the requirements set out therein.

In 2013, 100% of contracts contained Human Rights clauses.

8. The climate change challenge

Combating climate change is one of the key pillars of Enedsa’s 2008-2012 Sustainability Plan, and, in particular, its Cli-
mate Change Programme, which includes five strategic areas: renewable energies, technological development, energy efficiency, sustainable transport, and CDMs.

In energy efficiency, ENDESA continued to roll out its 2010-2014 Energy Efficiency Global Plan, focusing on three main areas: the efficiency of the Company’s infrastructure and active management of energy consumption, unlocking the value of activities in this area, and raising employee awareness of responsible consumer practices.

At the close of 2013, ENDESA and the Enel Group boasted a combined Certified Emission Reductions (CERs) and Emission Reduction Units (ERUs) portfolio of close to 80 CDM projects, which will cut CO₂ emissions by approximately 166 million tonnes by 2020.

In addition to developing or participating in CDM projects, ENDESA continues to participate in several carbon funds. The most noteworthy are those managed by the World Bank, such as: the Community Development Carbon Fund (CDCF), the Spanish Carbon Fund (SCF) and the Carbon Partnership Facility (CPF).

In 2013, ENDESA culminated the process of voluntarily offsetting the greenhouse gas emissions of four in-house events held between 2011 and 2012, equivalent to 1,055 tonnes of CO₂.

ENDESA takes part in three initiatives under the auspices of the Carbon Disclosure Project (CDP), an independent non-profit body working to achieve a reduction in GHG emissions and the sustainable use of water by businesses and cities. These initiatives are CDP Investors, CDP Supply Chain and CDP Water.

In the CDP Global 500 Climate Change Report 2013, ENDESA featured as the fourth electric utility in the Carbon Disclosure Leadership Index (CDLI).

After calculating its carbon footprint for the period 2009-2011 and rolling out a carbon footprint management system at corporate level in accordance with ISO 14064, ENDESA obtained certification that these results had been calculated in compliance with this standard.

The Companies for Energy Efficiency Platform, headed by ENDESA, saved 1 million tonnes of CO₂, representing 110% of the platform’s 2011-2013 target. The initiative is becoming a standard bearer in Spain for energy efficiency and reducing the country’s carbon footprint.

With regard to leadership in sustainable transport and promoting the electric vehicle, ENDESA and a consortium of four companies rolled out the Victoria Project, an initiative to develop the first dynamic inductive charging system for a bus lane in Spain whereby electric buses will be charged wirelessly while on the move.

ENDESA and Enel also showcased FASTO (Fast Together) at the International Electric Vehicle Exhibition held in Barcelona: their new fast charging point for electric vehicles. The device can be used to recharge any electric vehicles currently on the market.

The ZEM2ALL project in Malaga, Green eMotion in Barcelona, and the Movele Plan are some of the main projects to demonstrate and promote e-mobility in real-life environments.

9. Strengthening ties with local communities

The Company’s response to the challenge of forging ties with local communities, forming part of its Sustainability Plan, entails developing local plans to tailor corporate strategies and targets to local circumstances and needs. The local Sustainability Committees continued to work together in 2013 to im-
plement the Sustainability Plan. These committees also bring sustainable development targets and concepts into line with the corporate vision.

A great deal of ENDESA’s efforts to forge ties with local communities involved cooperation projects in favour of the communities where the Company operates.

In 2013, ENDESA allocated Euro 40 million for the implementation and promotion of 552 community initiatives, 71% of which was earmarked for Latin America (Chile, Colombia, Brazil, Argentina and Peru), and the remaining 29% corresponded to Spain and Portugal.

In 2013, the Company reviewed the framework for managing social initiatives to put these at the heart of its management strategy, bringing it closer to stakeholders and meeting their demands.

This review led to grouping the social initiatives into five categories in 2013, which better describe the social action strategies being followed: access to energy; education and training; social development and quality of life; the environment and biodiversity; and corporate volunteer work.

Access to energy projects received 34% of the total social action budget in 2013, with social development and quality of life initiatives receiving 35%; education and training, 24%; and environment and biodiversity projects, 7%.

Volunteer work is carried out across the aforementioned categories and involved over 600 volunteers working mainly on social development and quality of life initiatives.

Lastly, humanitarian aid is also provided through universal and one-off initiatives in response to disasters. In 2013 for example, the Company made a donation through the Endesa Foundation to help victims of the typhoon in the Philippines.

The most noteworthy of the 552 social initiatives carried out in 2013 were:

- Ecoelce and Ecoampla in Brazil and Ecochilectra in Chile: Social development programme and environmental awareness building, offering discounts on electricity bills for low income customers who recycle selected urban solid waste.

- Professional training in electricity for young people at risk of exclusion in Spain: Since 2010, the Endesa Foundation has run projects aimed at improving the employability of underprivileged young people and those at risk of social exclusion. The objective is to provide young people with access to the job market by developing their personal and professional skills and thereby achieve their sustainable inclusion in society. The Company works in collaboration with Cáritas, public administrations and public and private institutes of education on the project and even involves suppliers to provide practical experience to help train the students and eventually jobs. Over Euro 200,000 has been invested to the benefit of 95 individuals.

- Production programmes: ENDESA supports and helps drive the development of local communities through livestock farming projects or projects to grow native products such as coffee, cocoa or avocado. It does this by providing funds and resources (seeds, laboratories, technical equipment, etc.) and technical support (advice on production processes and the distribution and sales chain) to social initiatives in regions across Colombia and Peru. More than 400 people have directly benefitted from these projects.

- Endesa Educa: An educational initiative designed to promote a new social conscience based on sustainability and energy efficiency. It offers a wide range of tailored activities to educational centres at no charge. The number of participants tripled during 2013 to over 56,000 schoolchildren, and the 2.0 Area of its innovative 3D website www.endesaeeduca.com has been expanded. This space offers online educational activities.

The Huinay Foundation was established to defend and preserve the bio-geographical heritage of Huinay and Chile’s
fjord region through the implementation of a project based on scientific research and the concept of sustainable development. In 2013, 23 new articles were published in international scientific magazines. Further, the Foundation’s scientific team made 28 presentations at international congresses in order to raise awareness of the high biodiversity of the North Patagonia region in Chile. A total of 90 researchers stayed at Huinay in 2013. Moreover, the foundation also provided assistance to the local community by providing access to Huinay inhabitants and internet for the local school, for example; all of which was highly appreciated by the people living in isolation.

ENDESA is aware that it can only respond to the challenge of forging ties with local communities and developing and growing the Company as an integral member of society by following a social action strategy that is well-structured and linked to the Company’s business.

10. ENDESA and its stakeholders

Knowing stakeholders’ expectations is a cornerstone of ENDESA’s sustainability strategy, which involves identifying drivers which will make safe, sustainable and competitive energy models viable, and developing innovative, exhaustive and pioneering approaches to anticipate events, manage risks and seek differentiation.

In this respect, the Company has:

a) **Drawn up a more accurate identification of the Company’s stakeholder map (principle of inclusivity).** In 2013, the various stakeholder groups at local, national and international level were reviewed, identified and classified following the Stakeholder Management methodology of the AA1000SES standard.

b) **Implemented a mechanism to dynamically assess and prioritise material aspects in different areas (principle of materiality).**

The Company is able to combine the information on stakeholder expectations it obtains via ordinary channels with the results of specific analyses and new benchmarks, enabling it to identify the key challenges and main issues for each group in the areas of business and governance, the environment and society.

This produced a wealth of information concerning the materiality and relevance of different aspects and enabled the Company to file the conclusions reached in different categories.

c) **Standardised the response and included information compiled in consultation with strategic plans, and specific communication on sustainability (principle of responsiveness).**

ENDESA’s responses to the priorities expressed by its stakeholders are included in the Strategic Sustainability Plan. The plans, developed both at ENDESA level and at the level of the different countries where it has operations, are aligned with the Enel Group’s main challenges and strategic projects.

*Further information is provided in ENDESA’s 2013 Sustainability Report.*
Research, technological development and innovation
1. ENDESA and research, technological development and innovation

ENDESA has an open and structured innovation model incorporating contributions from external players and which encourages the development of a knowledge-based international industrial fabric through which the Company promotes its customer-centric energy model, aligned with European guidelines.

Four applications were filed for new proprietary technology patents during 2013:

- Distributed system for optimising and controlling energy use in buildings.
- System for controlling the transmission of electricity to and from electric vehicles and the associated charging procedure.
- Electricity distribution post with a built-in earth connection.
- Device for non-invasive outage-free identification of customer connections on the distribution network (“LOF”).

ENDESA’s direct investment in R&D and innovation totalled Euro 40 million in 2013, Euro 23 of which was earmarked for the Spain and Portugal business and Euro 17 million for Latin America, with over 200 projects being mobilised.

During the year, ENDESA, in coordination with the other group companies, intensified its R&D and innovation activities in the areas and markets where they operate through the Recerca Strategica programme, which comprises eight major technological research programmes:

- Operating flexibility at plants.
- Automatisation and advanced diagnoses.
- Energy storage and management tools for variable resources.
- Pollution and waste control.
- Cybersafety and zero-accident schemes.
- New usages of electricity.
- Monitoring of new nuclear technologies.
- Renewable energies.

All of ENDESA’s innovation initiatives are developed and coordinated under a structured model that unifies project selection criteria and collates and unlocks the value of technological know-how, while bearing in mind differences between each country’s regulations and businesses. Obtaining and optimising grants, tax credits and financial aid for R&D and innovation initiatives are managed centrally, in the same way throughout the organisation.

A noteworthy milestone in managing innovation in house was the launch of the Eidos Market: a pioneer initiative which has channelled around two thousand ideas across the Group. The platform makes use of the latest technology such as the crowdsourcing philosophy, or predictive markets techniques to garner ideas with a view to maximising innovative potential through the collective intelligence of the employees’ social network.

As part of its open innovation model ENDESA has chosen to work with entrepreneurs to find solutions to the challenges facing our businesses.

In 2013, the first edition of the ENEL LAB competition was held, with prize money of Euro 15 million. The competition supports young Spanish and Italian companies which are developing clean technologies. In this first edition of the competition, ENDESA will be mentoring MIRUBEE, a Spanish energy efficiency company.

Progress made in the field of e-mobility and smart cities stands out among the projects conducted during 2013.
2. E-mobility

ENDESA is firmly committed to the development of e-mobility technologies and plays an active role in this field to position itself as a leader in e-mobility on the international stage.

Work in this area has enabled the Company to develop technology and agreements which have reaped significant results: ENDESA installed 253 EV recharging points in Spain and over 58 in Latin America in the year, including new fast charge points, capable of limiting power at times of peak demand, being installed in service stations.

This ongoing drive to bring new technology to market led to the successful completion of the first phase of the recharging projects, resulting in the development of equipment such as the device for remotely managing CRAVE fast chargers, and the SURTIDOR conductive fast charger with energy storage.

The FASTO project was successfully concluded in 2013, which is aimed at the definition, development, production and certification at a pre-commercial stage of a portfolio of fast charging equipment to be shared by the entire Group. The project, which includes three integrated fast charge systems, was presented at the prestigious EVS27 Congress in November in Barcelona and is currently being marketed.

ENDESA created and promoted a consortium of companies to execute the Victoria Project which nurtures the development of Spanish technology to develop the first dynamic inductive charging system for buses whereby electric buses will be charged wirelessly while on the move. As part of this project, a dynamic inductive bus lane will be built in Malaga, while ambitious technological developments and financial incentives are planned to encourage e-mobility among the city’s inhabitants.

Another scheme is the Unplugged Project where an international consortium is working on building a fast charge induction station as well as researching use of this system in urban settings. In 2013, ENDESA made significant progress in designing a model station, with testing beginning in 2014.

Research initiatives into Vehicle to Grid (V2G) systems were also carried out during the year with the successful conclusion of the V2M Project to roll out these technological solutions in Malaga where an infrastructure comprising six chargers was put in place to offer bidirectional services to commercial vehicles.

Another area of activity focused on promoting e-mobility in real-life situations by carrying out demo projects, including the Green eMotion project under the Seventh Framework Programme, and ZEM2ALL. As part of the e-mobility demonstration ZEM2ALL Project (Zero Emissions Mobility to All) a total of 22 fast chargers and six V2G chargers were rolled out, 60 EVs were delivered to companies and individuals in Malaga and a control and information centre opened. All participants were highly satisfied with the initiatives.

The GREEN eMOTION Project in Barcelona and Malaga entailed the introduction of e-parking for ENDESA’s vehicle fleet in Barcelona, including three different charge points – private, fast and V2G, while in Malaga infrastructure for managing demand at car parks was deployed.

In Latin America, Codensa commissioned the first charging point for electric taxis in Bogota, providing a recharging service for the 50 electric taxis with municipal permits, and finished installing 55 charging stations in four of the city’s car parks.

Also in Colombia, the company signed an agreement with Bogota City Council and the Mobility and Environment Secretary to introduce electric buses by 2015.

In Chile, Chilectra conducted a project to launch an electric bus service in the future along a public transport corridor connecting the installations of Smartcity Santiago and the Metro network. This experience aims to show that this technology can be used in public transport systems in major Latin American cities.

In Argentina the company installed the first ever EV charge point.
3. Smart cities

ENDESA pioneered the smart grid concept in its smart city programmes. In Spain, the Smartcity Malaga project has been running for five years and its counterpart in Barcelona for three years. Meanwhile, in Latin America, projects were launched in Búzios (Brazil) and Santiago de Chile in 2012.

3.1. Smartcity Malaga

The first phase of the project concluded in 2013 and the second one began, where the actions to integrate smart grids and sustainable urban planning continued apace to develop a new concept of smart cities.

The most notable activities at Smartcity Malaga were the development and roll-out of state-of-the-art distributed energy generation and storage technologies, electric vehicle charging infrastructure, and cutting-edge solutions for improving the energy efficiency of buildings, businesses and homes through the active involvement of end consumers. This experience has shown the feasibility of a new energy management model for cities, meeting the targets of 20% energy savings, a 20% reduction in CO₂ emissions and a significant increase in the use of renewable energies. The project took place in an area of the city with 12,000 residential, 300 industrials and 900 service customers.

3.2. Smartcity Barcelona

The development of the new energy model continued in Barcelona, rolling out and testing the most advanced smart meter, grid automation, efficient lighting, renewable energy integration and e-mobility technologies.

Among the most significant schemes is the Future Grid for Electric Energy Distribution initiative, which has seen the roll out of monitoring and control devices at over 1,400 transformer centres to improve continuity and quality of supply.

Work continued on development of the Solar House and its Smart Grid Service Center, located in the port area, to monitor and manage the systems set up as part of Smartcity Barcelona.

3.3. Smartcity Búzios

This is the first smart city project in Latin America, implemented in the city of Búzios in the state of Rio de Janeiro.

The main objectives of the project were to integrate smart metering, grid automation, e-mobility, smart street lighting and distributed generation technologies, among others, to evaluate their economic, technical and social feasibility. The first automated point was installed in 2013 and communications tests carried out prior to deployment.

3.4. Smartcity Santiago

This was set up in the Ciudad Empresarial business park in Santiago, with efficient lighting points installed in 2013 and 100 smart meters operational.

ENDESA also continued to participate in various technology platforms, including the Technology Platform for Energy Efficiency, the Platform for Electricity Grids of the Future (FUTURED) – where it is a member of the reactor working group, and the Nuclear Fission Platform (CEIDEN) – where it acts as Technical Secretary). The Company also collaborates in other platforms, such as the Spanish CO₂ Technology Platform, the Spanish Technology Platform for Hydrogen and Fuel Batteries, the Spanish Technology Platform for Industrial Security (PLATI) and the Spanish Biomass Platform (BIOPLAT).

ENDESA also actively participated in many other organisations and is a founding patron of the Catalonian Institute for Energy Research (IREC), the Andalusia Technology
Corporation (CTA) and the Pro Rebus Foundation of the Spanish Royal Academy of Engineering. In Latin America, the Company works with Colciencias (Colombia), and has cooperation agreements with the Energy Sustainability Research Centre (CISE) at Chile’s Universidad Pontificia Católica.

Coordination between ENDESA’s various working groups enabled it optimise resources and identify synergies worth Euro 23 million in 2013.

It also created the “Safety Synergies Innovation Committee” during the year to promote and speed up innovation projects aimed at improving occupational health and safety and deploying proven technologies, such as:

• **Anti fall systems for ladders**: These ladders are covered with glass fibre with no visible metal elements and can be used at all sites where there are uncovered cables.

• **Personal voltage detection devices**: This device detects the presence of electric fields by means of a radio antenna.

• **Post protectors**: These help increase absorption of impacts from vehicles, prevent serious damage to posts and increase the safety of drivers and passengers alike.

• **Integrated safety helmets**: Hard hat fitted with video camera, headphones and Wi-Fi microphone to supervise hazardous tasks from a distance and improve communications with operatives.
4. Other activities

ENDESA’s portfolio of innovation projects is structured around the key technology areas encompassed in its medium- and long-term strategic targets, which aim to optimise the use of resources and generate added value.

4.1. Generation technologies

- **Less CO₂**: New amine-based chemical absorbents are applied and evaluated at a pioneering experimental chemical absorption CO₂ capture plant, which is the first of its kind in Spain.

- **Bionatur**: Project to analyse the possibility of using extreme desulphurization technology and eliminating pollutants, using at lab scale, absorbents with real combustion gases.

- **CO₂ capture using microalgae**: A pilot plant located in the Litoral de Almería thermal power plant set up for the recovery of CO₂ from combustion gases using microalgae in order to obtain commercially viable products such as biofuels.

- **O2GEN**: Project to study second-generation OxyCFB technology with high O₂/CO₂ ratios in small boilers at a lower cost.

- **Capim Elefante**: This was conducted in Brazil to create optimal conditions for the lifecycle of this species of grass on an experimental farm with a view to improving biomass availability in Brazil and other South American countries.

- **Cooling lagoon**: This assessed the viability of crystalline lagoons as an alternative cooling system for thermal power plants.

- **Tool to optimise resources, programmable on a daily basis**: This project in Chile has been designed to generate an optimisation model for hourly programming at hydroelectric plants, allowing the most efficient use of hydroelectric resources.

- **Coal combustion mix**: This project evaluated adjusting coal combustion parameters and mixes in the catchment area of the Termozipa thermal plant (Colombia) to improve combustion efficiency and reduce the plant’s environmental impact.

- **Telesivi**: Under this project, artificial vision technology was developed to monitor and improve maintenance systems at hydroelectric power plants.

- **Intogener**: This was designed to predict ice and snowmelt runoff using satellite data in order to improve electricity generation forecasting. Endesa Chile is involved as a user of the system during the pre-operational phase.

4.2. Energy efficiency and storage

- **EnergyTic**: This seeks to find innovative solutions for social housing customers to save water and energy, and is being carried out at 1,000 homes in France and 700 in Spain. ENDESA is involved as a technology partner, leading Spain’s participation involving remote customer management.

- **Novare Energrid**: This project examines the viability of a distributed smart infrastructure system to manage supply and demand in the electricity grid. Marketing of this system began in 2013 which will make it possible to manage the production and consumption of energy in a decentralised system based on small nodes (homes, businesses), creating a decentralised system and encouraging energy management at buildings.

- **Store**: This project in the Canary Islands has devised energy storage technologies that can be applied directly in power systems to better manage temporary imbalances between supply and demand.

- **Bess**: This project in Chile (at the Tarapacá thermal plant) will create an energy storage system (6MW/1.5 MWh) which will be delivered to the Norte Grande interconnection system (SING) in the event of severe frequency fluctuations.

- **Storage**: This project in Brazil has designed an energy storage system using different Li-ion technologies (NMC and...
LFP) with 200 kWh of capacity which can be connected to a smart grid.

- Electronic capacitor: This was designed in Brazil to correct low-voltage reactive energy. Aimed at residential customers with low consumption, the device is intended to improve the quality of supply.

4.3. Distribution and smart grids

- Remote management: This project entailed deploying an automatic remote management and control system for domestic customers in Spain using smart meters. In 2013, 4.2 million were installed in Spain. Under this pioneering scheme, traditional electric meters will be replaced at all the Company’s customers in Spain.

- Smartie Plus: This new power electronics device is capable of optimising load distribution which can help reduce losses and improve supply, permitting a larger and better penetration of renewable energies in the grid.

- Orion: This pilot project involving smart grids will see the automatation of the medium-voltage grid to improve service in the rural areas of Cundinamarca (Colombia).

- Efecto Carson: A new grounding configuration has been developed for medium- and low-voltage transformers to reduce impedance and help reduce maintenance and operating costs.

- Cable Cure: This involved researching how to regenerate underground cables affected by water damage and weathering without cutting supply to customers.

4.4. Nuclear energy

The Company conducts R&D in the nuclear field as a partner in various programmes. Through the Nuclear Energy Committee of the Spanish Energy Industry Association (UNESA for its initials in Spanish), ENDESA undertakes research projects of interest to its nuclear power plants. The following programmes are of particular relevance:

- EPRI nuclear programme: This strives for operating excellence at nuclear plants.

- Coordinated PCI Research Programme: Carried out with the participation of sector companies and the Nuclear Safety Council (CSN) to analyse plant security.

- Joint PIC Programme developed by electric utilities and ENUSA (coordinator of nuclear fuel R&D and innovation activities). Various common interest projects were defined.
People
1. ENDESA’s workforce

At 31 December 2013, ENDESA directly employed 22,995 people, 0.8% more than the previous year.

By geographical area, 48.6% work in the Spain and Portugal business while 51.4% work in the Latin America business. In 2013, 1,370 new employees joined the Group.

### Closing workforce

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>% change 2013-2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain and Portugal*</td>
<td>11,704</td>
<td>11,537</td>
<td>11,169</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Latin America</td>
<td>11,060</td>
<td>11,270</td>
<td>11,826</td>
<td>4.7%</td>
</tr>
<tr>
<td>Total</td>
<td>22,764</td>
<td>22,807</td>
<td>22,995</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

### Average workforce

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>% change 2013-2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain and Portugal*</td>
<td>12,048</td>
<td>11,700</td>
<td>11,343</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Latin America</td>
<td>11,308</td>
<td>11,210</td>
<td>11,546</td>
<td>2.9%</td>
</tr>
<tr>
<td>Total</td>
<td>23,356</td>
<td>22,910</td>
<td>22,889</td>
<td>-0.1%</td>
</tr>
</tbody>
</table>

* The workforce in Spain and Portugal includes headcounts for other countries outside the Iberian market (Ireland and Morocco). The headcount for just Iberia (excluding other countries) is 11,166 people.

ENDESA’s diverse human capital combines youth and experience. Most of the workforce falls into the 35 to 54 age bracket, with over 10 years of service. By gender, 78.9% of the workforce is male and 21.1% female.

<table>
<thead>
<tr>
<th>Age</th>
<th>% workforce</th>
<th>Years of service</th>
<th>% workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 28</td>
<td>6.33</td>
<td>Under 10</td>
<td>39.2</td>
</tr>
<tr>
<td>28 to 34</td>
<td>16.14</td>
<td>10 to 19</td>
<td>20.36</td>
</tr>
<tr>
<td>35 to 44</td>
<td>28.69</td>
<td>20 to 29</td>
<td>25.75</td>
</tr>
<tr>
<td>45 to 54</td>
<td>32.61</td>
<td>30 to 34</td>
<td>9.18</td>
</tr>
<tr>
<td>55 to 59</td>
<td>12.30</td>
<td>Over 35</td>
<td>5.51</td>
</tr>
<tr>
<td>Over 60</td>
<td>3.93</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ENDESA offers its employees competitive working conditions, which are above the market average in all the countries where it operates. This is shown by the fact that 97.5% of all contracts are permanent and 94.8% of the headcount is full-time.
Also, and in order to provide young people with jobs and access to the labour market, ENDESA offered 1,182 people internships or scholarships in 2013.

2. Talent and leadership management

ENDESA seeks to identify its outstanding employees and to guide them so that they can contribute to making the Company the sector leader.

In this regard, the Company employs a range of tools for personnel development based on merit and skills.

2.1. Leadership Model

The Leadership Model comprises the set of behaviours that the Company expects from all its employees. It provides references to allow employees to work consistently towards their objectives and in line with the Company’s mission, contributing to building our business leadership. These behaviours are based on seven factors that are geared to continuous improvement and promoting change and innovation, while giving priority to occupational health and safety.

### Seven values of the leadership model

- Prioritise health and safety.
- Feel and act like a citizen of the group.
- Direct change.
- Assume responsibilities and risk.
- Dominate your work.
- Make your colleagues grow.
- Focus on results.

Work began in the second half of 2013 on revising the Leadership Model to adapt it to the current business environment and adjust the factors and performance requirements to the new challenges facing the Company. The results will be announced and implemented in 2014.

2.2. Enel Global Banding System

In 2013 the Management Model became the Enel Global Banding System which incorporates management posts as well as key technical-professional employees.

This new model aims to identify and define the technical/professional posts within the Company and assess management positions.

On the one hand, senior management is split into five levels:

- EVP (Executive Vice President)
- SVP (Senior Vice President)
- VP (Vice President)
- SD (Senior Director)
- D (Director)

These posts are supported by key professional roles (KPRs) characterised by their considerable technical capabilities and critical importance to the business.

The system allows for efficient, standard and unified management, regardless of the function or the country of work of the manager or the KPR.

2.3. Global Professional System

Work concluded in 2013 on the Global Professional System (GPS) which is intended to define professional profiles within the Enel Group according to their technical competencies.

This system will identify the competencies for each position and, based on these, any training requirements and possible development opportunities for the employee.

The GPS also enabled the KPRs in the Company and the persons performing these roles to be identified.
Every member of ENDESA’s workforce was assigned one of the profiles defined in the GPS job profile catalogue. The catalogue is broken down into 20 professional areas, 49 families of jobs, 503 job profiles and 915 competencies.

The GPS will be integrated with the global appraisal processes and, in this regard, technical competency evaluations will be performed for all ENDESA staff as from 2014.

2.4. Talent Pool

In 2013, work continued using the Management and Leadership Models to identify, develop and train employees included in the Talent Pool (a source of talent to occupy management positions in the Company). There are three types of Talent Pool:

- Pool 1. Individuals covered by the Management Model who show the potential to reach senior management level.
- Pool 2. Candidates capable of occupying positions included in the Management Model.
- Pool 3. Young qualified individuals who joined the Company in the last five years and are candidates for supervisor roles.

2.5. The whY Generation Project

The first phase of the whY Generation Project was completed in 2013. This project is being rolled out across the Group based on feedback from the Employee Climate Survey. The aim is to strengthen the commitment and loyalty of employees who are under 31. At ENDESA, 2,366 individuals fall into this category.

The first phase focused on diagnosing and identifying the main areas where work is needed to boost the commitment and motivation of the youngest employees. This work drew on benchmarking and the results of the Employee Climate Survey of members of the whY Generation, along with workshops and interviews involving a section of this group and their line managers.

The second phase of this project will be rolled out in 2014 to develop specific initiatives to tackle each of the areas where work is needed.
2.6. Talent appraisal tools

In 2012, 70.33% of our employees received a regular performance and professional development appraisal. The main activities in the area of talent appraisals were as follows:

• Performance: The performance of 11,894 employees was assessed (12% more than in 2012), as per the Company’s Leadership Model factors.

• Objectives: The individual contributions of 10,262 employees (14% more than in 2012) to the Company’s results were measured.

• Potential: The professional potential of 3,180 employees was evaluated, 30% more than in 2012.

• 360º Appraisal: A total of 156 members of senior management were subject to this type of appraisal in 2013. Over 1,500 appraisers were involved in this process.

• Individual development interviews: In 2013, 94 employees were interviewed by an expert in professional development in order to define, propose and execute an individual action plan whereby the employee can grow within the organisation.

• Coaching: ENDESA firmly believes in coaching, which was provided to over 470 employees in 2013 by in-house and external experts in personal, professional and team development.

• Mentoring: Two pilot mentoring projects were conducted in 2013 in the generation and supply businesses in Spain and Portugal.

2.7. Training

As well as improving service quality, boosting efficiency, spurring continual improvements and standardising training, this plan is designed to contribute to developing capabilities that employees need to fulfil their objectives and those of the Company.

With these objectives in mind, priority was given to Occupational Health and Safety, where a single, aligned global culture was established, in addition to the development of technical capacities to meet the business objectives.

965,565 hours of training was provided during the year to 82% of the workforce, with each employee receiving approximately 42 hours on average. ENDESA invested more than Euro 8 million in this activity, an average of Euro 353 per employee.

Training mainly covered the following topics: Skills (31%), Business (29%), Occupational Health and Safety (16%), Staff (16%) and Leadership (3%).

2.8. International training

In 2013, ENDESA’s training units merged with Enel University, with various international schemes coming under ENDESA’s programmes to offer training on a more international scale and to generate economies of scale and greater efficiency.

The main programmes offered to ENDESA employees in 2013 were:

• GOAL (Global One & Aligned) Managerial Training: A programme targeting management to foster a global culture aligned with the Company’s strategy that respects and promotes diversity. 338 managers were given training through 26 courses run in Rome, Madrid, Santiago de Chile and Bratislava.
• Junior Enel International Training Programme: This programme is intended for employees who have recently joined the Group, holding degrees or similar qualifications and with a maximum of two years’ previous professional experience. 335 employees participated in this programme in 2013.

• Catalogo Post Performance Review: A catalogue of skills training is offered to disseminate the Enel Group’s conduct and values more widely, and nurture competencies related with the Leadership Model. 137 courses were held in all countries, attended by 2,186 individuals.

• Enel Learning System: This online training platform and training management system stemmed from ENDESA’s e-learning tool and will continue to be rolled out in 2014 until it becomes a global tool.

2.9. Energy School

ENDESA’s Energy School continued to train key personnel throughout 2013, building up a pool of knowledge and talent that contributes to the development of the Company’s technological leadership. Programmes carried out during the year included:

• Endesa-ICAI Master’s Degree in Electrical Technology.

• Master’s Degree in Nuclear Energy, in conjunction with the Polytechnic University of Catalonia.

• Advanced Diploma in Energy at Madrid’s Civil Engineering College.

• Master’s Degree in Legal, Market and Regulatory Issues and Project Management in collaboration with San Pablo CEU University.

• Master’s Degree in ITC and Remote Management in collaboration with the University of Seville.

• Master’s Degree in Electric Vehicles at the EOI in Madrid.

• Master’s Degree in Energy Efficiency at La Salle in Barcelona.

• Master’s Degree in Electric and Hybrid Vehicle Engineering at the Polytechnic University of Madrid.

A Master’s Degree in Human Resources was also developed at the Autonomous University of Madrid (expected to commence in September 2014), as well as a Master’s Degree in Industrial Safety.

2.10. Other training

A large number of programmes was provided under the 2013 Training Plan:

• Spain and Portugal: 3,449 training events were held for business professionals and cross-discipline areas attended by 9,788 people.

• Latin America: 3,148 training events were held for business professionals and cross-discipline areas attended by 8,977 people.

3. Attracting and retaining talent

In order to attract the best talent, ENDESA focuses on Employer Branding to promote itself as an attractive place to work in all the markets where the Company is present, especially among those profiles that are in most demand.

To achieve this, the Company attended job fairs in person and online during 2013, working with a number of institutions to boost the Internship and Scholarship Plan.

3.1 Hiring

In 2013, 586 in-house selection processes were completed (334 in Spain, 36 in Argentina, 53 in Brazil, 79 in Chile, 82 in Colombia and 2 in Peru), involving 4,227 employees.
Where internal promotion is not possible the Company advertises on the job market. During 2013, 998 external selection processes were carried out across ENDESA (463 in Argentina, 188 in Brazil, 74 in Chile, 150 in Colombia, 34 in Peru and 89 in Spain).

### 3.2. International mobility

ENDESA promotes international mobility as a means of multicultural development and integration. In 2013, 88 positions were advertised in Latin America in all business areas, 44 of these corresponded to vacancies in countries in the region, and the remainder to Spain and Portugal and other parts of Latin America and other Enel Group companies. 25% of the positions advertised were awarded to local Latin American personnel, 11 were management positions and the remaining 77 were non-managerial positions.

### 3.3. Remuneration policy

In 2013, significant progress was made to standardise ENDESA’s management remuneration systems as part of the Enel Group.

During the year, remuneration processes were integrated and standardised systems established for managers, directors and senior staff to give continuity and coherence between remuneration of different levels, unify management tasks and optimise coordination within the Group.

In 2013, a new assessment was also made of the socio-economic status of the countries and sectors in which ENDESA companies operate. In Spain, given the existing economic and regulatory environment, all employees' salaries were frozen. In Latin America, however, salaries were raised in line with remuneration trends in the markets where ENDESA is present.

All management remuneration processes are based on merit, performance and the attainment of concrete and tangible targets and results. Following the 2013 salary review, remuneration for managers is, on average, in line with market conditions in each country.

During the year, a new ENDESA Loyalty Plan programme was launched, providing long-term incentives for 2013-2015, conditional on achieving the Company’s objectives. The programme targets managers, directors and senior executives of the Endesa Group around the world.

### 4. Personnel relations

#### 4.1. Employee satisfaction

ENDESA strives to achieve the highest possible satisfaction of its employees, providing them with opportunities under conditions of equality, respecting the balance between their personal and work lives, and encouraging dialogue as a means for resolving disputes and continuous improvement.

#### 4.2. Social responsibility towards people

Various activities were conducted throughout 2013 under ENDESA’s plan focusing on social responsibility towards people, the Senda Plan, in the following areas:

- Managing diversity and equal opportunities.
- Work-life balance and flexibility.
- Integration of disabled persons and people at risk of social exclusion.
- Encouragement of volunteering.
- Socially responsible investment.
a) Equality

ENDESA’s commitment to gender equality and non-discrimination was redoubled in 2013 through the following actions:

• As in previous years, in 2013 objectives were set to increase the percentage of female employees in the workforce. In Spain, 40% of new hires were women and in Latin America Colombia stands out with 31% followed by Brazil with 28%.

• In 2013, the quantitative and qualitative analysis of gender diversity was concluded and the results compared with similar studies carried out in 2007 and 2009. An action plan setting out specific measures to improve gender diversity was developed based on the results of this diagnosis.

b) Striking a balance between professional, personal and family life

ENDESA continues to take steps to reinforce a flexible working environment and seeks to enable its employees to strike a balance between personal, family and professional life. Initiatives in this area were as follows during 2013:

• ENDESA renewed its certification in Spain as a Family-Responsible Company, and raised the score achieved in the previous audit, obtaining Proactive Plus classification. Chile also obtained certification from the Más Familia Foundation and Colombia successfully passed the maintenance audit for certification.

• In order to achieve better time management, a campaign was run to raise awareness of "effective meetings".

• Teleworking was offered across all Latin American countries, with over 300 employees signing up.

c) Differently-abled persons

ENDESA has various programmes to integrate people with disabilities in the workplace. At present, 101 disabled people are employed in Spain (an 11.89% increase on 2012), followed by Brazil (66), Argentina (30), Chile (16) and Peru (2) at 31 December 2013. The following work was conducted in this area throughout 2013:

• Continuation of the Family Plan developed by the Adecco Foundation, with 87 families signing up to receive a range of advice and therapies for employees with a disabled relative.

• Goods and services with a value of approximately Euro 3 million were acquired in Spain.

During 2013, significant steps were also taken in Latin America to integrate disabled people. Of particular note are the Entrada Programme for disabled students in Chile, the renewal of a contract with the Brazilian Institute for the Rights of the Disabled at Endesa Brasil and the hiring of nine disabled apprentices in Colombia.

Some 828 young people were also trained across Latin America under the programme to get young people into work (Crecer +) arranged by the Adecco Foundation and ENDESA in 2011 and designed to find jobs for people under the age of 24 who are at risk of social exclusion.

d) Support for volunteers

ENDESA encourages corporate volunteering among its employees. It is committed to the development of the communities in which it operates and contributes to the cultural, educational, environmental and social development of these communities. Initiatives carried out in 2013 include:

• A food collection campaign entitled “Together we can achieve more” at all ENDESA offices in Spain to help the disadvantaged. More than 9,400 kg of food and 50 kg of hygiene products were donated by employees and sent to
Banco de Alimentos, Cáritas, NGO Cooperación Internacional and the Dar Foundation.

- Introduction of the Exit Foundation’s Coach Project. This mentoring and coaching programme for young people at risk of social exclusion is aimed at improving their employability and inclusion in society and the job market. A total of 27 volunteers participated in the scheme.

- Various initiatives were also carried out in Latin America, such as in Brazil where 300 volunteers took part in schemes at institutions to collect old appliances, food and clothing. In Peru, employees worked to help improve the quality of life of elderly underprivileged persons, while in Colombia and Argentina they participated in collections for the needy. In Chile, the first National Volunteer Day, Give & Gain, took place in 2013.

4.2. Workplace environment

In November 2012 a Workplace Environment and Safety survey was conducted simultaneously throughout the Enel Group. ENDESA achieved a participation rate of 76% and a commitment level of 74% in the survey. Results highlights included:

- ENDESA performed well in several areas of the survey, i.e. efficiency and operating excellence, internal relations and my line manager.

- However, improvement is needed in the areas of leadership, change management, and merit-based promotions and development, particularly at team management level.

Based on the results, an action plan comprising 2,025 initiatives was designed to leverage our strengths in this respect to address the areas of improvement identified. These will be carried out until the next Climate Survey is launched.

4.4. Social dialogue

There were five collective bargaining agreements in effect in Spain and Portugal at the end of 2013, covering 10,724 people, 92% of the workforce.

Key negotiations in the year include the 4th Endesa Collective Framework Agreement, extension of the Framework Agreement and the agreement to introduce voluntary contract extension and termination measures, which were signed in December.

The new labour framework has three main objectives: flexibility, productivity and competitiveness, to ensure that corporate targets are met and that Company employment conditions are observed.

There are a total of 45 collective bargaining agreements in place at ENDESA’s companies in Latin America: 8 in Argentina, 15 in Brazil, 13 in Chile, 4 in Colombia, 5 in Peru and 1 which, although it has been signed in Spain, affects employees working for the parent company in Latin America. Together these regulate the labour conditions of 9,731 employees, or 82.4% of the total workforce.

In 2013, 14 collective agreements were signed: 8 in Brazil, 2 in Chile and 4 in Peru.
Social initiatives with farmers
Social policy
Social initiatives

ENDESA considers that one of the intrinsic elements of its business is to actively contribute to the development of the communities and regions where it operates, through a variety of community actions. It therefore carries out this type of activity as a key line in its management strategy that promotes social inclusion, brings it closer to stakeholders and meets their demands.

These measures also make a significant contribution to developing regional ties, one of the main objectives of the Company’s Sustainability Plan.

1. ENDESA's social policy

ENDESA places great importance on meeting its economic, social and environmental responsibilities in a balanced way, based on criteria of sustainability. Fostering regional ties is a key component of its corporate culture.

The Company is aware that the supply of energy is fundamental to the advancement and well-being of the community, and is therefore committed to the obligations associated with this service, striving to provide the best possible conditions of safety, quality and respect for the environment. Its social activities are an extension of this commitment, giving priority to disadvantaged communities or areas.

ENDESA defines social activities as those which:

- Complement its function as a basic service provider.
- Find a link between nature and the development characteristics of the businesses.
- Provide access to goods and services that are related to electricity.
- Respond to the needs of the communities with which ENDESA interacts.
- Contribute to wealth and job creation, as well as social integration.
- Help the most disadvantaged groups.
- Are sustainable over time. Ideally, the most successful ones can be replicated.
- Foster cooperation with community representatives in the development of projects.
- It is also committed to reporting systematically and transparently in accordance with internationally accepted standards.
2. Investment in social projects

ENDESA’s social projects respond to initiatives put forward by its corporate centre, regional departments and investees. The framework for social initiatives was reviewed in 2013, classifying them into six categories or lines of action:

- Access to energy
- Education and training
- Social development and quality of life
- Volunteer programmes
- Biodiversity and the environment
- Humanitarian aid

In 2013, ENDESA allocated Euro 40.1 million for the implementation and promotion of community initiatives, equivalent to 2.3% of net profit from continued operations attributable to the Company’s shareholders.

Of this amount, 71% was earmarked for Latin America and 29% for Spain and Portugal.

ENDESA’s investments in social initiatives in 2013* (Euro thousand)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain and Portugal</td>
<td>11,744</td>
</tr>
<tr>
<td>Corporate centre</td>
<td>7,715</td>
</tr>
<tr>
<td>Endesa foundations</td>
<td>3,786</td>
</tr>
<tr>
<td>Regional centres in Spain and Portugal</td>
<td>243</td>
</tr>
<tr>
<td>Latin America</td>
<td>28,370</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40,114</strong></td>
</tr>
</tbody>
</table>

ENDESA’s investment in social development (Euro million)

- 2011: 45.4
- 2012: 35.2
- 2013: 40.1

Distribution of ENDESA’s social activities across Spain and Portugal

- Access to energy: 4%
- Quality of life: 42%
- Education and training: 38%
- Environment and biodiversity: 16%

Distribution of ENDESA’s social activities across Latin America

- Access to energy: 46%
- Quality of life: 18%
- Education and training: 32%
- Biodiversity and the environment: 4%
3. Main lines of action

3.1. Access to energy

ENDESA considers social initiatives to be a key line in its management strategy. Therefore, one of the main action lines in social development relates to projects aligned with the Company's core business, with initiatives to provide access to energy by building infrastructure, reducing physical and economic barriers, energy efficiency and training.

This includes the ENabling ELectricity programme, headed by Enel to which ENDESA contributes significant value.

With regard to ensuring universal access to modern energy services, the United Nations Energy for All project and the ENable Electricity programme define three fundamental areas for action into which ENDESA's social projects related to this initiative can be grouped:

1. Projects that facilitate access to electricity through new technologies and infrastructures: These involve the installation of electricity systems and access to these systems. Since 2012, over 700,000 people have benefitted from these projects and now have access to energy. Highlights include:
   - The “Electricity for All” programme. In 2013, Ampla and Coelce, ENDESA's distribution subsidiaries in Brazil, continued to collaborate in the federal “Electricity for All” electrification programme, which aims to bring power to all rural areas, providing free access to the grid. More than 10,000 households have benefitted from this programme in Brazil since 2012.
   - Electricity for Learning. This project in Colombia entails providing access to electricity by installing solar panels in schools in isolated communities.
   - Lighting of sports facilities in Chile. This programme seeks to recover public areas for the community through the delivery, installation and maintenance of comprehensive lighting systems for sports facilities located mainly in underprivileged areas with greater needs in the Santiago de Chile metropolitan area. In 2013, four new installations benefitted from this scheme.

2. Projects that eliminate economic barriers for members of society on the lowest incomes: These provide payment facilities for electricity or lower consumption by improving energy efficiency. In 2013, three projects of this type were managed, helping more than 380,000 people. Highlights include:
   - Ecoelce and Ecompla in Brazil and Ecochilectra in Chile. A programme for residential customers, particularly low-income customers, consisting of exchanging recyclable waste for discounts on energy bills. Materials are correctly recycled through the recycling industry. In 2013, more than 18,000 households benefited from this programme.
   - Efficiency Change and Electricity for All. Programmes rolled out in Brazil to combat wasting electricity in the homes of low income customers, through educational activities in energy efficiency and the dissemination of knowledge and best practices on efficient and responsible energy consumption. Through home visits, talks and workshops, customers find out about the efficient use of energy and can change lamps and fridges for more efficient models at no charge.

3. Development of knowledge and key skills, creating abilities in the area of electricity: The aim of these projects is to train underprivileged people to provide them with job skills. Six such projects were managed, with nearly 650 people directly benefitting since 2012.
   - Professional training in electricity for young people at risk of exclusion in Spain. Improvement in the employability of underprivileged young people and those at risk of social exclusion. In 2013, 95 young people benefitted from the scheme.
• Endesa Brazil - Opportunities: Higher technical courses in electronics for young people from low-income backgrounds. In 2013, 60 students graduated.

• IST Nuevo Pachacútec. An educational project in Peru to improve the quality of life and employability of young people at risk of social exclusion by promoting electrician training. 152 young people are currently attending the course, with a total of 70 graduates.

Since the start of the Enabling Electricity programme in 2012, ENDESA has benefited more than two million people.

3.2. Education and training

For several years ENDESA has been developing different educational and training initiatives in all areas where it is present. Many of these projects are focused on business-related topics such as education in energy efficiency or safety for children, young people and adults, or to promote research into energy-related subjects. However, the Company also supports projects that help communities through universal primary education, skills development as a way of life and general training initiatives in energy-related topics.

Some of the most important projects are:

• Endesa Educa: A programme aimed at Spanish students to teach them about efficient and rational energy use. This initiative has been implemented by providing schools with educational material related to energy resources, raising awareness among students about the importance of energy to general quality of life issues. Over 56,000 children and young people took part in 2013. The 3D section of the website www.endesaeeduca.com has also been expanded. This space offers online educational activities and has increased its reach on the Internet.

• Energy for Education (Chile): A programme to improve the quality of school education in Spanish language and mathematics, aimed at students and teachers in vulnerable areas of the municipal school network. The main objective of the programme is create more opportunities for children and young people in the country. It was developed in 40 schools in 2013.

• Curibamba coffee project: A project to train coffee farmers in rural communities to provide them with technical skills for coffee growing in order to improve the quality of their work, and strengthen the commercial structure of these communities so that they are able to compete in the market. 40 farming families took part in this project during 2013.

3.3. Social development and quality of life

ENDESA supports social development and quality of life through various types of project aimed at improving the well-being of people and communities, helping to cover their basic needs, maintain their cultural identity, preserve their heritage and promote sport and healthy activities. Examples of this type of initiative include:

• Supporting SMEs project in Spain: A not-for-profit joint public and private collaboration initiative to help small and medium-sized businesses through meetings to address pertinent topics such as financing, innovation, internationalisation and energy efficiency, free of charge. In 2013, meetings were held in 12 Spanish cities.

• 2nd Endesa League Solidarity Day 2013. As a sponsor of Spanish basketball, ENDESA partnered with the Red Cross in December 2013 to host the 2nd Solidarity Day to support the most needy members of society. Citizens sent in donations by text message, with ENDESA doubling the amount raised and enabling the “Now more than ever” campaign to raise Euro 43,000 for the Spanish Red Cross.
• The Chilectra Cup: The 12th edition of the Chilectra Cup was held in 2013. This children’s football tournament brings together the 33 areas to which Chilectra supplies power. The aim of this initiative is to promote sport and a healthy lifestyle, in addition to strengthening values such as teamwork and the will to improve oneself, and to date, more than 80,000 children and young people from the metropolitan area have taken part in the programme.

• School breakfasts in Peru: A programme to pay for food to prepare school breakfasts, benefitting more than 130 children in 2013. The children were also visited by a nutrition specialist who assessed their weight, size and haemoglobin levels in order to prevent chronic illness.

3.4 Biodiversity and the environment

These voluntary projects include social initiatives to raise awareness, encourage recycling, and safeguard, regenerate, and improve the environment in general and biodiversity in particular to preserve and enhance the surroundings of the communities.

The work of the Huinay Foundation in Chile is of particular interest in this area. It is a biodiversity research centre whose aim is to preserve the natural heritage of Huinay and the Chilean fjord region. In 2013, 23 new articles were published in international scientific magazines. Further, the Foundation's scientific team made 28 presentations at international congresses and a total of 90 researchers stayed at Huinay in 2013.

3.5. Cooperation initiatives

In the area of corporate volunteerism, ENDESA employees collaborate on numerous projects to promote the social development of communities. Corporate volunteers act as drivers of social projects which in turn brings the Company closer to and more involved with its stakeholders and boosts the personal development and commitment of participants.

The most noteworthy initiatives were as follows:

• Crecer + Project: A mentoring and coaching programme in Spain for young people at risk of social exclusion. The initiative involves employees who are tasked with advising teenagers to improve their employability and inclusion in society and the job market. In 2013, 13 volunteers in Madrid and 14 in Barcelona helped 23 young people.

• “Rede do Bem” (welfare network) in Brazil: In 2013, a variety of projects were developed including the building of infrastructure, clean-up and restoration of natural spaces, tree planting or programmes carried out in some 15 different institutions including schools, nurseries, and centres for the elderly. Over 300 employees took part in these initiatives which directly benefited 2,715 people.
4. London Benchmarking Group

ENDESA has belonged to the London Benchmarking Group (LBG) Spain since 2008. Its methodology enables the Company’s social actions in the community to be measured, managed and evaluated and its contributions, achievements and impacts disseminated.

In addition to the usual reporting on its social initiatives, ENDESA has followed LBG calculation methodology for the fifth year running.

<table>
<thead>
<tr>
<th>ENDESA’s contribution to social action in 2013, according to LBG* (Euro thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions, Spain and Portugal</td>
</tr>
<tr>
<td>Contributions, Latin America</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

* The difference between the total results in the two reporting systems is mainly due to the inclusion of the time employees spend on social initiatives for each action and converted into euros and the Company’s inclusion of management costs for social actions projects.

“Rede do Bem” programme in Brazil:
Ventanilla power plant, Peru
Appendices. ENDESA’s generation assets
## ENDESA’s generation assets in Spain at 31/12/13 (Ordinary Regime) MW b.a.

### MAINLAND SYSTEM

#### Conventional thermal plants

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Type of fuel</th>
<th>No. of units</th>
<th>Total capacity (MW)</th>
<th>% ENDESA</th>
<th>Capacity corresponding to ENDESA (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compostilla</td>
<td>Cubillos del Sil-León</td>
<td>H-A</td>
<td>4</td>
<td>1,200</td>
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<td>Anillas</td>
<td>Anillas-León</td>
<td>H-A</td>
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<td>366</td>
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<tr>
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<td>As Pontes-La Coruña</td>
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<td>Andorra-Teruel</td>
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<td>5,051</td>
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<tr>
<td><strong>Conventional fuel-gas</strong></td>
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<td></td>
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</tr>
<tr>
<td>Foix</td>
<td>Terbesa (G. Enher)</td>
<td>F-NG</td>
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<td>Besós-Barcelona</td>
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<tr>
<td>Besós 5</td>
<td>Besós-Barcelona</td>
<td>CCGT</td>
<td>3</td>
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<td>Colon 4</td>
<td>Huelva</td>
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<td>As Pontes</td>
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<td><strong>Total fuel-gas</strong></td>
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<td>3,488</td>
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<tr>
<td><strong>Total conventional thermal</strong></td>
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<td></td>
<td>24</td>
<td>8,783</td>
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#### Nuclear

<table>
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<tr>
<th>Company</th>
<th>Location</th>
<th>Type of fuel</th>
<th>No. of units</th>
<th>Total capacity (MW)</th>
<th>% ENDESA</th>
<th>Capacity corresponding to ENDESA (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ascó I</td>
<td>Ascó-Tarragona</td>
<td>N</td>
<td>1</td>
<td>1,033</td>
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<td>Ascó II</td>
<td>Ascó-Tarragona</td>
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<td>1,027</td>
<td>85.0</td>
<td>873</td>
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<tr>
<td>Vandellós II</td>
<td>Vandellós-Tarragona</td>
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<td>1</td>
<td>1,088</td>
<td>72.0</td>
<td>783</td>
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<tr>
<td>Garoña</td>
<td>St Mª Garoña-Burgos</td>
<td>N</td>
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<td><strong>Total nuclear thermal</strong></td>
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<td>7</td>
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#### Hydroelectric

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<tr>
<th>Company</th>
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<th>Type of fuel</th>
<th>No. of units</th>
<th>Total capacity (MW)</th>
<th>% ENDESA</th>
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<td>U. de Prod. Hidr. Noroeste</td>
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<td>H</td>
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<td><strong>Total hydroelectric</strong></td>
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<tr>
<td><strong>Total mainland</strong></td>
<td></td>
<td></td>
<td>20,343</td>
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</table>
### Non-mainland systems

#### Balearic Islands

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Type of fuel</th>
<th>No. of units</th>
<th>Total capacity (MW)</th>
<th>% ENDESA</th>
<th>ENDESA's capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Coal</em></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Alcudia</td>
<td>Gesa</td>
<td>Majorca</td>
<td>IC</td>
<td>4</td>
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<tr>
<td>Son Reus</td>
<td>Gesa</td>
<td>Majorca</td>
<td>G</td>
<td>2</td>
<td>75</td>
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<tr>
<td>Ca’s Tresorer</td>
<td>Gesa</td>
<td>Menorca</td>
<td>G-G</td>
<td>6</td>
<td>474</td>
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<tr>
<td>Mahon</td>
<td>Gesa</td>
<td>Menorca</td>
<td>F-G</td>
<td>8</td>
<td>270</td>
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<tr>
<td>Ibiza (1)</td>
<td>Gesa</td>
<td>Ibiza</td>
<td>F-G</td>
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<td>G</td>
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<td>100.0 14</td>
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<td><strong>Total Balearic Islands</strong></td>
<td></td>
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<td></td>
<td>2,321</td>
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#### Canary Islands

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<tr>
<th>Company</th>
<th>Location</th>
<th>Type of fuel</th>
<th>No. of units</th>
<th>Total capacity (MW)</th>
<th>% ENDESA</th>
<th>ENDESA's capacity (MW)</th>
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</thead>
<tbody>
<tr>
<td><em>Fuel-gas</em></td>
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</tr>
<tr>
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<td>Unelco</td>
<td>Gran Canaria</td>
<td>F-G</td>
<td>10</td>
<td>302</td>
<td>100.0 302</td>
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<td>Unelco</td>
<td>Gran Canaria</td>
<td>F-G</td>
<td>10</td>
<td>697</td>
<td>100.0 697</td>
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<td>Tenerife</td>
<td>F-G</td>
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<td>257</td>
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<td>Granadilla (3)</td>
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<td>Tenerife</td>
<td>F-G</td>
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<td>Punta Grande (4)</td>
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<td>D-G</td>
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<td>231</td>
<td>100.0 231</td>
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<tr>
<td>Las Salinas</td>
<td>Unelco</td>
<td>Fuerteventura</td>
<td>D-G</td>
<td>12</td>
<td>187</td>
<td>100.0 187</td>
</tr>
<tr>
<td>El Palmar</td>
<td>La Gomera</td>
<td>D</td>
<td>10</td>
<td>23</td>
<td>100.0 23</td>
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</tr>
<tr>
<td>Llanos Blancos (5)</td>
<td>El Hierro</td>
<td>D</td>
<td>10</td>
<td>15</td>
<td>15</td>
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<tr>
<td>Los Guinchos</td>
<td>La Palma</td>
<td>D-G</td>
<td>11</td>
<td>108</td>
<td>100.0 108</td>
<td></td>
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<tr>
<td><strong>Hydroelectric</strong></td>
<td>Unelco</td>
<td>La Palma</td>
<td>H</td>
<td>1</td>
<td>1</td>
<td>100.0 1</td>
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<tr>
<td><strong>Total Canary Islands</strong></td>
<td></td>
<td></td>
<td></td>
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#### Ceuta and Melilla

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Type of fuel</th>
<th>No. of units</th>
<th>Total capacity (MW)</th>
<th>% ENDESA</th>
<th>ENDESA's capacity (MW)</th>
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</thead>
<tbody>
<tr>
<td>Ceuta</td>
<td>ENDESA</td>
<td>F-D</td>
<td>10</td>
<td>99</td>
<td>100.0</td>
<td>99</td>
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<tr>
<td>Melilla</td>
<td>ENDESA</td>
<td>F-G</td>
<td>8</td>
<td>85</td>
<td>100.0</td>
<td>85</td>
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<td><strong>Total Ceuta &amp; Melilla</strong></td>
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<td></td>
<td></td>
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**Total mainland and non-mainland**

<table>
<thead>
<tr>
<th>Country</th>
<th>Total capacity (MW)</th>
<th>% ENDESA</th>
<th>ENDESA's capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>5,123</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>4,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Spain and Portugal, Endesa Group</strong></td>
<td>26,945</td>
<td>23,198</td>
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---

**ENDESA’s generation facilities in Portugal at 31/12/13 (Ordinary Regime) MW b.a.**

### Portugal

#### Coal

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Type of fuel</th>
<th>No. of units</th>
<th>Total capacity (MW)</th>
<th>% ENDESA</th>
<th>ENDESA’s capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tejo</td>
<td>ENDESA</td>
<td>Pego, Abrantes</td>
<td>IC</td>
<td>2</td>
<td>628</td>
<td>38.9 244</td>
</tr>
<tr>
<td><strong>Total coal</strong></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>628</td>
<td>244</td>
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#### CCGT

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<th>Location</th>
<th>Type of fuel</th>
<th>No. of units</th>
<th>Total capacity (MW)</th>
<th>% ENDESA</th>
<th>ENDESA’s capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elecgas (3)</td>
<td>ENDESA</td>
<td>Pego, Abrantes</td>
<td>CCGT</td>
<td>2</td>
<td>851</td>
<td>100.0 851</td>
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<tr>
<td><strong>Total CCGT</strong></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>851</td>
<td>851</td>
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<tr>
<td><strong>Total Portugal</strong></td>
<td></td>
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<td></td>
<td>4</td>
<td>1,479</td>
<td>1,095</td>
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**Total Spain and Portugal, Endesa Group**

<table>
<thead>
<tr>
<th>Country</th>
<th>Total capacity (MW)</th>
<th>% ENDESA</th>
<th>ENDESA’s capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>26,945</td>
<td></td>
<td>23,198</td>
</tr>
<tr>
<td>Portugal</td>
<td>4,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Spain and Portugal, Endesa Group</strong></td>
<td>26,945</td>
<td>23,198</td>
<td></td>
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</table>
### Endesa’s generation facilities in Latin America

#### Installed capacity 31/12/13 (MW)

<table>
<thead>
<tr>
<th>Facility</th>
<th>Country</th>
<th>Hydro</th>
<th>Fuel-gas</th>
<th>Coal</th>
<th>CCGT</th>
<th>Wind</th>
<th>Stake held by ENDESA LATAM.</th>
<th>Capacity equivalent to stake held (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Molles</td>
<td>Chile</td>
<td>18.00</td>
<td>18.00</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>6.5</td>
</tr>
<tr>
<td>Rapel</td>
<td>Chile</td>
<td>377.00</td>
<td>377.00</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>137.1</td>
</tr>
<tr>
<td>Sauzal</td>
<td>Chile</td>
<td>76.80</td>
<td>76.80</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>27.9</td>
</tr>
<tr>
<td>Sauzalito</td>
<td>Chile</td>
<td>12.00</td>
<td>12.00</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>4.4</td>
</tr>
<tr>
<td>Cipreses</td>
<td>Chile</td>
<td>106.00</td>
<td>106.00</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>38.5</td>
</tr>
<tr>
<td>Isla</td>
<td>Chile</td>
<td>70.00</td>
<td>70.00</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>25.5</td>
</tr>
<tr>
<td>Pehuencue</td>
<td>Chile</td>
<td>570.00</td>
<td>570.00</td>
<td></td>
<td></td>
<td></td>
<td>33.69%</td>
<td>192.0</td>
</tr>
<tr>
<td>Curillique</td>
<td>Chile</td>
<td>89.00</td>
<td>89.00</td>
<td></td>
<td></td>
<td></td>
<td>33.69%</td>
<td>30.0</td>
</tr>
<tr>
<td>Loma Alta</td>
<td>Chile</td>
<td>40.00</td>
<td>40.00</td>
<td></td>
<td></td>
<td></td>
<td>33.69%</td>
<td>13.5</td>
</tr>
<tr>
<td>Abanico</td>
<td>Chile</td>
<td>136.00</td>
<td>136.00</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>49.5</td>
</tr>
<tr>
<td>El Toro</td>
<td>Chile</td>
<td>450.00</td>
<td>450.00</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>163.6</td>
</tr>
<tr>
<td>Antuco</td>
<td>Chile</td>
<td>320.00</td>
<td>320.00</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>116.4</td>
</tr>
<tr>
<td>Pangue</td>
<td>Chile</td>
<td>467.00</td>
<td>467.00</td>
<td></td>
<td></td>
<td></td>
<td>37.28%</td>
<td>174.1</td>
</tr>
<tr>
<td>Ralco</td>
<td>Chile</td>
<td>690.00</td>
<td>690.00</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>250.9</td>
</tr>
<tr>
<td>Tarapacá GT</td>
<td>Chile</td>
<td>24.00</td>
<td>24.00</td>
<td></td>
<td></td>
<td></td>
<td>37.28%</td>
<td>8.9</td>
</tr>
<tr>
<td>Tarapacá TV</td>
<td>Chile</td>
<td>158.00</td>
<td>158.00</td>
<td></td>
<td></td>
<td></td>
<td>37.28%</td>
<td>58.9</td>
</tr>
<tr>
<td>Atacama (Total capacity: 780.6 MW)</td>
<td>Chile</td>
<td>390.29</td>
<td>390.29</td>
<td></td>
<td></td>
<td></td>
<td>18.64%</td>
<td>145.5</td>
</tr>
<tr>
<td>Tal Tal</td>
<td>Chile</td>
<td>244.90</td>
<td>244.90</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>89.1</td>
</tr>
<tr>
<td>Diego de Almagro</td>
<td>Chile</td>
<td>23.80</td>
<td>23.80</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>8.7</td>
</tr>
<tr>
<td>Huasco GT</td>
<td>Chile</td>
<td>64.23</td>
<td>64.23</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>23.4</td>
</tr>
<tr>
<td>San Isidro</td>
<td>Chile</td>
<td>379.00</td>
<td>379.00</td>
<td></td>
<td></td>
<td></td>
<td>37.28%</td>
<td>141.3</td>
</tr>
<tr>
<td>San Isidro II</td>
<td>Chile</td>
<td>399.00</td>
<td>399.00</td>
<td></td>
<td></td>
<td></td>
<td>37.28%</td>
<td>148.7</td>
</tr>
<tr>
<td>Quintero GT</td>
<td>Chile</td>
<td>257.00</td>
<td>257.00</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>93.5</td>
</tr>
<tr>
<td>Bocamina</td>
<td>Chile</td>
<td>478.00</td>
<td>478.00</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>173.8</td>
</tr>
<tr>
<td>Palmucho</td>
<td>Chile</td>
<td>34.00</td>
<td>34.00</td>
<td></td>
<td></td>
<td></td>
<td>36.36%</td>
<td>12.4</td>
</tr>
<tr>
<td>Canela</td>
<td>Chile</td>
<td>18.15</td>
<td>18.15</td>
<td></td>
<td></td>
<td></td>
<td>27.96%</td>
<td>5.1</td>
</tr>
<tr>
<td>Canela II</td>
<td>Chile</td>
<td>60.00</td>
<td>60.00</td>
<td></td>
<td></td>
<td></td>
<td>27.96%</td>
<td>16.8</td>
</tr>
<tr>
<td>Ojos de Agua</td>
<td>Chile</td>
<td>9.00</td>
<td>9.00</td>
<td></td>
<td></td>
<td></td>
<td>37.28%</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>Total Chile</strong></td>
<td></td>
<td>5,961.17</td>
<td>3,464.80</td>
<td>613.93</td>
<td>636.00</td>
<td>1,168.29</td>
<td>78.15</td>
<td>2,159.1</td>
</tr>
</tbody>
</table>

#### Capacity equivalent to stake held (MW)

<table>
<thead>
<tr>
<th>Facility</th>
<th>Country</th>
<th>Hydro</th>
<th>Fuel-gas</th>
<th>Coal</th>
<th>CCGT</th>
<th>Wind</th>
<th>Stake held by ENDESA LATAM.</th>
<th>Capacity equivalent to stake held (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costanera (Steam)</td>
<td>Argentina</td>
<td>1,138.14</td>
<td>1,138.14</td>
<td></td>
<td></td>
<td></td>
<td>27.52%</td>
<td>313.2</td>
</tr>
<tr>
<td>Costanera (CCGT)</td>
<td>Argentina</td>
<td>858.95</td>
<td>858.95</td>
<td></td>
<td></td>
<td></td>
<td>27.52%</td>
<td>236.4</td>
</tr>
<tr>
<td>Central Buenos Aires</td>
<td>Argentina</td>
<td>327.00</td>
<td>327.00</td>
<td></td>
<td></td>
<td></td>
<td>27.52%</td>
<td>90.0</td>
</tr>
<tr>
<td>Dock Sud (CCGT)</td>
<td>Argentina</td>
<td>797.50</td>
<td>797.50</td>
<td></td>
<td></td>
<td></td>
<td>24.25%</td>
<td>193.4</td>
</tr>
<tr>
<td>Dock Sud (open cycle)</td>
<td>Argentina</td>
<td>72.00</td>
<td>72.00</td>
<td></td>
<td></td>
<td></td>
<td>24.25%</td>
<td>17.5</td>
</tr>
<tr>
<td>El Chocón</td>
<td>Argentina</td>
<td>1,200.00</td>
<td>1,200.00</td>
<td></td>
<td></td>
<td></td>
<td>23.77%</td>
<td>285.3</td>
</tr>
<tr>
<td>Arroyito</td>
<td>Argentina</td>
<td>128.00</td>
<td>128.00</td>
<td></td>
<td></td>
<td></td>
<td>23.77%</td>
<td>30.4</td>
</tr>
<tr>
<td><strong>Total Argentina</strong></td>
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<td>4,521.59</td>
<td>1,328.00</td>
<td>1,210.14</td>
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<td>1,983.45</td>
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#### Total Brazil

<table>
<thead>
<tr>
<th>Facility</th>
<th>Country</th>
<th>Hydro</th>
<th>Fuel-gas</th>
<th>Coal</th>
<th>CCGT</th>
<th>Wind</th>
<th>Stake held by ENDESA LATAM.</th>
<th>Capacity equivalent to stake held (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Brazil</td>
<td></td>
<td>986.77</td>
<td>665.20</td>
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<td>0.00</td>
<td>321.57</td>
<td>0.00</td>
<td>— 498.9</td>
</tr>
<tr>
<td>El Guavio</td>
<td>Colombia</td>
<td>1,213.00</td>
<td>1,213.00</td>
<td></td>
<td></td>
<td></td>
<td>22.87%</td>
<td>277.4</td>
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</table>
### Endesa’s generation facilities in other countries

<table>
<thead>
<tr>
<th>Power station</th>
<th>Country</th>
<th>Type of plant</th>
<th>Installed capacity at 31/12/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tahaddart (32% proportionately consolidated)</td>
<td>Morocco</td>
<td>CCGT</td>
<td>379.70</td>
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</table>

### Installed capacity 31/12/13 (MW)

<table>
<thead>
<tr>
<th>Power station</th>
<th>Country</th>
<th>Type of plant</th>
<th>Installed capacity at 31/12/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charquito-Limonar-</td>
<td>Colombia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tequendama</td>
<td></td>
<td>Hydro</td>
<td>57.10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fuel-gas</td>
<td>57.10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coal</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>CCGT</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wind</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stake held by</td>
<td>22.87%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ENDESA LATAM</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capacity</td>
<td>13.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>equivalent to</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>stake held</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(MW)</td>
<td></td>
</tr>
<tr>
<td>San Antonio</td>
<td>Colombia</td>
<td></td>
<td>19.50</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fuel-gas</td>
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<td></td>
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<td>Coal</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>CCGT</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wind</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stake held by</td>
<td>22.87%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ENDESA LATAM</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capacity</td>
<td>4.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>equivalent to</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>stake held</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(MW)</td>
<td></td>
</tr>
<tr>
<td>Cadena Pagua (Guaca and</td>
<td>Colombia</td>
<td></td>
<td>601.20</td>
</tr>
<tr>
<td>Paraiso)</td>
<td></td>
<td>Hydro</td>
<td>601.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fuel-gas</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coal</td>
<td>22.87%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CCGT</td>
<td>137.5</td>
</tr>
<tr>
<td>Termozipa</td>
<td>Colombia</td>
<td></td>
<td>235.50</td>
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<td>Hydro</td>
<td>235.50</td>
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<tr>
<td></td>
<td></td>
<td>Fuel-gas</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coal</td>
<td>22.87%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CCGT</td>
<td>53.9</td>
</tr>
<tr>
<td>Darío Valencia</td>
<td>Colombia</td>
<td></td>
<td>50.00</td>
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<tr>
<td></td>
<td></td>
<td>Hydro</td>
<td>50.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fuel-gas</td>
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This publication has been produced according to the ISO 9001:2008 Quality Management System and the ISO 14001:2004 Environmental Management System standards. These standards verify that at all times both production processes and waste management are carried out to the highest standards according to current legislation. All paper used is elemental chlorine-free (ECF) with neutral pH and free of heavy metals.

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