

ENDESA S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

Euro Million

| ASSETS | <u>31.12.11</u> | <u>31.12.10</u> | <u>Variation</u> | |
|--|-----------------|-----------------|------------------|---------------|
| Total fixed assets | 43.169 | 43.555 | (386) | -0,9% |
| Utility plant | 32.904 | 32.896 | 8 | 0,0% |
| Investment property | 74 | 69 | 5 | 7,2% |
| Intangible asset | 3.013 | 3.167 | (154) | -4,9% |
| Goodwill | 2.617 | 2.797 | (180) | -6,4% |
| Investments in associates | 897 | 899 | (2) | -0,2% |
| Long term financial investments | 1.821 | 1.641 | 180 | 11,0% |
| Deferred tax assets | 1.843 | 2.086 | (243) | -11,6% |
| Total current assets | 15.552 | 19.033 | (3.481) | -18,3% |
| Inventories | 1.253 | 1.129 | 124 | 11,0% |
| Trade and other receivables | 5.470 | 6.109 | (639) | -10,5% |
| Short term financial investments | 5.652 | 9.434 | (3.782) | -40,1% |
| Cash and cash equivalents | 2.788 | 1.828 | 960 | 52,5% |
| Non current assets held for sale and from interrupted activities | 389 | 533 | (144) | -27,0% |
| TOTAL ASSETS | 58.721 | 62.588 | (3.867) | -6,2% |

| EQUITY AND LIABILITIES | <u>31.12.11</u> | <u>31.12.10</u> | <u>Variation</u> | |
|---|-----------------|-----------------|------------------|---------------|
| Total equity | 24.679 | 23.164 | 1.515 | 6,5% |
| Atributable to equity holders of the parent company | 19.291 | 17.776 | 1.515 | 8,5% |
| Minority interest | 5.388 | 5.388 | | 0,0% |
| Non-current liabilities | 23.735 | 27.383 | (3.648) | -13,3% |
| Deferred revenues | 4.129 | 3.936 | 193 | 4,9% |
| Long term provisions | 4.168 | 4.714 | (546) | -11,6% |
| Long term financial debt | 12.791 | 16.256 | (3.465) | -21,3% |
| Other non-current liabilities | 654 | 602 | 52 | 8,6% |
| Deferred tax liabilities | 1.993 | 1.875 | 118 | 6,3% |
| Current liabilities | 10.307 | 12.041 | (1.734) | -14,4% |
| Short term financial debt | 1.070 | 985 | 85 | 8,6% |
| Short term provisions | 935 | 1.020 | (85) | -8,3% |
| Trade and other payables | 8.219 | 9.824 | (1.605) | -16,3% |
| Liabilities related to non current assets held for sale and from interrupted activities | 83 | 212 | (129) | -60,8% |
| TOTAL EQUITY AND LIABILITIES | 58.721 | 62.588 | (3.867) | -6,2% |



ENDESA S.A. AND SUBSIDIARIES **CONSOLIDATED STATEMENTS OF INCOME**

(Unaudited)

Euro Million

| | <u>31.12.11</u> | <u>31.12.10</u> | <u>Variation</u> | |
|---|-----------------|-----------------|------------------|--------|
| REVENUES | 32.686 | 31.177 | 1.509 | 4,8% |
| Sales | 30.827 | 29.558 | 1.269 | 4,3% |
| Other operating revenues | 1.859 | 1.619 | 240 | 14,8% |
| PURCHASES AND SERVICES | 21.682 | 19.768 | 1.914 | 9,7% |
| Investments in associates | 8.926 | 7.409 | 1.517 | 20,5% |
| Long term financial investments | 3.961 | 3.154 | 807 | 25,6% |
| Transmission expenses | 6.251 | 6.087 | 164 | 2,7% |
| Other variable purchases and services | 2.544 | 3.118 | (574) | -18,4% |
| GROSS MARGIN | 11.004 | 11.409 | (405) | -3,5% |
| Work performed by the entity and capitalized | 204 | 265 | (61) | -23,0% |
| Personnel expenses | 1.625 | 1.852 | (227) | -12,3% |
| Other fixed operating expenses | 2.318 | 2.348 | (30) | -1,3% |
| GROSS OPERATING INCOME (EBITDA) | 7.265 | 7.474 | (209) | -2,8% |
| Depreciation and amortization | 2.612 | 2.443 | 169 | 6,9% |
| OPERATING INCOME (EBIT) | 4.653 | 5.031 | (378) | -7,5% |
| FINANCIAL INCOME | (622) | (883) | 261 | -29,6% |
| Financial revenues | 717 | 377 | 340 | 90,2% |
| Financial expenses | (1.357) | (1.272) | (85) | 6,7% |
| Foreign exchanges | 18 | 12 | 6 | 50,0% |
| Share of profit of associates | 30 | 1 | 29 | n/a |
| Income from other investments | 6 | 6 | | 0,0% |
| Income from asset sales | 113 | 2.361 | (2.248) | -95,2% |
| INCOME BEFORE TAXES | 4.180 | 6.516 | (2.336) | -35,9% |
| Income tax | 1.159 | 1.398 | (239) | -17,1% |
| ONGOING ACTIVITIES PROFIT | 3.021 | 5.118 | (2.097) | -41,0% |
| INTERRUPTED ACTIVITIES PROFIT | | | | |
| PROFIT FOR THE PERIOD | 3.021 | 5.118 | (2.097) | -41,0% |
| Attributable to the holders of the parent company | 2.212 | 4.129 | (1.917) | -46,4% |
| Minority interest | 809 | 989 | (180) | -18,2% |



ENDESA S.A. AND SUBSIDIARIES

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

Euro Million

| | <u>4Q 11</u> | <u>4Q 10</u> | <u>Variation</u> | |
|---|--------------|--------------|------------------|---------|
| REVENUES | 8.082 | 8.205 | (123) | -1,5% |
| Sales | 7.777 | 7.646 | 131 | 1,7% |
| Other operating revenues | 305 | 559 | (254) | -45,4% |
| PURCHASES AND SERVICES | 5.235 | 5.196 | 39 | 0,8% |
| Investments in associates | 2.490 | 1.742 | 748 | 42,9% |
| Long term financial investments | 836 | 719 | 117 | 16,3% |
| Transmission expenses | 1.486 | 1.492 | (6) | -0,4% |
| Other variable purchases and services | 423 | 1.243 | (820) | -66,0% |
| GROSS MARGIN | 2.847 | 3.009 | (162) | -5,4% |
| Work performed by the entity and capitalized | 62 | 90 | (28) | -31,1% |
| Personnel expenses | 422 | 595 | (173) | -29,1% |
| Other fixed operating expenses | 671 | 840 | (169) | -20,1% |
| GROSS OPERATING INCOME (EBITDA) | 1.816 | 1.664 | 152 | 9,1% |
| Depreciation and amortization | 1.006 | 829 | 177 | 21,4% |
| OPERATING INCOME (EBIT) | 810 | 835 | (25) | -3,0% |
| FINANCIAL INCOME | (54) | (47) | (7) | 14,9% |
| Financial revenues | 270 | 138 | 132 | 95,7% |
| Financial expenses | (334) | (209) | (125) | 59,8% |
| Foreign exchanges | 10 | 24 | (14) | -58,3% |
| Share of profit of associates | (11) | 2 | (13) | -650,0% |
| Income from other investments | (5) | (4) | (1) | 25,0% |
| Income from asset sales | (52) | 1.276 | (1.328) | -104,1% |
| INCOME BEFORE TAXES | 688 | 2.062 | (1.374) | -66,6% |
| Income tax | 285 | 371 | (86) | -23,2% |
| ONGOING ACTIVITIES PROFIT | 403 | 1.691 | (1.288) | -76,2% |
| INTERRUPTED ACTIVITIES PROFIT | | | | |
| PROFIT FOR THE PERIOD | 403 | 1.691 | (1.288) | -76,2% |
| Attributable to the holders of the parent company | 234 | 1.407 | (1.173) | -83,4% |
| Minority interest | 169 | 284 | (115) | -40,5% |

ENDESA S.A. AND SUBSIDIARIES **CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

Euro Million

| | <u>31.12.11</u> | <u>31.12.10</u> |
|---|-----------------|-----------------|
| Consolidated income before income taxes and minorities | 4.180 | 6.516 |
| Result adjustments: | 2.627 | 1.090 |
| Fixed assets amortization and impairment loss | 2.612 | 2.443 |
| Other result adjustments (net) | 15 | (1.353) |
| Changes in current assets | 704 | 77 |
| Other cash flows from operating activities: | (1.673) | (1.778) |
| Cash-in interests | 644 | 309 |
| Cash-in dividends | 4 | 12 |
| Interest payments | (960) | (669) |
| Tax income payment | (805) | (875) |
| Other cash-in/payments from operating activities | (556) | (555) |
| Net cash provided by operating activities | 5.838 | 5.905 |
| Acquisitions of fixed and intangible assets | (2.814) | (2.593) |
| Disposal of fixed and intangible assets | 281 | 1.529 |
| Investments in stakes of subsidiaries | (102) | (30) |
| Disposal in stakes of subsidiaries | 72 | 1.532 |
| Acquisitions of other investments | (2.225) | (2.221) |
| Disposal of other investments | 4.879 | 879 |
| Cash flow from changes in perimeter | (7) | (87) |
| Subsidies and other deferred income | 212 | 233 |
| Net cash used for investing activities | 296 | (758) |
| New long-term debt | 1.254 | 1.174 |
| Repayment of long-term debt | (2.658) | (1.201) |
| Net cash from financial debt with short term maturity | (2.024) | (3.670) |
| Dividends paid by the controlling company | (1.076) | (1.088) |
| Payments to minority shareholders | (617) | (570) |
| Net cash used for financing activities | (5.121) | (5.355) |
| Total net cash | 1.013 | (208) |
| Effects of exchange rate changes on cash and cash equivalents | (68) | 191 |
| Net increase in cash and cash equivalents | 945 | (17) |
| Cash and cash equivalents at beginning of period | 1.843 | 1.860 |
| Cash and cash equivalents at end of period | 2.788 | 1.843 |

CONSOLIDATED BALANCE SHEETS SPAIN AND PORTUGAL

(Unaudited)

Euro Million

ASSETS

| | <u>31.12.11</u> | <u>31.12.10</u> | <u>Variation</u> | |
|--|-----------------|-----------------|------------------|---------------|
| Total fixed assets | 25.848 | 25.960 | (112) | -0,4% |
| Utility plant | 21.978 | 22.001 | (23) | -0,1% |
| Investment property | 17 | 13 | 4 | 30,77% |
| Intangible asset | 829 | 845 | (16) | -1,9% |
| Goodwill | 14 | 18 | (4) | -22,2% |
| Investments in associates | 881 | 881 | | 0,0% |
| Long term financial investments | 884 | 835 | 49 | 5,9% |
| Deferred tax assets | 1.245 | 1.367 | (122) | -8,9% |
| Long term financial investments | 11.629 | 14.819 | (3.190) | -21,5% |
| Inventories | 1.136 | 1.028 | 108 | 10,5% |
| Trade and other receivables | 3.678 | 3.765 | (87) | -2,3% |
| Short term financial investments | 5.519 | 9.377 | (3.858) | -41,1% |
| Cash and cash equivalents | 907 | 240 | 667 | 277,9% |
| Non current assets held for sale and from interrupted activities | 389 | 409 | (20) | -4,9% |
| TOTAL ASSETS | 37.477 | 40.779 | (3.302) | -8,1% |

EQUITY AND LIABILITIES

| | <u>31.12.11</u> | <u>31.12.10</u> | <u>Variation</u> | |
|---|-----------------|-----------------|------------------|---------------|
| Total equity | 14.431 | 12.798 | 1.633 | 12,8% |
| Atributable to equity holders of the parent company | 14.416 | 12.800 | 1.616 | 12,6% |
| Minority interest | 15 | (2) | 17 | -850,0% |
| Non-current liabilities | 16.699 | 20.123 | (3.424) | -17,0% |
| Deferred revenues | 4.121 | 3.930 | 191 | 4,9% |
| Long term provisions | 3.424 | 3.967 | (543) | -13,7% |
| Long term financial debt | 7.629 | 10.952 | (3.323) | -30,3% |
| Other non-current liabilities | 481 | 490 | (9) | -1,8% |
| Deferred tax liabilities | 1.044 | 784 | 260 | 33,2% |
| Current liabilities | 6.347 | 7.858 | (1.511) | -19,2% |
| Short term financial debt | 172 | 5 | 167 | n/a |
| Short term provisions | 783 | 838 | (55) | -6,6% |
| Trade and other payables | 5.309 | 6.922 | (1.613) | -23,3% |
| Liabilities related to non current assets held for sale and from interrupted activities | 83 | 93 | (10) | -10,8% |
| TOTAL EQUITY AND LIABILITIES | 37.477 | 40.779 | (3.302) | -8,1% |

CONSOLIDATED STATEMENTS OF INCOME SPAIN AND PORTUGAL

(Unaudited)

Euro Million

| | <u>31.12.11</u> | <u>31.12.10</u> | <u>Variation</u> | |
|---|-----------------|-----------------|------------------|---------|
| REVENUES | 22.650 | 21.191 | 1.459 | 6,9% |
| Sales | 21.234 | 20.186 | 1.048 | 5,2% |
| Other operating revenues | 1.416 | 1.005 | 411 | 40,9% |
| PURCHASES AND SERVICES | 16.192 | 14.380 | 1.812 | 12,6% |
| Energy purchases | 6.321 | 5.125 | 1.196 | 23,3% |
| Fuel procurement costs | 2.647 | 1.929 | 718 | 37,2% |
| Transmission expenses | 5.659 | 5.517 | 142 | 2,6% |
| Other variable purchases and services | 1.565 | 1.809 | (244) | -13,5% |
| GROSS MARGIN | 6.458 | 6.811 | (353) | -5,2% |
| Work performed by the entity and capitalized | 129 | 199 | (70) | -35,2% |
| Personnel expenses | 1.050 | 1.279 | (229) | -17,9% |
| Other fixed operating expenses | 1.513 | 1.652 | (139) | -8,4% |
| GROSS OPERATING INCOME (EBITDA) | 4.024 | 4.079 | (55) | -1,3% |
| Depreciation and amortization | 1.780 | 1.596 | 184 | 11,5% |
| OPERATING INCOME (EBIT) | 2.244 | 2.483 | (239) | -9,6% |
| FINANCIAL INCOME | (295) | (460) | 165 | -35,9% |
| Financial revenues | 297 | 121 | 176 | 145,5% |
| Financial expenses | (584) | (586) | 2 | -0,3% |
| Foreign exchanges | (8) | 5 | (13) | -260,0% |
| Share of profit of associates | 17 | (1) | 18 | n/a |
| Income from other investments | 4 | 6 | (2) | -33,3% |
| Income from asset sales | 93 | 2.346 | (2.253) | -96,0% |
| INCOME BEFORE TAXES | 2.063 | 4.374 | (2.311) | -52,8% |
| Income tax | 470 | 869 | (399) | -45,9% |
| ONGOING ACTIVITIES PROFIT | 1.593 | 3.505 | (1.912) | -54,6% |
| INTERRUPTED ACTIVITIES PROFIT | | | | |
| NET INCOME | 1.593 | 3.505 | (1.912) | -54,6% |
| Attributable to the holders of the parent company | 1.593 | 3.498 | (1.905) | -54,5% |
| Minority interest | | 7 | (7) | -100,0% |

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME SPAIN AND PORTUGAL

(Unaudited)

Euro Million

| | <u>4Q 11</u> | <u>4Q 10</u> | <u>Variation</u> | |
|---|--------------|--------------|------------------|---------|
| REVENUES | 5.576 | 5.452 | 124 | 2,3% |
| Sales | 5.368 | 5.155 | 213 | 4,1% |
| Other operating revenues | 208 | 297 | (89) | -30,0% |
| PURCHASES AND SERVICES | 3.945 | 3.681 | 264 | 7,2% |
| Energy purchases | 1.834 | 1.147 | 687 | 59,9% |
| Fuel procurement costs | 629 | 481 | 148 | 30,8% |
| Transmission expenses | 1.320 | 1.369 | (49) | -3,6% |
| Other variable purchases and services | 162 | 684 | (522) | -76,3% |
| GROSS MARGIN | 1.631 | 1.771 | (140) | -7,9% |
| Work performed by the entity and capitalized | 40 | 70 | (30) | -42,9% |
| Personnel expenses | 263 | 427 | (164) | -38,4% |
| Other fixed operating expenses | 508 | 672 | (164) | -24,4% |
| GROSS OPERATING INCOME (EBITDA) | 900 | 742 | 158 | 21,3% |
| Depreciation and amortization | 649 | 553 | 96 | 17,4% |
| OPERATING INCOME (EBIT) | 251 | 189 | 62 | 32,8% |
| FINANCIAL INCOME | 8 | 26 | (18) | -69,2% |
| Financial revenues | 118 | 36 | 82 | 227,8% |
| Financial expenses | (87) | (33) | (54) | 163,6% |
| Foreign exchanges | (23) | 23 | (46) | -200,0% |
| Share of profit of associates | (15) | 2 | (17) | -850,0% |
| Income from other investments | (6) | (4) | (2) | 50,0% |
| Income from asset sales | (57) | 1.267 | (1.324) | -104,5% |
| INCOME BEFORE TAXES | 181 | 1.480 | (1.299) | -87,8% |
| Income tax | 53 | 234 | (181) | -77,4% |
| ONGOING ACTIVITIES PROFIT | 128 | 1.246 | (1.118) | -89,7% |
| INTERRUPTED ACTIVITIES PROFIT | | | | |
| NET INCOME | 128 | 1.246 | (1.118) | -89,7% |
| Attributable to the holders of the parent company | 128 | 1.246 | (1.118) | -89,7% |
| Minority interest | | | | |

CONSOLIDATED STATEMENTS OF CASH FLOWS SPAIN AND PORTUGAL

(Unaudited)

Euro Million

| | <u>31.12.11</u> | <u>31.12.10</u> |
|--|-----------------|-----------------|
| Consolidated income before income taxes and minorities | 2.063 | 4.374 |
| Result adjustments: | 1.534 | (131) |
| Fixed assets amortization and impairment loss | 1.780 | 1.596 |
| Other result adjustments (net) | (246) | (1.727) |
| Changes in current assets | 696 | 315 |
| Othe cash flows from operating activities: | (886) | (1.026) |
| Cash-in interests | 255 | 53 |
| Cash-in dividends | 3 | 11 |
| Interest payments | (401) | (327) |
| Tax income payment | (318) | (316) |
| Other cash-in/payments from operating activities | (425) | (447) |
| Net cash provided by operating activities | 3.407 | 3.532 |
| Acquisitions of fixed and intangible assets | (1.691) | (1.516) |
| Disposal of fixed and intangible assets | 254 | 1.441 |
| Investments in stakes of subsidiaries | (8) | |
| Disposal in stakes of subsidiaries | 9 | 1.532 |
| Acquisitions of other investments | (2.012) | (2.147) |
| Disposal of other investments | 4.711 | 763 |
| Cash flow from changes in perimeter | 22 | (87) |
| Subsidies and other deferred income | 209 | 233 |
| Net cash used for investing activities | 1.494 | 219 |
| New long-term debt | 430 | 931 |
| Repayment of long-term debt | (2.439) | (856) |
| Net cash from financial debt with short term maturity | (1.149) | (3.056) |
| Dividends paid by the controlling company | (1.076) | (798) |
| Payments to minority shareholders | | |
| Net cash used for financing activities | (4.234) | (3.779) |
| Total net cash | 667 | (28) |
| Net increase in cash and cash equivalents | 667 | (28) |
| Cash and cash equivalents at beginning of period | 240 | 268 |
| Cash and cash equivalents at end of period | 907 | 240 |

CONSOLIDATED BALANCE SHEETS

LATIN AMERICAN BUSINESS

(Unaudited)

Euro Million

| ASSETS | <u>31.12.11</u> | <u>31.12.10</u> | <u>Variation</u> | |
|--|-----------------|-----------------|------------------|--------------|
| Total fixed assets | 17.321 | 17.595 | (274) | -1,6% |
| Utility plant | 10.926 | 10.895 | 31 | 0,3% |
| Investment property | 57 | 56 | 1 | 1,8% |
| Intangible asset | 2.184 | 2.322 | (138) | -5,9% |
| Goodwill | 2.603 | 2.779 | (176) | -6,3% |
| Investments in associates | 16 | 18 | (2) | -11,1% |
| Long term financial investments | 937 | 806 | 131 | 16,3% |
| Deferred tax assets | 598 | 719 | (121) | -16,8% |
| Total current assets | 3.923 | 4.214 | (291) | -6,9% |
| Inventories | 117 | 101 | 16 | 15,8% |
| Trade and other receivables | 1.792 | 2.344 | (552) | -23,5% |
| Short term financial investments | 133 | 57 | 76 | 133,3% |
| Cash and cash equivalents | 1.881 | 1.588 | 293 | 18,5% |
| Non current assets held for sale and from interrupted activities | | 124 | (124) | -100,0% |
| TOTAL ASSETS | 21.244 | 21.809 | (565) | -2,6% |

| EQUITY AND LIABILITIES | <u>31.12.11</u> | <u>31.12.10</u> | <u>Variation</u> | |
|---|-----------------|-----------------|------------------|--------------|
| Total equity | 10.248 | 10.366 | (118) | -1,1% |
| Atributable to equity holders of the parent company | 4.875 | 4.976 | (101) | -2,0% |
| Minority interest | 5.373 | 5.390 | (17) | -0,3% |
| Non-current liabilities | 7.036 | 7.260 | (224) | -3,1% |
| Deferred revenues | 8 | 6 | 2 | 33,3% |
| Long term provisions | 744 | 747 | (3) | -0,4% |
| Long term financial debt | 5.162 | 5.304 | (142) | -2,7% |
| Other non-current liabilities | 173 | 112 | 61 | 54,5% |
| Deferred tax liabilities | 949 | 1.091 | (142) | -13,0% |
| Current liabilities | 3.960 | 4.183 | (223) | -5,3% |
| Short term financial debt | 898 | 980 | (82) | -8,4% |
| Short term provisions | 152 | 182 | (30) | -16,5% |
| Trade and other payables | 2.910 | 2.902 | 8 | 0,3% |
| Liabilities related to non current assets held for sale and from interrupted activities | | 119 | (119) | -100,0% |
| TOTAL EQUITY AND LIABILITIES | 21.244 | 21.809 | (565) | -2,6% |

CONSOLIDATED STATEMENTS OF INCOME **LATIN AMERICA BUSINESS**

(Unaudited)

Euro Million

| | <u>31.12.11</u> | <u>31.12.10</u> | <u>Variation</u> | |
|---|-----------------|-----------------|------------------|--------|
| REVENUES | 10.036 | 9.986 | 50 | 0,5% |
| Sales | 9.593 | 9.372 | 221 | 2,4% |
| Other operating revenues | 443 | 614 | (171) | -27,9% |
| PURCHASES AND SERVICES | 5.490 | 5.388 | 102 | 1,9% |
| Energy purchases | 2.605 | 2.284 | 321 | 14,1% |
| Fuel procurement costs | 1.314 | 1.225 | 89 | 7,3% |
| Investments in associates | 592 | 570 | 22 | 3,9% |
| Long term financial investments | 979 | 1.309 | (330) | -25,2% |
| GROSS MARGIN | 4.546 | 4.598 | (52) | -1,1% |
| Work performed by the entity and capitalized | 75 | 66 | 9 | 13,6% |
| Personnel expenses | 575 | 573 | 2 | 0,3% |
| Other fixed operating expenses | 805 | 696 | 109 | 15,7% |
| GROSS OPERATING INCOME (EBITDA) | 3.241 | 3.395 | (154) | -4,5% |
| Depreciation and amortization | 832 | 847 | (15) | -1,8% |
| OPERATING INCOME (EBIT) | 2.409 | 2.548 | (139) | -5,5% |
| FINANCIAL INCOME | (327) | (423) | 96 | -22,7% |
| Financial revenues | 420 | 256 | 164 | 64,1% |
| Financial expenses | (773) | (686) | (87) | 12,7% |
| Foreign exchange | 26 | 7 | 19 | 271,4% |
| Share of profit of associates | 13 | 2 | 11 | 550,0% |
| Income from other investments | 2 | | 2 | n/a |
| Income from asset sales | 20 | 15 | 5 | 33,3% |
| INCOME BEFORE TAXES | 2.117 | 2.142 | (25) | -1,2% |
| Income tax | 689 | 529 | 160 | 30,2% |
| ONGOING ACTIVITIES PROFIT | 1.428 | 1.613 | (185) | -11,5% |
| INTERRUPTED ACTIVITIES PROFIT | | | | |
| PROFIT FOR THE PERIOD | 1.428 | 1.613 | (185) | -11,5% |
| Attributable to the holders of the parent company | 619 | 631 | (12) | -1,9% |
| Minority interest | 809 | 982 | (173) | -17,6% |



QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

LATIN AMERICA BUSINESS

(Unaudited)

Euro Million

| | <u>4Q 11</u> | <u>4Q 10</u> | <u>Variation</u> | |
|---|--------------|--------------|------------------|--------|
| REVENUES | 2.506 | 2.753 | (247) | -9,0% |
| Sales | 2.409 | 2.491 | (82) | -3,3% |
| Other operating revenues | 97 | 262 | (165) | -63,0% |
| PURCHASES AND SERVICES | 1.290 | 1.515 | (225) | -14,9% |
| Energy purchases | 656 | 595 | 61 | 10,3% |
| Fuel procurement costs | 207 | 238 | (31) | -13,0% |
| Investments in associates | 166 | 123 | 43 | 35,0% |
| Long term financial investments | 261 | 559 | (298) | -53,3% |
| GROSS MARGIN | 1.216 | 1.238 | (22) | -1,8% |
| Work performed by the entity and capitalized | 22 | 20 | 2 | 10,0% |
| Personnel expenses | 159 | 168 | (9) | -5,4% |
| Other fixed operating expenses | 163 | 168 | (5) | -3,0% |
| GROSS OPERATING INCOME (EBITDA) | 916 | 922 | (6) | -0,7% |
| Depreciation and amortization | 357 | 276 | 81 | 29,3% |
| OPERATING INCOME (EBIT) | 559 | 646 | (87) | -13,5% |
| FINANCIAL INCOME | (62) | (73) | 11 | -15,1% |
| Financial revenues | 152 | 102 | 50 | 49,0% |
| Financial expenses | (247) | (176) | (71) | 40,3% |
| Foreign exchange | 33 | 1 | 32 | n/a |
| Share of profit of associates | 4 | 0 | 4 | n/a |
| Income from other investments | 1 | | 1 | n/a |
| Income from asset sales | 5 | 9 | (4) | -44,4% |
| INCOME BEFORE TAXES | 507 | 582 | (75) | -12,9% |
| Income tax | 232 | 137 | 95 | 69,3% |
| ONGOING ACTIVITIES PROFIT | 275 | 445 | (170) | -38,2% |
| INTERRUPTED ACTIVITIES PROFIT | | | | |
| PROFIT FOR THE PERIOD | 275 | 445 | (170) | -38,2% |
| Attributable to the holders of the parent company | 106 | 161 | (55) | -34,2% |
| Minority interest | 169 | 284 | (115) | -40,5% |

CONSOLIDATED STATEMENTS OF CASH FLOWS **LATIN AMERICA BUSINESS**

(Unaudited)

Euro Million

| | <u>31.12.11</u> | <u>31.12.10</u> |
|---|-----------------|-----------------|
| Consolidated income before income taxes and minorities | 2.117 | 2.142 |
| Result adjustments: | 1.093 | 1.221 |
| Fixed assets amortization and impairment loss | 832 | 847 |
| Other result adjustments (net) | 261 | 374 |
| Changes in current assets | 8 | (238) |
| Other cash flows from operating activities: | (787) | (752) |
| Cash-in interests | 389 | 256 |
| Cash-in dividends | 1 | 1 |
| Interest payments | (559) | (342) |
| Tax income payment | (487) | (559) |
| Other cash-in/payments from operating activities | (131) | (108) |
| Net cash provided by operating activities | 2.431 | 2.373 |
| Acquisitions of fixed and intangible assets | (1.123) | (1.077) |
| Disposal of fixed and intangible assets | 27 | 88 |
| Investment in stakes of subsidiaries | (94) | (30) |
| Disposal in stakes of subsidiaries | 63 | |
| Acquisitions of other investments | (213) | (74) |
| Disposal of other investments | 168 | 116 |
| Cash flow from changes in perimeter | (29) | |
| Subsidies and other deferred income | 3 | |
| Net cash used for investing activities | (1.198) | (977) |
| New long-term debt | 824 | 243 |
| Repayment of long-term debt | (219) | (345) |
| Net cash from financial debt with short term maturity | (875) | (614) |
| Dividends paid by the controlling company | | (290) |
| Payments to minority shareholders | (617) | (570) |
| Net cash used for financing activities | (887) | (1.576) |
| Total net cash | 346 | (180) |
| Effects of exchange rate changes on cash and cash equivalents | (68) | 191 |
| Net increase in cash and cash equivalents | 278 | 11 |
| Cash and cash equivalents at beginning of period | 1.603 | 1.592 |
| Cash and cash equivalents at end of period | 1.881 | 1.603 |

Breakdown Consolidated Balance Sheet Spain, Portugal and other businesses as of December 31, 2011

SPAIN AND PORTUGAL

(Unaudited)

Euro Million

| | Generation & Supply | Distribution | Corporate Structure, Services & Adjustments | Total |
|--|---------------------|---------------|---|---------------|
| ASSETS | | | | |
| Total fixed assets | 12.699 | 13.377 | (228) | 25.848 |
| Utility plant | 10.001 | 11.587 | 390 | 21.978 |
| Investment property | | 4 | 13 | 17 |
| Intangible asset | 529 | 197 | 103 | 829 |
| Goodwill | | | 14 | 14 |
| Investments in associates | 784 | 64 | 33 | 881 |
| Long term financial investments | 737 | 1.109 | (962) | 884 |
| Deferred tax assets | 648 | 416 | 181 | 1.245 |
| Total current assets | 7.257 | 570 | 3.802 | 11.629 |
| Inventories | 1.085 | 42 | 9 | 1.136 |
| Trade and other receivables | 3.327 | 515 | (164) | 3.678 |
| Short term financial investments | 2.190 | 11 | 3.318 | 5.519 |
| Cash and cash equivalents | 264 | 2 | 641 | 907 |
| Non current assets held for sale and from interrupted activities | 391 | | (2) | 389 |
| TOTAL ASSETS | 19.956 | 13.947 | 3.574 | 37.477 |

EQUITY AND LIABILITIES

| | | | | |
|---|---------------|---------------|--------------|---------------|
| Total equity | 6.737 | 5.573 | 2.121 | 14.431 |
| Atributable to equity holders of the parent company | 6.732 | 5.573 | 2.111 | 14.416 |
| Minority interest | 5 | | 10 | 15 |
| Non-current liabilities | 8.555 | 6.576 | 1.568 | 16.699 |
| Deferred revenues | 68 | 4.147 | (94) | 4.121 |
| Long term provisions | 1.773 | 1.266 | 385 | 3.424 |
| Long term financial debt | 6.195 | 379 | 1.055 | 7.629 |
| Other non-current liabilities | 37 | 422 | 22 | 481 |
| Deferred tax liabilities | 482 | 362 | 200 | 1.044 |
| Current liabilities | 4.664 | 1.798 | (115) | 6.347 |
| Short term financial debt | 56 | 5 | 111 | 172 |
| Short term provisions | 522 | 183 | 78 | 783 |
| Trade and other payables | 3.988 | 1.610 | (289) | 5.309 |
| Liabilities related to non current assets held for sale and from interrupted activities | 98 | | (15) | 83 |
| TOTAL EQUITY AND LIABILITIES | 19.956 | 13.947 | 3.574 | 37.477 |

Breakdown Consolidated Balance Sheet Spain, Portugal and other businesses as of December 31, 2010
SPAIN AND PORTUGAL

Euro Million

| | Generation & Supply | Distribution | Corporate Structure, Services & Adjustments | Total |
|--|------------------------|---------------|--|---------------|
| ASSETS | | | | |
| Total fixed assets | 12.951 | 13.129 | (120) | 25.960 |
| Utility plant | 10.221 | 11.309 | 471 | 22.001 |
| Investment property | | 3 | 10 | 13 |
| Intangible asset | 582 | 187 | 76 | 845 |
| Goodwill | 20 | 1 | (3) | 18 |
| Long term financial investments | 825 | 69 | (13) | 881 |
| Investments in associates | 660 | 1.006 | (831) | 835 |
| Deferred tax assets | 643 | 554 | 170 | 1.367 |
| Total current assets | 8.991 | 609 | 5.219 | 14.819 |
| Inventories | 951 | 80 | (3) | 1.028 |
| Trade and other receivables | 4.379 | 479 | (1.093) | 3.765 |
| Short term financial investments | 2.990 | 29 | 6.358 | 9.377 |
| Cash and cash equivalents | 209 | 2 | 29 | 240 |
| Non current assets held for sale and from interrupted activities | 462 | 19 | (72) | 409 |
| TOTAL ASSETS | 21.942 | 13.738 | 5.099 | 40.779 |

EQUITY AND LIABILITIES

| | | | | |
|---|---------------|---------------|--------------|---------------|
| Total equity | 5.849 | 4.683 | 2.266 | 12.798 |
| Atributable to equity holders of the parent company | 5.849 | 4.683 | 2.268 | 12.800 |
| Minority interest | | | (2) | (2) |
| Non-current liabilities | 9.830 | 6.983 | 3.310 | 20.123 |
| Deferred revenues | 141 | 3.924 | (135) | 3.930 |
| Long term provisions | 1.932 | 1.488 | 547 | 3.967 |
| Long term financial debt | 7.260 | 942 | 2.750 | 10.952 |
| Other non-current liabilities | 76 | 426 | (12) | 490 |
| Deferred tax liabilities | 421 | 203 | 160 | 784 |
| Current liabilities | 6.263 | 2.072 | (477) | 7.858 |
| Short term financial debt | 45 | 27 | (67) | 5 |
| Short term provisions | 915 | 255 | (332) | 838 |
| Trade and other payables | 5.210 | 1.789 | (77) | 6.922 |
| Liabilities related to non current assets held for sale and from interrupted activities | 93 | 1 | (1) | 93 |
| TOTAL EQUITY AND LIABILITIES | 21.942 | 13.738 | 5.099 | 40.779 |

Breakdown Consolidated Statement of Income Spain, Portugal and other businesses as of December 31, 2011

SPAIN AND PORTUGAL

(Unaudited)

Euro Million

| | Generation & Supply | Distribution | Corporate Structure, Services & Adjustments | Total |
|---|------------------------|--------------|--|--------|
| REVENUES | 20.057 | 2.759 | (166) | 22.650 |
| Sales | 18.906 | 2.461 | (133) | 21.234 |
| Other operating revenues | 1.151 | 298 | (33) | 1.416 |
| PURCHASES AND SERVICES | 16.203 | 135 | (146) | 16.192 |
| Energy purchases | 6.323 | | (2) | 6.321 |
| Fuel procurement costs | 2.647 | | | 2.647 |
| Transmission expenses | 5.654 | | 5 | 5.659 |
| Other variable purchases and services | 1.579 | 135 | (149) | 1.565 |
| GROSS MARGIN | 3.854 | 2.624 | (20) | 6.458 |
| Work performed by the entity and capitalized | (2) | 97 | 34 | 129 |
| Personnel expenses | 536 | 313 | 201 | 1.050 |
| Other fixed operating expenses | 1.185 | 592 | (264) | 1.513 |
| GROSS OPERATING INCOME (EBITDA) | 2.131 | 1.816 | 77 | 4.024 |
| Depreciation and amortization | 1.154 | 599 | 27 | 1.780 |
| OPERATING INCOME (EBIT) | 977 | 1.217 | 50 | 2.244 |
| FINANCIAL INCOME | (233) | (24) | (38) | (295) |
| Financial revenues | 116 | 60 | 121 | 297 |
| Financial expenses | (337) | (84) | (163) | (584) |
| Foreign exchanges | (12) | | 4 | (8) |
| Share of profit of associates | 17 | (1) | 1 | 17 |
| Income from other investments | | 2 | 2 | 4 |
| Income from asset sales | (32) | (51) | 176 | 93 |
| INCOME BEFORE TAXES | 729 | 1.143 | 191 | 2.063 |
| Income tax | 153 | 275 | 42 | 470 |
| ONGOING ACTIVITIES PROFIT | 576 | 868 | 149 | 1.593 |
| INTERRUPTED ACTIVITIES PROFIT | | | | |
| PROFIT FOR THE PERIOD | 576 | 868 | 149 | 1.593 |
| Attributable to the holders of the parent company | 576 | 868 | 149 | 1.593 |
| Minority interest | | | | |

SPAIN AND PORTUGAL

Euro Million

| | Generation & Supply | Distribution | Corporate Structure, Services & Adjustments | Total |
|---|------------------------|--------------|--|--------|
| REVENUES | 18.833 | 2.853 | (495) | 21.191 |
| Sales | 17.755 | 2.735 | (304) | 20.186 |
| Other operating revenues | 1.078 | 118 | (191) | 1.005 |
| PURCHASES AND SERVICES | 14.614 | 131 | (365) | 14.380 |
| Energy purchases | 5.320 | | (195) | 5.125 |
| Fuel procurement costs | 1.949 | | (20) | 1.929 |
| Transmission expenses | 5.517 | | | 5.517 |
| Other variable purchases and services | 1.828 | 131 | (150) | 1.809 |
| GROSS MARGIN | 4.219 | 2.722 | (130) | 6.811 |
| Work performed by the entity and capitalized | 24 | 96 | 79 | 199 |
| Personnel expenses | 639 | 360 | 280 | 1.279 |
| Other fixed operating expenses | 1.295 | 558 | (201) | 1.652 |
| GROSS OPERATING INCOME (EBITDA) | 2.309 | 1.900 | (130) | 4.079 |
| Depreciation and amortization | 982 | 577 | 37 | 1.596 |
| OPERATING INCOME (EBIT) | 1.327 | 1.323 | (167) | 2.483 |
| FINANCIAL INCOME | (266) | (105) | (89) | (460) |
| Financial revenues | 82 | 34 | 5 | 121 |
| Financial expenses | (331) | (139) | (116) | (586) |
| Foreign exchanges | (17) | | 22 | 5 |
| Share of profit of associates | (7) | 5 | 1 | (1) |
| Income from other investments | 6 | (1) | 1 | 6 |
| Income from asset sales | 1.052 | 1.239 | 55 | 2.346 |
| INCOME BEFORE TAXES | 2.112 | 2.461 | (199) | 4.374 |
| Income tax | 394 | 511 | (36) | 869 |
| ONGOING ACTIVITIES PROFIT | 1.718 | 1.950 | (163) | 3.505 |
| INTERRUPTED ACTIVITIES PROFIT | | | | |
| PROFIT FOR THE PERIOD | 1.718 | 1.950 | (163) | 3.505 |
| Attributable to the holders of the parent company | 1.716 | 1.945 | (163) | 3.498 |
| Minority interest | 2 | 5 | | 7 |