ENDESA, S.A.

and Subsidiaries

Consolidated Management Report

for the nine-month period ended 30 September 2012

Madrid, 8 November 2012

ENDESA, S.A. AND SUBSIDIARIES

MANAGEMENT REPORT FOR THE

NINE-MONTH PERIOD ENDED 30 SEPTEMBER

2012

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Consolidated results

ENDESA reported net income of Euros 1,662 million in the nine-month period ended 30 September 2012

ENDESA reported net income of Euros 1,662 million in the first nine months of 2012, 16.0% less than in the same period last year. This is largely due to lower remuneration in certain regulated activities in Spain and recognition in the first nine months of 2011 of the capital gain from the sale of ENDESA's telecommunications and systems business to Enel Energy Europe, S.L.U. of Euros 123 million after tax.

The table below shows the breakdown of net income of both businesses and the year-on-year change:

ENDESA net income, January-September 2012			
	Millions of Euros	**% change 9M 2011**	**% of total net income**
Spain, Portugal and other	1,269	(13.4)	76.4
Latin America	393	(23.4)	23.6
TOTAL	**1,662**	**(16.0)**	**100.0**

Electricity generation and sales

ENDESA's generation in the first nine months of 2012 rose 5.8% year-on-year to 108,593 GWh, while electricity sales climbed 0.5% to 133,147 GWh.

Power output and sales, January-September 2012				
	Output		**Sales (1)**	
	GWh	**% change 9M 2011**	**GWh**	**% change 9M 2011**
Spain, Portugal and other	60,808	6.2	78,831	(2.1)
Latin America	47,785	5.4	54,316	4.6
TOTAL	**108,593**	**5.8**	**133,147**	**0.5**

(1) Spain, Portugal and Other includes sales totalling 846 GWh. Latin America includes tolls and unbilled consumption totalling 9,919 GWh in the first nine months of 2012. Stripping out tolls and unbilled consumption, sales would have totalled 44,397 GWh (+4.3%).

EBITDA: Euros 5,457 million

EBITDA and EBIT in the first nine months of 2012 rose by 0.1% and declined by 5.1%, respectively, to Euros 5,457 million and Euros 3,648 million.

EBITDA was affected by the decline in Spain resulting from the Government's measures to reduce regulated remuneration in place since the beginning of 2012, although this was offset by growth in the same business in Latin America.

In the first three quarters of 2012, revenues grew 3.5% to Euros 25,463 million, primarily due to higher sales prices. Variable costs rose by 5.1% as a result of a less favourable generation mix, with conventional thermal generation increasing relative to hydro output, thereby hiking up fuel costs. The cost of energy acquired for re-sale also increased.

Fixed costs amounted to Euros 2,870 million in the first nine months of 2012, broadly unchanged from the same period last year (Euros 2,850 million).

These factors combined to raise EBITDA by 0.1% to Euros 5,457 million as explained above.

Despite this increase in EBITDA, EBIT declined 5.1% to Euros 3,648 million. This is partly due, on one hand, to the write-down of the Group's assets in Ireland to adapt their carrying amount to the agreed-upon sale price and, on the other, to the reversal of provisions in the business in Latin America in the first nine months of 2011 relating to the recovery of receivables for which provisions had previously been made.

The table below shows the breakdown of revenues by business, EBITDA and EBIT and the year-on-year change:

	Revenues		**EBITDA**		**EBIT**	
	Millions of Euros	**% change 9M 2011**	**Millions of Euros**	**% change 9M 2011**	**Millions of Euros**	**% change 9m 2011**
Spain, Portugal and other	17,442	2.2	3,073	(1.6)	1,836	(7.9)
Latin America	8,021	6.5	2,384	2.5	1,812	(2.1)
TOTAL	**25,463**	**3.5**	**5,457**	**0.1**	**3,648**	**(5.1)**

Net financial results stood at Euros 634 million

ENDESA reported a net financial loss for the first nine months of 2012 of Euros 634 million, a year-on-year increase of Euros 66 million.

Net finance expense totalled Euros 596 million, Euros 20 million higher than for the same period in 2011, while exchange rate losses were Euros 38 million compared to a gain of Euros 8 million at 30 September 2011.

When analysing net finance expense, the following factors should be taken into account:

- The net financial result for 9M 2011 included a positive impact of Euros 63 million relating to interest recognised as a result of the two rulings handed down by the Spanish High Court in relation to Corporate Income Tax for the tax group headed by ENDESA in 1998 and 1999. Of this amount, Euros 27 million corresponded to the business in Spain and Portugal and Other, while Euros 36 million related to the business in Latin America.

- The trend of long-term interest rates in the first nine months of 2012 and 2011 meant that provisions had to be adjusted to account for obligations from ongoing workforce restructuring plans for the sums of Euros 72 million (negative) and Euros 60 million (negative), respectively.

- The net financial result for 9M 2012 included the Euros 23 million positive impact of adjusting interest relating to financing the revenue deficit for regulated activities in Spain, generated in 2006, pursuant to Royal Decree Law 20/2012 of 13 July, whereby the accumulated amount for this item is Euros 33 million.

Excluding the impacts mentioned above, net finance expenses would have declined by Euros 32 million (5.5%), due to the debt reduction over both periods and lower financing costs.

Assets held for sale

At the end of 2010 ENDESA started proceedings for the sale of its 100% stake in ENDESA Ireland, Limited, which culminated in the sale of this stake to SSE Generation Ltd. in October 2012 for Euros 286 million.

During the first six months of 2012, ENDESA wrote down Euros 67 million under "Depreciation and amortisation, and impairment losses" in the Consolidated Income Statement, in order to adjust the carrying amount of Endesa Ireland Limited's assets, to the best estimated selling price.

Cash flow from operating activities: Euros 3,101 million

Cash flow from operating activities in 9M 2012 amounted to Euros 3,101 million, compared to Euros 3,005 million in the same period in 2011, representing an increase of 3.2%.

Investment: Euros 1,659 million

Investments totalled Euros 1,659 million in the first nine months of 2012. Of this amount, Euros 1,514 million related to capex and investment in intangible assets and the remaining Euros 145 million to financial investments, as follows:

Total investments in January-September 2012				
	Millions of Euros			
	Capex and intangible assets	Financial investments	TOTAL	% change 9M 2011
Spain, Portugal and other	729	49	778	(7.0)
Latin America	785	96	881	(0.9)
TOTAL (*)	**1,514**	**145**	**1,659**	**(3.9)**

(*) Excludes investments in non-current assets held for sale and in discontinued operations amounting to Euros 73 million, and the acquisition of the portfolio of gas customers in the Autonomous Community of Madrid for Euros 34 million.

Financial position

ENDESA had net financial debt of Euros 11,107 million at 30 September 2012, an increase of Euros 105 million compared to 31 December 2011.

Net financial debt by business line is as follows:

Breakdown of ENDESA'S net financial debt by business line (*)				
	Millions of Euros			
	30 September 2012	31 December 2011	Difference	% change
Business in Spain, Portugal and Other	6,451	6,841	(390)	(5.7)
Business in Latin America	4,656	4,161	495	11.9
Enersis Group	4,239	3,883	356	9.2
Other	417	278	139	50.0
TOTAL	**11,107**	**11,002**	**105**	**1.0**

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

The average cost of ENDESA's total debt was 5.8% in the 9M 2012, while the cost of the debt corresponding to the Enersis Group was an average of 8.5%. Excluding Enersis Group debt, the average cost of ENDESA's debt was 3.8% in the period.

When assessing the debt level, it is important to note that at 30 September 2012, ENDESA had the recognised right to collect Euros 5,852 million in connection with several Spanish regulatory matters: Euros 4,208 million for financing the revenue shortfall from regulated activities and Euros 1,644 million in compensation for stranded costs in non-mainland generation. Stripping out these regulatory items, ENDESA's net debt at 30 September 2012 was Euros 5,255 million, Euros 367 million less than at 31 December 2011.

As of the date of this earnings release, ENDESA has informed the Deficit Securitisation Fund for the Electricity System (hereinafter "FADE") of its irrevocable commitment to transfer all its collection rights for 2010, 2011 and 2012, amounting to a total Euros 2,962 million at 30 September 2012. The National Energy Commission has duly issued a certificate stating its compliance with these notifications.

On 26 October 2012, the FADE completed a further Euro 76 million issue (value date: 12 November 2012). Therefore, at that date, ENDESA is expected to cede deficit collection rights to the Deficit Securitisation Fund (FADE) for a total amount of Euro 34 million.

On 4 October 2012, the supplement to the Issue Prospectus filed by FADE on 24 November 2011 including these new irrevocable transfer commitments was registered with the Comisión Nacional del Mercado de Valores (the Spanish securities regulator or the "CNMV" for its initials in Spanish). This marks a step forward in the possibility of securitising the new amounts announced.

FADE has made two issuances after September 30, 2012: one closed on October 24, 2012, with a value date November 12, 2012, cash amounting to 76 million euros, and another issuance closed on November 7, 2012, value date on the November 16, 2012, cash amounting to 112 million euros. It is expected that Endesa will perform new assignments of rights linked to tariff deficit credit by a total amount of 83 million euros.

The table below shows the structure of the Group's net financial debt at 30 September 2012:

Structure of ENDESA'S net financial debt at 30 September 2012 (Millions of Euros)

	ENDESA and direct subsidiaries		Enersis Group		Total ENDESA	
	Millions of Euros	**% of total**	**Millions of Euros**	**% of total**	**Millions of Euros**	**% of total**
Euro	6,792	99	-	-	6,792	61
US Dollar	66	1	1,725	41	1,791	16
Chilean Peso/Unidades de Fomento	-	-	621	15	621	6
Brazilian real	-	-	395	9	395	4
Other currency	10	-	1,498	35	1,508	13
TOTAL	**6,868**	**100**	**4,239**	**100**	**11,107**	**100**
Fixed rate	2,659	39	2,309	54	4,968	45
Variable rate	4,209	61	1,930	46	6,139	55
TOTAL	**6,868**	**100**	**4,239**	**100**	**11,107**	**100**
Average life (years)	4,5		5,3		4,8	

ENDESA had liquidity of Euros 3,994 million in Spain, sufficient to meet the Group's total debt repayments over the next 41 months. Euros 3,470 million of this amount was in undrawn, unconditional credit lines, of which Euros 2,600 million correspond to a credit line signed in November 2011 with ENEL Finance International, N.V. (hereinafter "EFI"), which had not been drawn down at 30 September 2012.

Meanwhile, the Enersis Group held cash and cash equivalents totalling Euros 1,282 million and Euros 695 million in undrawn, unconditional credit lines, covering debt maturities for the next 15 months.

As of the date of this earnings release, ENDESA’s long-term debt ratings are: Standard & Poor's: “BBB+” with a negative outlook; Moody’s: “Baa2” on Rating Watch Negative, and Fitch: “BBB+” on Rating Watch Negative.

Financial leverage

ENDESA's consolidated net equity at 30 September 2012 stood at Euro 26,222 million, Euro 1,543 million more than at the close of 2011.

Euros 20,513 million of consolidated equity correspond to ENDESA, S.A. shareholders and Euros 5,709 million to minority shareholders.

Changes in group equity and net debt resulted in leverage of 42.4% at 30 September 2012, compared to 44.6% at 31 December 2011.

Results by business line

Business in Spain, Portugal and Other

Net income – Spain, Portugal and Other: Euros 1,269 million

Net income from ENDESA's business in Spain, Portugal and Other was Euros 1,269 million in the first nine months of 2012, Euros 196 million lower year-on-year.

EBITDA was Euros 3,073 million, down 1.6% year-on-year, and EBIT totalled Euros 1,836 million, a 7.9% decline.

The decline in EBITDA is primarily due to the impact on revenues from the distribution activity and the non-mainland business of the measures designed to reduce the electricity deficit approved in Royal Decree Laws 13/2012, of 30 March and 20/2012 of 13 July. The greater decline in EBIT compared to the decrease in EBITDA is a result of the impairment loss recognised to adjust the carrying amount of the assets of ENDESA in Ireland to their agreed selling price.

Mainland electricity demand declined by 0.7% year-on-year in the first nine months of 2012 (-1.6% after adjusting for working days and temperature).

Additionally, wholesale electricity prices continued to rise over the period, climbing 7.0% compared to 2011.

During this period, ENDESA obtained a market share in ordinary regime generation of 38.0%, a 43.4% share in distribution and a 39.1% share in sales to customers in the deregulated market.

Regulatory aspects

From a regulatory perspective, the main highlights of the period were as follows:

Royal Decree Law 1/2012, of 27 January, temporarily suspending the remuneration pre-assignment procedure and the economic incentives for new electricity generation facilities which use co-generation, renewable energy sources and waste.

This removed economic incentives for CHP/renewable production facilities and suspended the remuneration pre-assignment procedure for the economic regime applicable to existing installations. This provision will not affect installations which had obtained authorisation prior to the law coming into effect and which have not yet been commissioned.

Royal Decree Law 13/2012, of 30 March, transposing measures concerning domestic electricity and gas markets and electronic communications, and adopting measures to remedy divergences for

mismatches between costs and revenues for the electricity and gas industries.

This Royal Decree Law contains measures to transpose EU directives on the electricity and gas industries and also certain measures to reduce the electricity and gas industries' deficit.

In order to ensure that the electricity sector deficit target of Euros 1,500 million is achieved in 2012, the Royal Decree Law includes a number of measures that the Ministry for Industry, Energy and Tourism estimates will reduce the deficit by Euros 1,700 million. The main measures are as follows:

- A Euros 689 million reduction in 2012 remuneration for electricity distributors, including their commercial management activities. Euros 278 million of this would correspond to ENDESA.

  Pursuant to this 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 remuneration generated by facilities commissioned 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 Royal Decree proposal that ties investment remuneration to non-amortised assets in service.

- The remuneration paid for transmission activity is reduced by Euros 197 million, establishing that, as of 1 January 2012, the accrual and collection of remuneration generated by facilities commissioned in year "n" will begin on 1 January of year "n" + 2.

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

- A 10% reduction, of an exceptional nature for 2012, of the maximum volume initially forecast for 2012 in the ruling of 31 December 2011 for the resolution of the supply security restrictions process (a mechanism establishing a preferential dispatch mechanism for certain levels of energy volume at power stations fired by domestic coal). The Government estimates the impact of this measure will be Euros 50 million.

- A reduction, of an exceptional nature for 2012, for those facilities which were receiving the investment incentive (from Euros 26,000 to Euros 23,400/MW) and environmental investment incentive (from Euros 8,750 to Euros 7,875/MW) when the law came into force. The Government estimates the impact of this measure will be Euros 80 million.

- A change in the remuneration of the System Operator which, instead of being covered by access tariffs, will be borne by the users of these services. The Government estimates the impact of this measure at Euros 20 million.

- The reimbursement to the settlement system of retained profits from regulated businesses that are recognised in equity in the annual financial statements of the National Energy Commission at 31 December 2011, which the Government estimates at Euros 60 million. The Commission's annual quota is likewise reduced.

- The reimbursement to the settlement system of the balance at 31 December 2011 of the item "Cash and cash equivalents" from the annual financial statements of the Institute for Energy Diversification and Saving, which the Government estimates at Euros 600 million.

- A reduction of the item included in access tariffs under the concept of interruptibility, which relates to certain electricity consumers. It will remain fixed at Euros 505 million in 2012, which is a reduction of Euros 60 million.

- Furthermore, the Royal Decree Law stipulates that the Ministry for Industry, Energy and Tourism will propose a review of the remuneration system for island and non-mainland generation. Likewise, as explained below, Royal Decree Law 20/2012, of 13 July, amended certain aspects of costs relating to non-mainland generation, as of 1 January 2012.

Law 2/2012, of 29 June, concerning General State Budgets for 2012.

On 30 June 2012, the Official State Gazette published the text of the Law for General State Budgets for 2012, which, uniquely for 2012, does not include items to finance stranded costs for generation in island and non-mainland systems. These will now be financed by the settlement system for regulated businesses and, therefore, access tariffs.

Royal Decree Law 20/2012, of 13 July, introducing measures to guarantee budgetary stability and promote competition.

This includes the following measures, among others:

- A review of the island and non-mainland systems, as stipulated in Royal Decree Law 13/2012, of 30 March, will be applied as of 1 January 2012, and includes other measures to be applied from that date affecting fixed costs at power stations:

    - The spread with the Sovereign Bond to remunerate investment is set at 2%.

    - Fixed annual operation and maintenance costs are reduced by 10%.

    - Remuneration of recurring expenses is removed.

  The overall impact of these measures is estimated to be Euros 100 million a year.

- Electricity transmission: remuneration is reduced by Euros 50 million, to remunerate investment in the net value of all assets in service.

- Regional supplements for access tariffs and the Last Resort Tariff: regional taxes or local surcharges on State taxes will include a supplement to cover the stranded costs caused by said taxes or surcharges and will be paid by users in each particular region.

- Interest rate on the shortfall in revenue from regulated activities in 2006: following the judgments in this connection, a spread of 0.65% is added to the 3M Euribor rate.

- The Ministry of Industry, Energy and Tourism is empowered to set progressive criteria for access tariffs which will take into account the average consumption of supply points, and will not affect vulnerable consumers.

- An annual review of access tariffs will be performed.

Draft Bill on fiscal measures for energy sustainability.

On 14 September 2012, the Spanish Cabinet resolved to submit a bill to Congress for processing that sets forth several measures that will have an impact on the electricity sector if the bill in its current form is approved:

- General tax on ordinary and CHP/renewable generation, equivalent to 6% of total revenues received.

- Tax on nuclear fuel spent and radioactive waste, and storage at centralised facilities.

- Levy on hydro output, equivalent to 22% of revenues. This levy will be reduced by 90% for plants with an installed capacity equal to or less than 50 MW and for pumped-storage hydro plants of over 50 MW. This will also apply for any output or facilities defined by regulations that have to be supported to fulfil general energy policy.

- A "green cent" tax is also introduced which will be charged on consumption of electricity generated using natural gas, coal, fuel-oil or diesel.

- Any output from renewable energy plants generated using fossil fuels shall not receive a feed-in tariff, unless the plant uses biomass technology.

- The bill determines that the revenues generated from these measures can be used, *inter alia*, to finance certain electricity system costs related to boosting renewable energy generation and energy saving and efficiency. The specific items shall be established in the Law concerning General State Budgets.

2012 electricity tariff.

Order ITC/3586/2011 of 30 December revised access tariffs from 1 January 2012, with an average increase of 8.2%:

- Increase in the LRT of 12.8%, equivalent to the decrease in energy costs following the CESUR (Last Resort Energy Supply Contracts) auction.

- Increase in other low-voltage access tariffs of 6.3%.

- Increase in high-voltage access tariffs of 2%.

This Order establishes a forecast shortfall in revenue from regulated activities from 1 January to 31 December 2012, both inclusive, of Euros 1,500 million.

The ruling of 30 December 2011 established the LRT applicable in the first quarter of 2012, which remains the same as in the previous quarter taking into account the decrease in energy costs following the CESUR auction.

Additionally, and in application of the High Court ruling that suspended the reduction in access tariffs established by Ministerial Order ITC/2585/2011, of 29 September, on the revision of tariffs from 1 October 2011, the Ministry for Industry, Energy and Tourism set new LRT tariffs for the period between 23 (when the court order was passed) and 31 December 2011.

Subsequently, the High Court issued various orders in March in which it agreed to injunctions suspending the previously mentioned Ministerial Order IET/3586/2011, of 30 December, urging the Ministry for Industry, Energy and Tourism to ensure that access tariffs covered the cost of the regulated activities.

As such, Ministerial Order IET/843/2012, of 25 April, on the revision of access tariffs from 1 April 2012, set new access tariffs for the first quarter of 2012, as well as for the rest of the fourth quarter of 2011 (between 1 October and 22 December). Furthermore, the aforementioned Order increased access tariffs from 1 April by an average 6.3% with respect to previous tariff structures in force, divided up as follows:

- LRT access tariffs increased 7.9%.

- Increase in other low-voltage access tariffs of 5.2%.

- Increase in high-voltage access tariffs of 4.5%.

Lastly, following the ruling of the Department of Energy Policy and Mines of 25 April 2012, an average LRT increase of 7% compared to the previous rate in force, was approved.

Also, in compliance with the previously mentioned High Court orders, said ruling changed various components of the LRT for the periods between 1 October and 22 December 2011 and 1 January and 31 March 2012.

Finally, the Department of Energy Policy and Mines' ruling of 28 June 2012 approved the LRTs from 1 July 2012, introducing an average increase of 3.9% following the increase in energy prices resulting from the CESUR auction and maintenance of previous access tariffs.

Equally and subsequent to the auction, the Department of Energy Policy and Mines' ruling of 27 September 2012 revised the LRT for the fourth quarter, decreasing it by 2.29%.

The shortfall between the access tariffs collected during the first nine months of 2012 and the system costs during the same period has led to a revenue deficit in regulated activities of approximately Euros 3,494 million for the sector as a whole. Of this amount, ENDESA must finance 44.16% (Euros 1,544 million). During the same period, the non-mainland deficit stood at Euros 1,083 million.

Social Bonus

On 7 February 2012, the Supreme Court passed a judgment annulling certain provisions related to the Social Bonus and its application, considering that its financing by generation companies under the ordinary regime (as established by Royal Decree Law 6/2009, of 30 April), was discriminatory.

In application of the said judgment, Ministerial Order IET/843/2012, of 25 April changed the settlement system for the Social Bonus, taking into account from 7 February 2012 the costs payable by the electricity system, ruling that this should be covered by access tariffs.

Based on these precedents, ENDESA is contemplating legal action to recover the amounts paid in compliance with the provisional settlement issued by the National Energy Commission prior to the High Court's judgment (approximately Euros 100 million).

Natural gas tariff for 2012.

Order IET/3587/2011 of 30 December revised access tariffs from 1 January 2012, with an average increase of 4.35%. Additionally, the ruling of 30 December 2011 set the LRT for the first quarter of 2012. LRT.1 and LRT.2 increased by 0.93% and 0.35%, respectively.

Ministerial Order IET/849/2012, of 26 April, revised access tariffs from 1 April, introducing an average increase of 5%, while the Department of Energy Policy and Mines' ruling of 27 April 2012 approved increases to LRT.1 and LRT.2 of 4.6% and 5%, respectively.

Finally, the Department of Energy Policy and Mines' ruling of 28 June 2012 increased the LRT by between 1.7% and 2.2%, respectively for the LRT.1 and LRT.2, due to higher commodity prices. These rates remain unchanged in the fourth quarter of 2012.

Other operations during the period

On 29 February 2012, ENDESA completed the purchase of a portfolio of approximately 224,000 gas customers and other related contracts in the Madrid area from Gas Natural SDG, S.A.

This deal involved the purchase of 100% and subsequent incorporation through the takeover with ENDESA Energía, S.A.U. and ENDESA Energía XXI, S.L.U., of the shareholdings in GEM Suministro de Gas 3, S.L.U. and GEM Suministro de Gas Sur 3, S.L.U., respectively, suppliers of natural gas and electricity to a number of districts and municipalities in the Madrid region. The outlay for this transaction was Euros 34 million.

Revenues: Euros 17,442 million (+2.2%)

At 30 September 2012, Endesa reported revenues of Euros 17,442 million from its Spain, Portugal and Other business, an increase of 2.2% year-on-year.

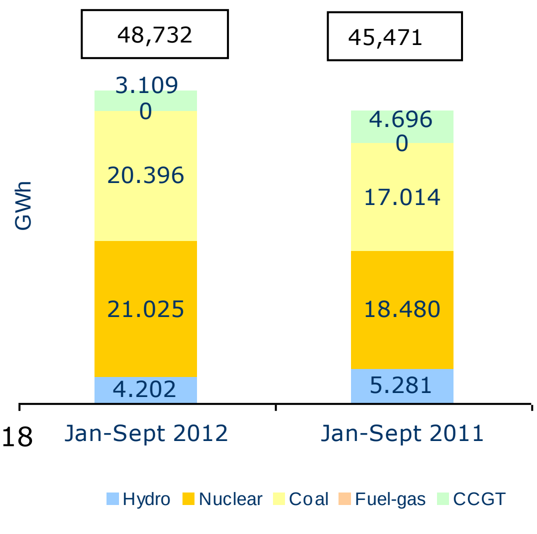
Of this amount, revenues from sales accounted for Euros 16,500 million, a 4.0% increase year-on-year, as shown below:

Sales in the Business in Spain, Portugal and Other	Millions of Euros			
	Jan-Sept 2012	Jan-Sept 2011	Difference	% change
Electricity sales	12,794	12,622	172	1.4
Sales to the deregulated market	5,907	5,389	518	9.6
Sales to Last Resort Suppliers	3,611	3,819	(208)	(5.4)
Wholesale market sales	959	1,015	(56)	(5.5)
Supply to customers in deregulated markets outside Spain	612	482	130	27.0
Non-mainland compensation	1,506	1,309	197	15.0
Power trading	61	483	(422)	(87.4)
Other sales	138	125	13	10.4
Regulated revenue from electricity distribution	1,516	1,666	(150)	(9.0)
Gas trading	1,390	1,056	334	31.6
Other sales and services rendered	800	522	278	53.3
TOTAL	**16,500**	**15,866**	**634**	**4.0**

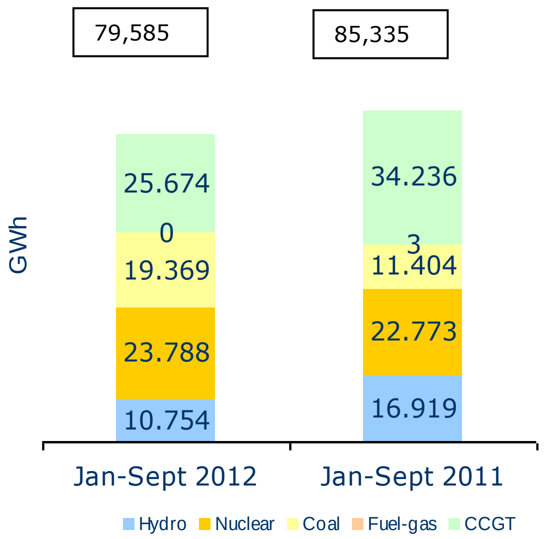
Electricity sales

ENDESA's electricity output in the Spain, Portugal and Other business in the first nine months of 2012 stood at 60,808 GWh (+6.2% year-on-year). Of this amount, 59,021 GWh corresponded to Spain (+5.2%), 1,077 GWh to Portugal (+88.3%) and 710 GWh to the rest of the segment (+15.1%).

Endesa ordinary regime
Mainland output
Total: 48,732 GWh (+7.2%)



Rest of the sector ordinary regime
Mainland output
Total: 79,585 GWh (-6.7%)



Mainland electricity output totalled 48,732 GWh, 7.2% more than in the first nine months of 2011 due to the sharp increase in thermal output (+8.3%), the greater contribution from coal-fired plants (+19.9%), and higher nuclear output (+13.8%), all of which offset the 20.4% decline in hydro output and the decrease in output from combined cycle plants (-33.8%).

Nuclear and hydro energy accounted for 51.8% of ENDESA's mainland generation mix under the ordinary regime (52.3% in January-September 2011), compared with 43.4% for the rest of the sector (46.5% in January-September 2011).

ENDESA's output from non-mainland facilities was 10,289 GWh, a decrease of 3.0% compared to the first nine months of 2011.

Supply to deregulated customers

ENDESA had 2,704,136 customers in the deregulated market at 30 September 2012: 2,599,722 in the Spanish mainland market and 104,414 in European deregulated markets other than Spain.

ENDESA sold a total of 58,492 GWh to these customers in the first nine months of 2012, an increase of 1.2%.

Sales in the Spanish deregulated market totalled Euros 5,907 million, up 9.6% on 9M 2011.

Revenues from sales to deregulated European markets other than Spain rose 27.0% to Euros 612 million.

Last resort supplier sales

ENDESA sold 19,493 GWh through its SLR in the first nine months of 2012, 11.6% less than the same period the previous year as a result of the transfer of LRS customers to the deregulated market.

These sales generated revenues of Euros 3,611 million in the period January-September 2012, 5.4% lower year-on-year.

Electricity distribution

ENDESA distributed 87,800 GWh in the Spanish market in the first nine months of 2012, a year-on-year increase of 0.4%.

Regulated revenue from distribution activities amounted to Euro 1,516 million, 9.0% lower year-on-year.

This decline was due to the reduction in remuneration for the electricity distribution activity established in Royal Decree Law 13/2012, of 30 March, which came into force on 1 January 2012.

Gas supply

ENDESA sold 39,222 GWh of natural gas to customers in the deregulated market in Spain in the first nine months of 2012, which represents a 10.9% increase on the figure for the same period in 2011.

Revenues from gas sales in the deregulated market rose 31.6% to Euros 1,390 million.

Operating expenses

The breakdown of operating expenses in the Spain, Portugal and Other business in the first nine months of 2012 is provided below:

Operating expenses – Business in Spain, Portugal and Other	Millions of Euros			% change
	Jan-Sept 2012	Jan-Sept 2011	Difference	
Procurements and services	12,659	12,247	412	3.4
Power purchased	4,261	4,487	(226)	(5.0)
Cost of fuel consumed	2,401	2,018	383	19.0
Transmission costs	4,756	4,339	417	9.6
Other variable procurements and services	1,241	1,403	(162)	(11.5)
Personnel expenses	773	787	(14)	(1.8)
Other fixed operating expenses	1,024	1,005	19	1.9
Depreciation and amortisation, and impairment losses	1,237	1,131	106	9.4
TOTAL	**15,693**	**15,170**	**523**	**3.4**

Procurements and services (variable costs)

Power purchases stood at Euros 4,261 million in January-September 2012, down Euros 226 million (-5.0%) year-on-year, due mainly to lower volumes in the electricity retail sale market given the strong increase of in-house electricity generation.

The cost of fuel consumed, however, totalled Euros 2,401 million at 30 September 2012, a year-on-year increase of 19% due to higher thermal output during the period.

Personnel and other fixed operating expenses

Fixed operating expenses amounted to Euros 1,797 million in the first nine months of 2012, broadly unchanged from the same period last year (Euros 1,792 million). There was a Euros 14 million (-1.8%) reduction in "Personnel expenses" to Euros 773 million, and a Euros 19 million increase (+1.9%) in "Other fixed operating expenses" to Euros 1,024 million.

Depreciation and amortisation, and impairment losses

Depreciation and amortisation, and impairment losses totalled Euros 1,237 million for the January-September 2012 period, Euros 106 million higher (+9.4%) than the same period in 2011, largely due to the Euros 67 million write-down on assets in Ireland.

Net financial results: Euros 229 million

Net financial expenses in the first nine months of 2012 totalled Euros 229 million, Euros 74 million lower than the year-ago figure.

This was due to a Euros 94 million decline in net financial expenses and a Euros 20 million reduction in net exchange differences, which moved from a gain of Euros 15 million in 9M 2011 to a loss of Euros 5 million in 9M 2012.

The decline in net financial expenses in this business is due to both a reduction in net debt between the two periods and a decrease in the average cost of this debt.

Net financial debt in the Spain, Portugal and Other business at 30 September 2012 stood at Euros 6,451 million vs. Euros 6,841 million at year-end 2011. Of this amount, Euros 5,852 million was incurred to finance regulatory receivables: Euros 4,208 million to finance the revenue shortfall from regulated activities and Euros 1,644 million to fund the non-mainland generation compensations.

Cash flow from operating activities: Euros 1,928 million

Cash flow from operating activities in the business in Spain, Portugal and Other totalled Euros 1,928 million in the first nine months of 2012 vs. Euros 1,523 million in the first nine months of 2011, representing a 26.6% increase, which was largely due to lower income tax payments in the period January-September 2012 compared to the same period of the previous year and an improvement in working capital.

Investment: Euros 778 million

Investment in the Spain, Portugal and Other business in the first nine months of 2012 totalled Euros 778 million, as detailed in the following table:

Total investment
Business in Spain and Portugal and Other

	Millions of Euros		% change
	Jan-Sept 2012	**Jan-Sept 2011**	
Capex	672	703	(4.4)
Intangible	57	70	(18.6)
Financial investments	49	64	(23.4)
TOTAL (*)	**778**	**837**	**(7.0)**

(*) Excludes investments in non-current assets held for sale and in discontinued operations amounting to Euros 80 million in 2011 and Euros 73 million in 2012 respectively, and the acquisition of the portfolio of gas customers in the Madrid area for Euros 34 million in the period January-September 2012.

Capex
Business in Spain and Portugal and Other

	Millions of Euros		% change
	Jan-Sept 2012	**Jan-Sept 2011**	
Generation	199	259	(23.2)
Distribution	473	442	7.0
Other	-	2	n/a
TOTAL	**672**	**703**	**(4.4)**

Business in Latin America

Net income in Latin America: Euros 393 million

ENDESA's Latin America business reported net income of Euros 393 million in the first nine months of 2012, a year-on-year decline of 23.4%. EBITDA stood at Euros 2,384 million, up 2.5% year-on-year, while EBIT was Euros 1,812 million, down 2.1% year-on-year.

This reduction, despite higher EBITDA, is due to worse financial results largely because of higher net debt in this business which is currently committing significant funds.

Highlights

The economic environment in ENDESA's Latin American operating markets was positive. Energy demand advanced in all countries during the first nine month of 2012, with increases in Peru (+5.9%), Chile (SIC +6.4% and SING +4.2%), Brazil (+4.6%), Argentina (+3.5%) and Colombia (+3.9%).

In this context, distribution sales by ENDESA companies, including tolls and unbilled consumption, totalled 54,316 GWh, an increase of 4.6% compared to the same period in 2011, with rises recorded in all countries: Brazil (+7.2%), Chile (+5.4%), Peru (+5.0%), Colombia (+3.3%) and Argentina (+1.9%).

Electricity generation and sales
Business in Latin America

	Generation (GWh)		Distribution (GWh) (1)	
	Jan-Sept 2012	**% change Jan-Sept 2011**	**Jan-Sept 2012**	**% change Jan-Sept 2011**
Chile	15,296	5.5	10,775	5.4
Argentina	11,715	(6.4)	13,308	1.9
Peru	6,981	(4.5)	5,142	5.0
Colombia	10,249	19.0	9,882	3.3
Brazil	3,544	48.0	15,209	7.2
TOTAL	**47,785**	**5.4**	**54,316**	**4.6**

(1) Includes tolls and unbilled consumption totalling 9,919 GWh. Stripping out tolls and unbilled consumption, sales in the Latin America Business would have totalled 44,397 GWh (+4.3%).

Output in ENDESA's generation business grew 5.4% to 47,785 GWh. Increases in output were especially significant in Brazil (+48.0%), Colombia (+19.0%) and Chile (+5.5%), offsetting the decreases in Argentina (-6.4%) and Peru (-4.5%).

Unit margins

The unit margin in the generation business declined by 6.4% to Euros 27.1/MWh in the first nine months of 2012. Improvements were seen in Peru (+11.8%) and Colombia

(+11.6%), which partially offset declines in unit margins in Chile (-26.6%), Argentina (-30.9%) and Brazil (-0.7%).

The unit margin on distribution activities in the first nine months of 2012 was Euros 34.7/MWh, a year-on-year increase of 4.4%, which offset the decline in generation margins. This change was due to improvements in the unit margin in Colombia (+17.0%), Peru (+13.3%), Argentina (+10.5%) and Chile (+4.8%), although Brazil saw a 6.6% decline.

New capacity development

Construction of the Bocamina II plant in Chile (350 MW) encountered problems with the contractor, the Tecnimont-led consortium, prompting our Endesa Chile subsidiary to file a lawsuit against it on 17 October 2012 before the International Court of Arbitration of Paris and to enforce the bank guarantees provided by the consortium. However, although the contractor did not complete the work in accordance with the contractual terms, the plant was commissioned on 29 October.

In relation to construction of the El Quimbo hydro plant in Colombia (400 MW), the main tenders have been awarded to replace the infrastructure, and plans are being devised to relocated the affected population. The first machinery for the main plant was delivered in September, while the civil engineering programme was rescheduled in August to ensure the deadlines for commissioning the plant are met.

Finally, the turbine and transformer for the Talara thermal plant in Peru (183 MW) were delivered in August. This dual open-cycle plant (diesel/natural gas) is due to come into operation in the first half of 2013.

Regulatory update

Chile

On 19 January 2012, the Chilean National Congress passed Law 20,571 on Net Metering, which will allow customers who install non-conventional renewable energy generating systems in their homes to sell excess capacity to the grid. The law was published in the Official Journal on 22 March and will enter into force when the regulatory decree is published.

Brazil

On 13 March 2012, the annual tariff adjustment (IRT) for Ampla Energía e Serviços, S.A. was completed, establishing a 4% increase for Parcel B (DAV), which came into force on 15 March.

On 10 April 2012, the National Electrical Energy Agency (hereinafter "ANEEL") approved the final methodology for calculating the Third Cycle of Tariff Reviews (hereinafter "RTO") for Companhia Energética do Ceará, S.A. The distributor is the first company to apply the RTO methodology calculations which were approved in November 2011. Due to the delay in applying the new methodology, the tariffs in effect in 2011 were provisionally extended for a further year. This means that the impact of the tariff review for the consumers of Companhia Energética do Ceará, S.A. will happen on the same date as the following annual readjustment, i.e., the new tariff applicable on 22 April 2012 will be the result of two calculations, the normal four-year review and the annual readjustment. On 17 April, ANEEL approved the calculation of the IRT. Taking into account the effect of these two measures, the DAV (Parcel B) was -12%.

On 19 April 2012, ANEEL approved the regulations for the distribution of micro-generation (up to 100 kW) and mini-generation (up to 1 MW) whereby electricity generated by these consumers is deducted from their invoice and the surplus changed into a credit to be used within three years.

In order to cut final electricity prices and revive economic activity in Brazil, the government passed a provisory measure on 11 September 2012 establishing the conditions under which electricity sector concessions expiring between 2015 and 2017 can be renewed, and the reduction in taxes on electricity. This provisory measure, which does not affect any of ENDESA's subsidiaries in Brazil, must pass through parliament as a bill.

Colombia

On 9 May 2012, the Colombian Commission for the Regulation of Energy and Gas (hereinafter "CREG") published Ruling 043 of 2012, amending CREG Rulings 156, 157, 158 and 159 of 2011 establishing the new Trading Regulations, which entered into effect on 1 July 2012.

On 25 August, the CREG issued CREG Ruling 060 of 2012 fixing the voltage loss index 1 for Codensa, S.A.E.S.P. at 9.60%. The approved rate could lead to efficiency gains between actual and regulated losses over the five years the regulation is in force.

Argentina

Decree 1277/2012 was enacted in July, regulating the establishment of an Interministerial Commission for the Strategic Planning and Coordination of the National Hydrocarbon Investment Plan. De facto, this commission also has powers in the electricity sector. On 24 August 2012, the Chair of this commission announced the Argentine government's decision to roll out a new cost-based regulatory model that segregates activities to ensure a balance between remuneration, investments and returns using a system of tariffs and subsidies. The experience of private operators will be required to implement this model.

Until the new model is introduced, tentatively in 2014, and during the prevailing transitional period, on 12 October 2012, ENDESA Costanera, S.A. and the Argentine Energy Secretary reached an agreement whereby Compañía Administradora del Mercado Mayorista Eléctrico, S.A. ("CAMMESA") must enter into two availability agreements with ENDESA Costanera, S.A., one for the company's steam turbine and one for the combined cycle units, and a financial support agreement guaranteeing ENDESA Costanera, S.A. funding for its investments, as well as the operation and maintenance of its plants.

On 12 July 2012, the Argentine Electricity Sector Regulator (hereinafter, "ENRE") temporarily appointed an inspector to Empresa Distribuidora Sur, S.A., whose initial appointment was extended for two successive periods of 45 days each, to oversee and verify all usual administrative work and tasks relating to the ordinary provision of public power supply services commissioned to Empresa Distribuidora Sur, S.A. Designation of a supervisor does not imply that ENDESA loses control of Empresa Distribuidora Sur, S.A.

Corporate restructuring process

On 27 February 2012, the Board of Directors of ENDESA resolved to streamline the Chilean subsidiaries of Empresa Nacional de Electricidad, S.A. through a staggered merger process involving Compañía Eléctrica San Isidro, S.A., Inversiones ENDESA Norte, S.A., Compañía Eléctrica Tarapacá, S.A., ENDESA Eco, S.A., Empresa de Ingeniería Ingendesa, S.A., ENDESA Inversiones Generales, S.A. and Empresa Eléctrica Pangue, S.A.

At the date of authorisation for issue of this Consolidated Management Report, the merger of Empresa Eléctrica Pangue, S.A. into Compañía Eléctrica San Isidro, S.A. has taken place as have the merger of Empresa de Ingeniería Ingendesa, S.A. and ENDESA Inversiones Generales, S.A. into Inversiones ENDESA Norte, S.A., and the merger between Inversiones ENDESA Norte, S.A. and ENDESA Eco, S.A.

At the date of authorisation for issue of this Consolidated Management Report, Enersis, S.A. was completing the necessary procedures to increase share capital through a contribution from ENDESA Latinoamérica, S.A.U. of a company holding all its direct shareholdings in the region, with the exception of the stake in Enersis, S.A. itself, and a cash contribution from Enersis, S.A.'s minority shareholders.

EBITDA: Euros 2,384 million

EBITDA stood at Euros 2,384 million for the first nine months of 2012, up 2.5% year-on-year. The Euros 104 million increase in EBITDA is due to exchange rate trends between the Euro and local currencies in the countries where the Group operates.

EBIT stood at Euros 1,812 million, a 2.1% decline on the figure reported in the first nine months of 2011. The fall in EBIT despite the higher EBITDA is explained by the fact that EBIT grew in the first nine months of 2011 on recovery of receivables from Argentina, for which a provision had been made.

EBITDA and EBIT Business in Latin America

	EBITDA (Millions of Euros)			EBIT (Millions of Euros)		
	Jan-Sept 2012	**Jan-Sept 2011**	**% change**	**Jan-Sept 2012**	**Jan-Sept 2011**	**% change**
Generation and transmission	1,234	1,309	(5.7)	971	1,104	(12.0)
Distribution	1,169	1,048	11.5	863	779	10.8
Other	(19)	(32)	n/a	(22)	(33)	n/a
TOTAL	**2,384**	**2,325**	**2.5**	**1,812**	**1,850**	**(2.1)**

The breakdown of these results by country is shown below:

EBITDA and EBIT Business in Latin America – Generation and Transmission

	EBITDA (Millions of Euros)			EBIT (Millions of Euros)		
	Jan-Sept 2012	**Jan-Sept 2011**	**% change**	**Jan-Sept 2012**	**Jan-Sept 2011**	**% change**
Chile	307	472	(35.0)	207	369	(43.9)
Colombia	457	301	51.8	410	261	57.1
Brazil	183	168	8.9	167	151	10.6
Peru	187	186	0.5	137	145	(5.5)
Argentina	40	99	(59.6)	7	75	(90.7)
TOTAL GENERATION	**1,174**	**1,226**	**(4.2)**	**928**	**1,001**	**(7.3)**
Brazil-Argentina interconnection	60	83	27.7	43	103	(58.3)
TOTAL GENERATION AND TRANSMISSION	**1,234**	**1,309**	**(5.7)**	**971**	**1,104**	**(12.0)**

EBITDA and EBIT Business in Latin America – Distribution

	EBITDA (Millions of Euros)			EBIT (Millions of Euros)		
	Jan-Sept 2012	**Jan-Sept 2011**	**% change**	**Jan-Sept 2012**	**Jan-Sept 2011**	**% change**
Chile	209	184	13.6	171	149	14.8
Colombia	377	261	44.4	294	189	55.6

Brazil	507	511	(0.8)	370	389	(4.9)
Peru	114	106	7.5	85	82	3.7
Argentina	(38)	(14)	n/a	(57)	(30)	n/a
TOTAL DISTRIBUTION	**1,169**	**1,048**	**11.5**	**863**	**779**	**10.8**

Generation and transmission

Chile

ENDESA's investees in Chile generated a total of 15,296 GWh to 30 September 2012, up 5.5% on the same period last year. However, lower operating income arising from the 11.5% decline in the average sales price of electricity due to fewer contracts being indexed to the margin cost, higher energy purchases and transmission costs, and the smaller rebound by RM 88 (Euros -95 million) drove generation business EBITDA down 35.0% to Euros 307 million in the first nine months of 2012.

EBIT over the period totalled Euros 207 million, a 43.9% year-on-year decline vs. 2011.

Colombia

In Colombia, generation business EBITDA and EBIT rose by Euros 156 million and Euros 149 million respectively year-on-year in the first nine months of 2012 as a result of the non-recurring effect of the 2011 wealth tax, which meant the recognition of a Euros 65 million expense.

Stripping out this effect, generation business EBITDA and EBIT would have increased by 24.9% and 25.8% respectively, mainly as a result of increased output over the period due to higher rainfall (+19.0%) and the positive impact of better sale prices and revenues from power sales.

Brazil

ENDESA's investees in Brazil generated a total of 3,544 GWh in the first nine months of 2012, up 48.0% year-on-year, with an increase in generation at the Cachoeira plant due to higher rainfall and the Fortaleza plant due to greater demand by the system.

Increased generation activity over the period led to an improvement in both EBITDA (+8.9%) and EBIT (+10.6%) to Euros 183 million and Euros 167 million, respectively.

Peru

During the period January-September 2012, EBITDA grew 0.5% to Euros 187 million despite the 4.5% decline in total generation from ENDESA's investees in Peru due to lower output at Ventanilla.

EBIT declined by 5.5% to Euros 137 million.

Argentina

During the first nine months of 2012, the 6.4% decline in generation and narrower sales margins as a result of the non-renewal of upgrades previously agreed by generating companies in 2011 and higher fixed costs caused EBITDA to decline 59.6% year-on-year, to Euros 40 million.

EBIT over the period totalled Euros 7 million, a 90.7% year-on-year decline vs. 2011.

Argentina - Brazil interconnection

From April 2011 the two interconnection lines linking Brazil and Argentina began to receive regulated remuneration, enabling Compañía de Interconexión Energética, S.A. to achieve EBITDA of Euros 60 million in the period January-September 2012, compared to Euros 83 million over the same period in 2011.

EBIT in the period totalled Euros 43 million due the abovementioned factors. However, this was Euros 60 million lower year-on-year due to the recovery of receivables from Argentina, for which provisions had previously been made.

Distribution

Chile

The 5.4% rise in sales volumes, thanks to increased demand and higher average prices, pushed up EBITDA and EBIT in the Chilean distribution business by 13.6% and 14.8%, respectively, to Euros 209 million and Euros 171 million.

Colombia

Distribution business EBITDA and EBIT in Colombia rose by Euros 116 million and Euros 105 million, respectively.

Of these amounts, Euros 44 million are the result of the non-recurring impact of the cost of the 2011 wealth tax. Stripping out this effect, EBITDA and EBIT grew by 23.6% and 26.2%, respectively, due to the increase in both the amount of electricity sold (+3.3%) and the unit margin (+17.0%).

Brazil

EBITDA for the period ended 30 September 2012 totalled Euros 507 million, virtually unchanged year-on-year (-0.8%), while EBIT amounted to Euros 370 million, down 4.9%.

Despite the 7.2% increase in physical sales, this decline in EBIT is due to the previously mentioned tariff reduction at Companhia Energética do Ceará, S.A.

Peru

Financial indicators in the Peruvian distribution business performed well between January and September 2012 on the back of a 5.0% rise in sales volumes. EBITDA climbed 7.5% year-on-year, to Euros 114 million, while EBIT was 3.7% higher at Euros 85 million.

Argentina

Despite the increase in physical sales (+1.9%) due to higher demand (+3.5%), EBITDA for the distribution business in Argentina amounted to a negative Euros 38 million compared to the negative Euros 14 million recorded in the first nine months of 2011. This decline was due to the Company's higher fixed costs triggered by Argentina's rising inflation which have not been possible to pass on to customers through tariffs.

EBIT meanwhile, amounted to a negative Euros 57 million, Euros 27 million less than the same period in 2011.

Net financial results: Euros 405 million

ENDESA's Latin America business generated a net financial loss of Euros 405 million to 30 September 2012, a year-on-year increase of 52.8%. This was due to a Euros 114 million increase in net financial expenses and a Euros 26 million increase in net exchange differences, which moved from a loss of Euros 7 million in 9M 2011 to a loss of Euros 33 million in 9M 2012.

The increase in net financial expenses is due to higher debt at the business given the investments carried out and the fact that the net financial result for 9M 2011 included a positive impact of Euros 36 million from the two judgments handed down by the Spanish High Court in relation to Corporate Income Tax for the tax group headed by ENDESA.

Net debt at ENDESA's Latin American business stood at Euros 4,656 million at 30 September 2012, an increase of Euros 495 million since year-end 2011.

Cash flow from operating activities: Euros 1,173 million

ENDESA's business in Latin America generated net cash flow of Euros 1,173 million to 30 September 2012, compared to the Euros 1,482 million the previous year. This decline is largely due to higher income tax payments in the period.

Investment: Euros 881 million

Investment in this business unit stood at Euros 881 million in the period January-September 2012. Euros 96 million of this amount corresponded to financial investments and Euros 785 million to capex and investments in intangible assets, as shown in the table below:

Capex and investment in intangible assets Business in Latin America			
	Millions of Euros		**% change**
	Jan-Sept 2012	**Jan-Sept 2011**	
Generation	364	337	8.0
Distribution and transmission	235	220	6.8
Other	2	6	(66.7)
TOTAL CAPEX	**601**	**563**	**6.7**
Intangible assets(*)	**184**	**200**	**(8.0)**
TOTAL CAPEX AND INVESTMENT IN INTANGIBLE ASSETS	**785**	**763**	**2.9**

(*) Comprises 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.

Statistical appendix

Key figures

Electricity Generation Output (GWh)	Jan-Sept 2012	Jan-Sept 2011	% change
Business in Spain, Portugal and Other	60,808	57,268	6.2
Business in Latin America	47,785	45,335	5.4
TOTAL	**108,593**	**102,603**	**5.8**

Electricity Generation Output in Spain, Portugal and Other (GWh)	Jan-Sept 2012	Jan-Sept 2011	% change
Mainland	**48,732**	**45,471**	**7.2**
Nuclear	21,025	18,480	13.8
Coal	20,396	17,014	19.9
Hydroelectric	4,202	5,281	(20.4)
Combined cycle (CCGT)	3,109	4,696	(33.8)
Non-mainland	**10,289**	**10,608**	**(3.0)**
Portugal	**1,077**	**572**	**88.3**
Other	**710**	**617**	**15.1**
TOTAL	**60,808**	**57,268**	**6.2**

Electricity Generation Output in Latin America (GWh) (GWh)	Jan-Sept 2012	Jan-Sept 2011	% change
Chile	15,296	14,499	5.5
Argentina	11,715	12,518	(6.4)
Peru	6,981	7,307	(4.5)
Colombia	10,249	8,616	19.0
Brazil	3,544	2,395	48.0
TOTAL	**47,785**	**45,335**	**5.4**

Electricity sales (GWh)	Jan-Sept 2012	Jan-Sept 2011	% change
Business in Spain, Portugal and Other	**78,831**	**80,525**	**(2.1)**
LRS	19,493	22,045	(11.6)
Deregulated market	58,492	57,773	1.2
Rest of the sector (1)	846	707	19.7
Business in Latin America (2)	**54,316**	**51,942**	**4.6**
Chile	10,775	10,223	5.4
Argentina	13,308	13,064	1.9
Peru	5,142	4,895	5.0
Colombia	9,882	9,568	3.3
Brazil	15,209	14,192	7.2
TOTAL	**133,147**	**132,467**	**0.5**

(1) Generation sales.
(2) Latin America includes tolls and unbilled consumption totalling 9,919 GWh in the first nine months of 2012. Stripping out tolls and unbilled consumption, sales would have totalled 44,397 GWh (+4.3%).

Gas sales (GWh)	**Jan-Sept 2012**	**Jan-Sept 2011**	**% change**
Deregulated market (*)	39,222	35,380	10.9
TOTAL	**39,222**	**35,380**	**10.9**

(*) Excluding own generation consumption.

Period-end headcount (number of employees)	**30 September 2012**	**30 September 2011**	**% change**
Business in Spain, Portugal and Other	11,781	11,988	(1.7)
Business in Latin America	11,306	11,016	2.6
TOTAL	**23,087**	**23,004**	**0.4**

Financial data

Key figures (Euros)	**Jan-Sept 2012**	**Jan-Sept 2011**	**% change**
EPS (1)	1.57	1.87	(16.0)
BVPS (2) (3)	19.37	17.68	9.61

(1) Parent company's Fiscal Year profit / No. shares.
(2) Parent company's net equity / No. shares.
(3) At 30 September 2012.

Net financial debt (Millions of Euros)	**30 September 2012**	**31 December 2011**	**% change**
Business in Spain, Portugal and Other	6,451	6,841	(5.7)
Business in Latin America	4,656	4,161	11.9
TOTAL	**11,107**	**11,002**	**1.0**
Financial leverage (%)	42.4	44.6	-

Ratings (8 November 2012)	**Long-term**	**Short-term**	**Outlook**
Standard & Poor's	BBB+	A2	Negative
Moody's	Baa2	P2	Negative
Fitch	BBB+	F2	Negative

ENDESA's main fixed-income issues	**Spread over IRS (bp)**	
	30 September 2012	**31 December 2011**
0.3 Y EUR 700Mn 5.375% Mat. February 2013	50	157

Stock market data	**30 September 2012**	**31 December 2011**	**% change**
Market cap (Millions of Euros)	15,828	16,781	(5,7)
Number of shares outstanding	1,058,752,117	1,058,752,117	-

Nominal share value (Euros)	1.2	1.2	-

Stock market data	**Jan-Sept 2012**	**Jan-Sept 2011**	**% change**
Trading volume			
Madrid stock exchange	132,802,673	131,092,468	1.3
Average daily trading volume			
Madrid stock exchange	691,681	679,236	1.8

Share price (Euros)	**Jan-Sept 2012 high**	**Jan-Sept 2012 low**	**30 September 2012**	**31 December 2011**
Madrid stock exchange	16.32	11.63	14.95	15.85

Dividends (Euros/share)	**Against 2011 earnings**
Total DPS	0.606
Payout (%)	29.0
Dividend yield (%)	3.8

Important legal disclaimer

This document contains certain "forward-looking" statements regarding anticipated financial and operating results and statistics and other future events. These statements are not guarantees of future performance and they are subject to material risks, uncertainties, changes and other factors that may be beyond ENDESA's control or may be difficult to predict.

Forward-looking statements include, but are not limited to, information regarding: estimated future earnings; anticipated increases in generation and market share; expected increases in demand for gas and gas sourcing; management strategy and goals; estimated cost reductions; tariffs and pricing structure; estimated capital expenditures and other investments; estimated asset disposals; estimated increases in capacity and output and changes in capacity mix; repowering of capacity and macroeconomic conditions. The main assumptions on which these expectations and targets are based are related to the regulatory setting, exchange rates, divestments, increases in production and installed capacity in markets where ENDESA operates, increases in demand in these markets, assigning of production amongst different technologies, increases in costs associated with higher activity that do not exceed certain limits, electricity prices not below certain levels, the cost of CCGT plants, and the availability and cost of the gas, coal, fuel oil and emission rights necessary to run our business at the desired levels.

In these statements we avail ourselves of the protection provided by the Private Securities Litigation Reform Act of 1995 of the United States of America with respect to forward-looking statements.

The following important factors, in addition to those discussed elsewhere in this document, could cause actual financial and operating results and statistics to differ materially from those expressed in our forward-looking statements:

Economic and industry conditions: significant adverse changes in the conditions of the industry, the general economy or our markets; the effect of the prevailing regulations or changes in them; tariff reductions; the impact of interest rate fluctuations; the impact of exchange rate fluctuations; natural disasters; the impact of more restrictive environmental regulations and the environmental risks inherent to our activity; potential liabilities relating to our nuclear facilities.

Commercial or Transactional Factors: any delays in or failure to obtain necessary regulatory, antitrust, internal and other approvals for our proposed acquisitions, investments or asset disposals, or any conditions imposed in connection with such approvals; our ability to integrate acquired businesses successfully; the challenges inherent in diverting management's focus and resources from other strategic opportunities and from operational matters during the process of integrating acquired businesses; the outcome of any negotiations with partners and governments. Delays in or impossibility of obtaining the pertinent permits and rezoning orders in relation to real estate assets. Delays in or impossibility of obtaining regulatory authorisation, including that related to the environment, for the construction of new facilities, repowering or improvement of existing facilities; shortage of or changes in the price of equipment, material or labour; opposition of political or ethnic groups; adverse changes of a political or regulatory nature in the countries where we or our companies operate; adverse weather conditions, natural disasters, accidents or other unforeseen events, and the impossibility of obtaining financing at what we consider satisfactory interest rates.

Governmental and Political Factors: political conditions in Latin America; changes in Spanish, European and foreign laws, regulations and taxes.

Operating factors: technical problems; changes in operating conditions and costs; capacity to execute cost reduction plans; capacity to maintain a stable supply of coal, fuel and gas and the impact of the price fluctuations of coal, fuel and gas; acquisitions or restructuring; capacity to successfully execute a strategy of internationalisation and diversification.

Competitive factors: the actions of competitors; changes in competition and pricing environments; the entry of new competitors in our markets.

Further details on the factors that may cause actual results and other developments to differ significantly from the expectations implied or explicitly contained in this document are given in the Risk Factors section of the current ENDESA Share Registration Statement filed with the Comisión Nacional del Mercado de Valores (the Spanish securities regulator or the "CNMV" for its initials in Spanish).

No assurance can be given that the forward-looking statements in this document will be realised. Except as may be required by applicable law, neither Endesa nor any of its affiliates intends to update these forward-looking statements.