

ENDESA, S.A.
and Subsidiaries

**Consolidated Management Report
for the First Quarter 2013**

Madrid, 7 May 2013

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Analysis for the period

Consolidated results

ENDESA reported net income of Euros 476 million in the first quarter of 2013

ENDESA reported net income of Euros 476 million in the first quarter of 2013, 23.3% less than in the same period the previous year, mainly due to a Euros 137 million reduction in net income at the Spain and Portugal business unit following the introduction on 1 January 2013 of the energy sustainability tax measures stipulated in Law 15/2012 of 27 December. Net income was also affected by the annual recurring impact on ENDESA of approximately Euros 400 million arising from the regulatory measures introduced in 2012.

The table below shows the breakdown of net income between ENDESA's two business lines and the year-on-year change:

ENDESA net income for January-March 2013			
	Millions of Euros	% change 1Q2012	% of total net income
Spain and Portugal	338	(28.8)	71.0
Latin America	138	(5.5)	29.0
TOTAL	476	(23.3)	100.0

Electricity generation and sales

ENDESA's electricity generation totalled 32,163 GWh in the first quarter of 2013, down by 13.5% on the same period in 2012, chiefly due to lower output in Spain caused by lower demand for electricity and a greater contribution by wind and hydro facilities.

Electricity sales stood at 39,710 GWh, down 4.8% year-on-year.

Power output and sales for January-March 2013				
	Output		Sales	
	GWh	% change 1Q2012	GWh	% change 1Q2012
Spain and Portugal	16,835	(21.9)	24,552	(8.1)
Latin America	15,328	(2.0)	15,158	1.3
TOTAL	32,163	(13.5)	39,710	(4.8)

EBITDA: Euros 1,682 million

EBITDA and EBIT fell by 7.9% and 17.7% respectively in the first quarter of 2013 to Euros 1,682 million and Euros 1,034 million.

During the first quarter of 2013, EBITDA fell in the Spain and Portugal (-6.6%) and Latin America (-9.7%) business units. This was chiefly due to the following:

- The tax measures approved by Law 15/2012 of 27 December increased the costs of the Spain and Portugal business unit by Euros 145 million. This is in addition to the annual recurring impact on ENDESA of approximately Euros 400 million arising from the regulatory measures introduced in 2012. However, the impact was partially offset by the exceptional rainfall during the period, which reduced both cost of fuel for electricity generation and the average price of procuring electricity due to the lower pool price in the period. Stringent cost control brought down fixed costs by 6,0% (Euros 34 million).
- The lower EBITDA of Euros 76 million in the Latin America business unit was chiefly due to the stranded costs of distributors in Brazil which were not fully offset by the extraordinary measures adopted by the Brazilian government for their immediate compensation. It should be pointed out that, in this case, the stranded costs incurred and not immediately offset will be offset in future tariff reviews, in accordance with Brazilian regulations.

EBIT shrank by 17.7% to Euros 1,034 million. The larger decline in EBIT with respect to EBITDA was due to the 13.5% increase in "Depreciation and amortisation charges and impairment losses", mainly as the result of an impairment loss of Euros 92 million on CO₂ emission allowances and CERs due to the decline in the market price of these instruments.

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

	Revenues		EBITDA		EBIT	
	Millions of Euros	% change 1Q2012	Millions of Euros	% change 1Q2012	Millions of Euros	% change 1Q2012
Spain and Portugal	5,758	(4.5)	971	(6.6)	505	(23.3)
Latin America	2,408	(8.0)	711	(9.7)	529	(11.5)
TOTAL	8,166	(5.6)	1,682	(7.9)	1,034	(17.7)

Net financial loss: Euros 146 million

The net financial loss for the first quarter of 2013 was Euros 146 million, a decrease of Euros 51 million (-25.9%) year-on-year.

Net finance expense totalled Euros 145 million, down by 22.5% on the same period the previous year, due to a reduction in debt between the periods and the lower average cost of borrowing.

Net exchange rate losses were Euros 1 million, compared to the loss of Euros 10 million at the end of the first quarter of 2012.

Cash flow from operating activities: Euros 603 million

Cash flow from operating activities in the first quarter of 2013 amounted to Euros 603 million compared to Euros 1,277 million in the same period in 2012, largely due to lower income and a poorer performance of working capital. This was chiefly brought about by short-term receivable entitlements at 31 March 2013 totalling Euros 152 million, as compensation for stranded costs incurred by Brazilian distributors, as established in Presidential Decree 7,945/2013.

Investment: Euros 360 million

Investment totalled Euros 360 million in the first quarter of 2013.

Of this amount, Euros 333 million was capex and investment in intangible assets. The remaining Euros 27 million related to financial investments.

Investments				
	Millions of Euros			% change 1Q2012
	Capex and intangible assets	Financial investments	TOTAL	
Spain and Portugal	128	8	136	(30.3)
Latin America	205	19	224	(0.4)
TOTAL (*)	333	27	360	(14.3)

(*) Excludes investments in non-current assets held for sale and in discontinued operations amounting to Euros 21 million in the first quarter of 2012.

Financial position

ENDESA had net financial debt of Euros 6,864 million at 31 March 2013, a reduction of Euros 1,914 million compared to 31 December 2012.

This major reduction of debt was largely due to two factors. This first being a cash contribution of Euros 1,796 million by non-controlling shareholders in the share capital increase arranged by Enersis, S.A. in March 2013 of which Euros 1,749 million had been paid up before 31 March 2013. While the second reason was the proceeds during the first quarter of 2013 accumulated in previous years from tariff deficit rights in the sum of Euros 1,327 million, which exceeded ENDESA's financing in this area over the period of Euros 588 million.

It should also be noted that, of the proceeds from the share capital increase by Enersis, S.A., Euros 551 million were placed in financial instruments with maturities of more than three months. These were not included as "Cash and cash equivalents" and therefore financial debt was not netted, and this amount did not make any contribution to the reduction in net debt described in the preceding paragraph.

The table below shows the structure of net financial debt by businesses at 31 March 2013:

Breakdown of ENDESA'S net financial debt by business line (*)				
	Millions of Euros			
	31 March 2013	31 December 2012	Difference	% change
Spain and Portugal business	3,893	5,059	(1,166)	(23.0)
Business in Latin America	2,971	3,719	(748)	(20.1)
TOTAL	6,864	8,778	(1,914)	(21.8)

(*) 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 debt was 5.8% in the first quarter of 2013, while the cost of the debt corresponding to Enersis averaged 8.2%. Excluding Enersis debt, the average cost of ENDESA's debt was 3.3% for the period.

When assessing indebtedness, it must be remembered that at 31 March 2013, ENDESA had the recognised right to collect Euros 3,627 million in connection with several Spanish regulatory matters: Euros 2,879 million for financing the revenue shortfall from regulated activities and Euros 748 million in compensation for stranded costs in non-mainland generation.

Stripping out these regulatory items, ENDESA's net debt at 31 March 2013 stood at Euros 3,237 million, Euros 702 million less than at 31 December 2012.

In the first quarter of 2013 ENDESA transferred tariff deficit collection rights to the electricity system deficit securitisation fund (hereinafter "FADE" for its acronym in Spanish), collecting Euros 1,267 million. . Since 1 April 2013, Endesa has ceded deficit collection rights for a total amount of Euros 856 million.

The table below shows the structure of net financial debt at 31 March 2013:

Structure of ENDESA'S net financial debt at 31 March 2013 (Millions of Euros)						
	ENDESA and subsidiaries, excluding Enersis		Enersis		Total ENDESA	
	Millions of Euros	% of total	Millions of Euros	% of total	Millions of Euros	% of total
Euro	3,631	99	-	-	3,631	53
US dollar	(6)	-	1,829	57	1,823	26
Chilean Peso / Unidades de Fomento	-	-	(694)	(22)	(694)	(10)
Brazilian real	-	-	535	17	535	8
Other currency	19	1	1,550	48	1,569	23
TOTAL	3,644	100	3,220	100	6,864	100
Fixed rate	820	23	2,470	77	3,290	48
Floating rate	2,824	77	750	23	3,574	52
TOTAL	3,644	100	3,220	100	6,864	100
Avg. life (years)	6.0		5.3		5.6	

ENDESA had liquidity of Euros 6,729 million in Spain at 31 March 2013, sufficient to meet the Group's total debt repayments over the next 43 months. Of this, Euros 6,481 million was in undrawn, unconditional credit lines, of which Euros 3,500 million correspond to a credit line signed with ENEL Finance International, N.V. None of this had been drawn down at 31 March 2013.

Meanwhile, Enersis held cash and cash equivalents totalling Euros 2,463 million and Euros 544 million in undrawn, unconditional credit lines, covering debt maturities for the next 38 months. Euros 551 million must be added to these sums as the amount placed in financial instruments with maturities of more than three months as the proceeds from the share capital increase.

At the date of presentation of this Management Report, ENDESA's long-term debt ratings are: Standard & Poor's: "BBB+"; Moody's: "Baa2"; and Fitch: "BBB+", all with a negative outlook.

Financial leverage

ENDESA's consolidated equity stood at Euros 28,899 million at 31 March 2013, Euros 2,530 million more than at 31 December 2012, as a result of income earned during the period and the capital contribution by non-controlling shareholders in the Enersis, S.A. share capital increase, adding Euros 1,738 million to ENDESA's consolidated equity.

Euros 21,992 million of consolidated equity correspond to ENDESA, S.A. shareholders and Euros 6,907 million to non-controlling shareholders.

Changes in ENDESA's equity and net debt resulted in leverage (net financial debt/equity) of 23.8% at 31 March 2013, compared to 33.3% at 31 December 2012.

Other information

During the first quarter of 2013, ENDESA operated the same general risk policy as described in its consolidated financial statements for the year ended 31 December 2012. For this period, the financial instruments and types of hedges are the same as those described in the consolidated financial statements. The risks to which ENDESA's operations are exposed are also the same as those described in the consolidated management report for 2012.

Also, there were no one-off events of significant amounts during the first quarter of 2013 other than those referred to in the consolidated management report. In this regard, during the first quarter of 2013 there were no new material contingent liabilities other than those described in the consolidated financial statements for the year ended December 31 2012.

Results by business line

Business in Spain and Portugal

Net income – Spain and Portugal: Euros 338 million

Net income from ENDESA's Spain and Portugal business unit was Euros 338 million in the first quarter of 2013, Euros 137 million less than during the same period in 2012, contributing 71% to ENDESA's total net income.

EBITDA stood at Euros 971 million, down 6.6% year-on-year while EBIT totalled Euros 505 million, down 23.3%.

The following factors must be taken into account when looking at EBITDA for the period:

- The energy sustainability fiscal measures approved in Law 15/2012 of 27 December directly affecting the electricity sector came into effect in 2013 and had an adverse impact on EBITDA during the first quarter of the year in the amount of Euros 145 million. This is in addition to the annual recurring impact on ENDESA of approximately Euros 400 million arising from the regulatory measures introduced in 2012.
- A better power generation mix due to exceptional rainfall, leading to a major increase in hydro output and lower conventional thermoelectric generation, with the net result of lower fuel costs.
- The lower average price on the wholesale electricity market, standing at Euros 42.3/MWh in the first quarter of 2013, 19.9% lower than the same period in 2012, brought about by the exceptional rainfall already mentioned, lowered the average cost of procuring electricity.

Mainland electricity demand shrank by 4.3% against the same period the previous year (-3.5% adjusted for working days and temperature).

In this regard ENDESA secured a market share of 36% in ordinary regime generation, a 42.2% share in distribution and a 37.5% share in sales to customers in the deregulated market.

Regulatory update

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

Law 15/2012 of 27 December on energy sustainability fiscal measures

On 28 December 2012, the Official State Journal (BOE) published the law on energy sustainability fiscal measures, which contemplates several measures with a direct impact on the electricity sector applicable as of 1 January 2013:

- General tax on ordinary and CHP/renewable generation, equivalent to 7% of total revenue generated.
- Tax on spent nuclear fuel and radioactive waste, and storage at centralised facilities.
- Levy on hydro output, equivalent to 22% of revenue. This levy will be reduced by 90% for plants with installed capacity equal to or less than 50 MW and for pumped-storage hydro plants of over 50 MW. This reduction will also apply to any output or facilities defined by regulations that have to be supported to fulfil general energy policy.
- A "green cent" tax on consumption of electricity generated using natural gas, coal, fuel-oil or diesel.
- Withdrawal of the feed-in tariff for any output from renewable energy plants generated using fossil fuels. This measure will not affect biomass technology.
- Provision has also been made for the General State Budgets Law to earmark an annual sum to fund electricity system costs in an amount equivalent to the sum of estimated revenue from the taxes and levies contemplated in Law 15/2012 and estimated revenue from the auction of greenhouse gas emission allowances, up to a maximum of Euros 500 million.

Law 17/2012 of 27 December on 2013 General State Budgets

On 28 December 2012, the Official State Journal published the text of the Law on 2013 General State Budgets which, exceptionally for 2013, does not include items to finance 2012 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.

This legislation also details the items earmarked to cover the electricity system costs indicated in the abovementioned Law 15/2012 of 27 December.

Royal Decree Law 29/2012 of 28 December on enhancing management of the special household employee scheme and other social and economic measures

This Royal Decree Law was published in the Official State Journal on 31 December 2012 and included the following measures concerning the electricity sector:

- An amendment of the Electricity Sector Act, increasing the size of the tariff deficit in respect of 2012 that can be transferred to the electricity system deficit securitisation fund ("FADE") up to the amount resulting from the definitive settlement of accounts for that year. This legislation also eliminates section one of additional provision twenty-one, which stipulated the elimination of the tariff deficit in 2013.
- In respect of CHP/renewable regime facilities, the legislation stipulates that the feed-in tariff shall not apply to facilities registered in the remuneration pre-assignment register that have not been fully completed within the deadline set in the register itself.

Royal Decree Law 2/2013 of 1 February on urgent electricity system and financial sector measures

This Royal Decree Law amends the mechanism by which regulated remuneration items linked to the Consumer Price Index are updated. It stipulates that this remuneration will be adjusted in accordance with the Consumer Price Index at constant-tax inflation, excluding unprocessed foodstuffs and energy products.

This legislation also modifies the energy sales options available to CHP/renewable regime facilities, such that all facilities shall be deemed to avail of the tariff option as from 1 January 2013, unless they expressly state the contrary, in which case they may not go back to the feed-in tariff regime, thereby renouncing their right to any premiums whatsoever.

Draft legislation on an extraordinary loan to finance economic incentives for new electricity generation facilities using renewable energy sources

On 15 February 2013, the Spanish government agreed to put a draft law through parliament for an extraordinary loan by the Ministry for Finance to the Ministry of Industry, Energy and Tourism in order to finance, as required, renewable energy premiums in respect of 2013, up to a maximum amount of Euros 2,200 million.

Draft legislation to guarantee supply and increase competition in island and non-mainland electricity systems

On 15 March 2013, the Spanish government agreed to put a draft law through parliament to guarantee supply and increase competition in island and non-mainland electricity systems. The main aspects of this draft legislation are as follows:

- For reasons of safety or technical and economic efficiency, the system of additional remuneration may be operated at the mainland market price for new generation facilities in island and non-mainland electricity systems, even if power outputs to cover demand are exceeded.
- The new regime will not be applied to new facilities in island and non-mainland electricity systems (either under the ordinary or CHP/renewable regimes) owned by a company or business group which holds more than 40% of generating power in the system. An exception is made in the case of facilities

awarded through capacity tenders for the deployment of renewable energy sources and which hold administrative authorisation or have been registered in the remuneration pre-assignment register for the CHP/renewable regime.

- Pumped-storage hydro plants and regasification plants will be exclusively owned by the System Operator and the Technical System Manager respectively, and the facilities concerned must be transferred within six months at market price. If the facility does not have administrative authorisation, the price will be limited to the total costs actually incurred up to 1 March 2013.
- The remuneration items associated with fuel costs will be established by a mechanism taking account of the principles of competition, transparency, objectivity and non-discrimination.
- A compatibility ruling by the Department of Energy Policy and Mines will be necessary for the approval of new groups, to ascertain that the facility is compatible with the technical criteria stipulated by the System Operator and economic cost-reduction criteria.
- There is a possibility of reducing remuneration at facilities in island and non-mainland electricity systems in the event of a substantial decrease in their availability, the guarantee of supply or the supply quality indexes attributed to generating facilities. It is also possible that the government will take action in the electricity sector to guarantee supply in situations of risk.

2013 electricity tariff

Subsequent to the energy auction, the Department of Energy Policy and Mines' ruling of 27 December 2012 revised the Last-Resort Tariff (LRT) for the first quarter of 2013, increasing it by 3%.

The Ministerial Order for establishing access charges from 1 January 2013, IET/221/2013 of 14 February, was published on 16 February 2013. The charges remain unchanged. Among other aspects, the Ministerial Order also includes the possibility of transferring the 2012 shortfall to the electricity system deficit securitisation fund ("FADE"), based on the result of 14/2012 regulated activity settlements, or including 2011 and 2012 non-mainland compensation not funded by the General State Budgets in settlements for regulated activity in 2012.

Subsequent to the energy auction, the Department of Energy Policy and Mines' ruling of 25 March 2013 revised the LRT for the second quarter of 2013, reducing it by 6.6%.

On 14 January 2013, the Official State Journal published Royal Decree 1718/2012 of 28 December determining the procedure for meter reading and billing of low-voltage energy supplies to customers with a contracted capacity of no more than 15 kW. The Decree stipulates that LRT customers will be billed on a two-monthly basis as of 1 April 2013 on the basis of actual meter readings.

The shortfall between the access tariffs collected during the first quarter of 2013 and the system costs during the same period has led to a revenue deficit in

regulated activities of approximately Euros 1,232 million for the sector as a whole. ENDESA must finance 44.16% of this amount. In addition, during the same period, the non-mainland deficit amounted to Euros 1,403 million, which must be covered with a charge to the Spanish General State Budgets for 2014 in accordance with Royal Decree Law 6/2009 of 30 April 2009.

Domestic coal

A ruling of 12 February 2013 by the Institute for the Restructuring of Coal Mining and Alternative Development of Mining Locations ("Instituto para la Reestructuración de la Minería del Carbón y Desarrollo Alternativo de las Comarcas Mineras") approved quantities of coal, maximum output and remuneration for 2013 to be applied for the resolution of the supply security restrictions process. The ruling was amended by a further ruling on 20 March stipulating the minimum quantity of coal to be delivered on a monthly basis - these will be one twelfth of the annual volume.

Natural gas tariff for 2013

Ministerial Order IET/2812/2012 of 27 December, reviewed access charges from 1 January, introducing a general increase of 1%, while the Department of Energy Policy and Mines' ruling of 28 December 2012 approved reductions to LRT.1 and LRT.2 of 2.5% and 3.7%, respectively.

Revenues: Euros 5,758 million

In the first quarter of 2013, Endesa reported revenues of Euros 5,758 million from its Spain and Portugal business unit, a decrease of 4.5%.

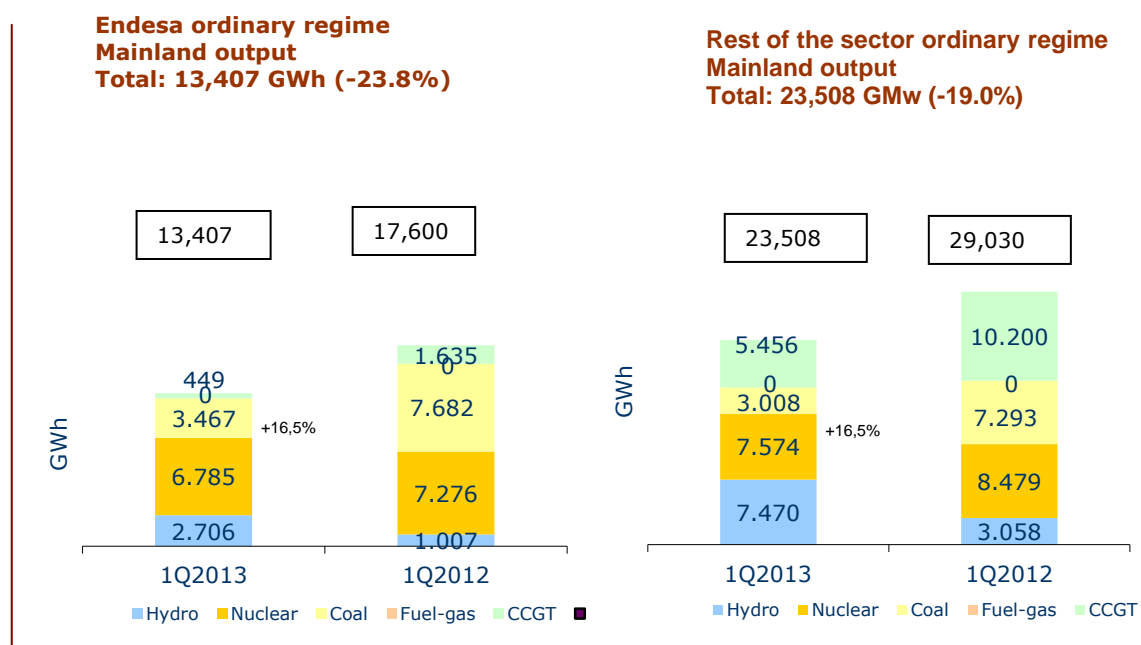
Of this amount, revenues from sales accounted for Euros 5,450 million (-4.0%), while operating income accounted for Euros 308 million (-13.0%).

Sales

Sales of the Spain and Portugal business unit in January-March 2013 were as follows:

Sales of the Spain and Portugal business				
	Millions of Euros			
	January-March 2013	January-March 2012	Difference	% change
Electricity sales	3,974	4,380	(406)	(9.3)
Sales to the deregulated market	1,927	1,941	(14)	(0.7)
Sales to Last Resort Suppliers	1,170	1,273	(103)	(8.1)
Wholesale market sales	214	397	(183)	(46.1)
Supply to customers in deregulated markets outside Spain	213	217	(4)	(1.8)
Non-mainland compensation	425	481	(56)	(11.6)
Power trading	6	23	(17)	(73.9)
Other sales	19	48	(29)	(60.4)
Regulated revenue from electricity distribution	542	505	37	7.3
Gas trading	660	583	77	13.2
Other sales and services rendered	274	209	65	31.1
TOTAL	5,450	5,677	(227)	(4.0)

ENDESA's electricity output in the Spain and Portugal business unit in the first quarter of 2013 stood at 16,835 GWh, a fall of 21.9% with respect to the first quarter of 2012. Of this amount, 16,396 GWh corresponded to Spain (-21.8%), 226 GWh to Portugal (-35.8%) and 213 GWh to the rest of the segment (-8.6%).



Mainland ordinary regime output totalled 13,407 GWh in the first quarter of 2013, 23.8% less than in the first quarter of 2012. This was due to the major decrease in output at both coal-fired plants (-54.9%) and combined-cycle plants (-72.5%), and was only partially offset by an increase at hydro plants (+168.7%).

Nuclear and hydro energy accounted for 70.8% of ENDESA's mainland generation mix under the ordinary regime (47.1% in January-March 2012), compared with 64% for the rest of the sector (39.7% in January-March 2012).

ENDESA's output from non-mainland facilities was 2,989 GWh, a decrease of 11.5% compared to the first quarter of 2012.

Supply to deregulated customers

ENDESA had 2,978,749 customers in the deregulated market at the end of the first quarter of 2013: 2,839,169 in the Spanish mainland market and 139,580 in European deregulated markets other than Spain. ENDESA sold a total of 18,059 GWh to these customers in the first quarter of 2013, a decrease of 5.9%.

Sales in the Spanish deregulated market totalled Euros 1,927 million, down 0.7% year-on-year. Revenue from sales to deregulated European markets other than Spain stood at Euros 213 million, down by 1.8% on the first quarter of 2012.

Last resort supplier sales

ENDESA sold 6,493 GWh through its last resort supplier company in the first quarter of 2013, 13.9% less than the same period in 2012. These sales generated revenues of Euros 1,170 million in January-March 2013, down 8.1% year-on-year.

Electricity distribution

ENDESA distributed 28,607 GWh of power in the Spanish market in the first quarter of 2013, a fall of 5.1% against the same period in 2012.

Regulated revenue from distribution activities, including the reduction in remuneration for the distribution activity established in Royal Decree Law 13/2012 of 30 March, with effect from 1 January 2013, amounted to Euros 542 million.

Gas supply

ENDESA sold 20,268 GWh of natural gas to customers in the deregulated market in Spain in the first quarter of 2013, which represents a 15.8% increase on the year-ago figure.

Revenues from gas sales in the deregulated market rose by 13.2% to Euros 660 million.

Other operating income

Other operating income in the first quarter of 2013 was down Euros 46 million with respect to the same period the previous year.

Other operating income in January-March 2012 included Euros 51 million as income from the CO₂ emission allowances allocated to ENDESA pursuant to the National Allocation Plan for emissions during the first quarter of 2012.

Following the introduction of Law 13/2010 of 5 July, the National Allocation Plans are being withdrawn in 2013, and thus no items were recorded for the first quarter of 2013.

Operating expenses

The breakdown of operating expenses in the Spain and Portugal business unit in the first quarter of 2013 is as follows:

Operating expenses – Spain and Portugal business				
	Millions of Euros			
	January- March 2013	January- March 2012	Difference	% change
Procurements and services	4,282	4,447	(165)	(3.7)
Power purchased	1,486	1,426	60	4.2
Cost of fuel consumed	672	910	(238)	(26.2)
Transmission costs	1,630	1,626	4	0.2
Other procurements and services	494	485	9	1.9
Personnel expenses	244	240	4	1.7
Other operating expenses	289	327	(38)	(11.6)
Depreciation and amortisation charges and impairment losses	466	382	84	22.0
TOTAL	5,281	5,396	(115)	(2.1)

Procurements and services (variable costs)

Procurements and services (variable costs) totalled Euros 4,282 million in the first quarter of 2013, 3.7% less than in the same period in 2012.

This includes Euros 145 million due to the adverse effect of certain measures in Law 15/2012, of 27 December, which were introduced in 2013.

Despite this negative impact of Law 15/2012, of 27 December, variable costs were lower mainly as a result of the 26.2% reduction in fuel costs to Euros 672 million thanks to lower thermal output in the period.

The cost of CO₂ emission allowances used during the period, included under "Other procurements and services", amounted to Euros 66 million less than during the first quarter of 2012 as the result of reductions in electricity generation using CO₂ emitting technology and also of the market price of emission allowances. This cost reduction was mostly offset by a reduction of Euros 51 million in income recognised in the 1Q 2012 results from CO₂ emission allowances granted free of charge in the National Allocation Plan.

Lastly, power purchases amounted to Euros 1,486 million in January-March 2013, a 4.2% year-on-year increase, due to greater volumes in the gas and electricity pools for resale which offset the impact of the lower average purchase price.

Personnel and other fixed operating expenses

Fixed costs amounted to Euros 533 million in the first quarter of 2013, down Euros 34 million (-6.0%) compared to the same period in 2012 as a result of the cost-savings policy deployed.

This change was due to a Euros 4 million increase in "Personnel expenses" to Euros 244 million, and a Euros 38 million decrease (-11.6%) in "Other operating expenses" to Euros 289 million.

Depreciation and amortisation charges and impairment losses

Depreciation and amortisation charges and impairment losses totalled Euros 466 million in the first quarter of 2013, Euros 84 million (+22.0%) more than the same period in 2012.

From January to March 2013 this item included impairment of the CO₂ emission allowance portfolio, following a fall in the market price, in the amount of Euros 92 million (Euros 20 million in the same period the previous year) and Euros 7 million for depreciation of the effect on the value of fixed assets of the tax on spent nuclear fuel introduced by Law 15/2012 of 27 December.

Net financial loss: Euros 46 million

The net financial loss in the first quarter of 2013 was Euros 46 million, Euros 19 million less than the same period in 2012.

This was due to a Euros 13 million decline in net finance expense, as the result of less borrowing and its average cost, and to a decrease of Euros 6 million in net exchange differences, which narrowed from expenditure of Euros 4 million in the first quarter of 2012 to income of Euros 2 million in the first quarter of 2013.

Net financial debt in the Spain and Portugal business unit at 31 March 2013 stood at Euros 3,893 million vs. Euros 5,059 million at year-end 2012. Of this amount, Euros 3,627 million were incurred to finance regulatory receivables: Euros 2,879 million to finance the revenue shortfall from regulated activities and Euros 748 million to fund the non-mainland generation compensation.

Cash flow from operating activities: Euros 483 million

Cash flow from operating activities in the Spain and Portugal business unit totalled Euros 483 million in the first quarter of 2013, compared to Euros 988 million in the first quarter of 2012.

This decrease was due to a fall in income during the period and a poorer performance by working capital.

Investment: Euros 136 million

Investment in the Spain and Portugal business unit in the first quarter of 2013 totalled Euros 136 million, as detailed in the following table:

Total investment in the Spain and Portugal business			
	Millions of Euros		
	January-March 2013	January-March 2012	% change
Capex	118	170	(30.6)
Intangible assets	10	4	150.0
Financial investments	8	21	(61.9)
TOTAL (*)	136	195	(30.3)

(*) The figures for the first quarter of 2012 exclude investments in non-current assets held for sale and in discontinued operations amounting to Euros 21 million, and the acquisition of the portfolio of gas customers in the Madrid area for Euros 34 million.

Capex in the Spain and Portugal business			
	Millions of Euros		
	January-March 2013	January-March 2012	% change
Generation	34	47	(27.7)
Distribution	83	123	(32.5)
Other	1	-	N/A
TOTAL	118	170	(30.6)

Business in Latin America

Net income in Latin America: Euros 138 million

Net income in ENDESA's Latin American business in the first quarter of 2013 was Euros 138 million, representing a 5.5% decline against the first quarter of 2012 and a contribution to ENDESA's total net income of 29.0%.

EBITDA stood at Euros 711 million, down 9.7% year-on-year.

EBIT amounted to Euros 529 million, representing a decline of 11.5% against the first quarter of 2012. The lower figures were due to the impact of the stranded costs incurred by our distribution companies in Brazil on energy purchases during the period, which could not be recovered by the extraordinary measures adopted by the Brazilian government to compensate distribution companies immediately for the impact of this exceptional situation.

Pursuant to Presidential Decree 7,945/2013, compensation for these stranded costs totalled Euros 152 million compared to stranded costs incurred to 31 March 2013 of Euros 238 million. Therefore, the amount not covered by the government's extraordinary measures was Euros 86 million. This amount will be recovered in the usual fashion stipulated in Brazil's electricity regulations, i.e. it will be taken into account in subsequent tariff reviews.

Highlights

The economic panorama in the countries in which ENDESA companies operate showed a decrease in the demand for electricity during the first three months of 2013. Demand fell by 1.1% in Argentina and moderate variations were observed in Brazil (+0.3%) and Colombia (+1.4%), while the only sizeable increases were observed in Peru (+5.5%) and Chile (SIC +1.5% and SING +4.4%).

Against this backdrop, distribution sales by ENDESA companies, excluding tolls and unbilled consumption, totalled 15,158 GWh, an increase of 1.3% on the first quarter of 2012, with increases in Brazil (+5.7%), Peru (+1.8%) and Chile (+1.7%), and decreases in Argentina (-3.4%) and Colombia (-0.9%).

Output across ENDESA's generation business declined 2.0% to 15,328 GWh. By countries, output increases in Brazil (+27.7%) and Chile (+0.4%) failed to offset decreases in Argentina (-8.9%), Peru (-6.6%) and Colombia (-1.8%).

Electricity generation and sales in Latin America				
	Generation (GWh)		Distribution (GWh)	
	January-March 2013	% change 1Q2012	January-March 2013	% change 1Q2012
Argentina	3,949	(8.9)	3,603	(3.4)
Brazil	1,246	27.7	4,774	5.7
Chile	4,895	0.4	3,160	1.7
Colombia	3,018	(1.8)	1,996	(0.9)
Peru	2,220	(6.6)	1,625	1.8
TOTAL	15,328	(2.0)	15,158	1.3

Unit margins

The unit margin in the generation business rose by 6.5% in the first quarter of 2013 to Euros 26.7/MWh. Improvements were observed in Chile (+10.7%), Colombia (+6.8%) and Peru (+1.5%), partially offset by unit margin contractions in Brazil (-4.1%) and Argentina (-0.8%).

The unit margin on distribution activities in the first quarter of 2013 was Euros 31.6/MWh, narrowing 12.4% compared to the same period in 2012. This was the result of lower unit margins in Brazil (-26.1%), Colombia (-7.8%) and Argentina (-3.0%). In Chile and Peru, the unit margin rose by 2.5% and 1.7%, respectively.

New capacity development

By the end of March, construction of the El Quimbo hydro plant in Colombia (400 MW) was almost 40% complete, and work on the dam is scheduled to finish to enable the reservoir to be filled by year-end 2014.

With regard to the Talara thermal plant in Peru (183 MW), the test and synchronisation phase was carried out and the facility went into commercial operation in April.

Regulatory developments

Argentina

Resolution 95/2013 was published in the Official State Journal on 26 March 2013, establishing a new regulatory framework for the generation of electricity, based on a scheme to pay fixed costs and variable costs, with a stipulation for additional remuneration.

The new regulatory framework also stipulates that Compañía Administradora del Mercado Mayorista Eléctrico, S.A. ("CAMMESA") will take over management of fuels and long-term market management on expiry of the current contracts. This will be applicable to the energy settlement for February 2013, after a number of formal requirements have been fulfilled.

Brazil

Law 12,783 transforming Provisional Measure 579 approved in September 2012 was introduced on 14 January 2013. This defines the terms of renovation of concessions and reduction of tariffs following the withdrawal of sectoral encumbrances. Pursuant to this law, on 25 January 2013 the Brazilian regulator, Agência Nacional de Energia Elétrica, approved an extraordinary tariff review with an average 20% reduction in tariffs for regulated customers, as the result of lower energy costs arising from renovation of generation and transmission concessions, and of a reduction in tariff charges.

On 8 March 2013, Presidential Decree 7,945/2013 was published in the Official State Journal, authorising the transfer of government funds to distributors in payment of part of the additional costs incurred by distributors from the dispatch of thermal power and contractual exposure on the spot market. Additional costs not immediately compensated by the government will be recovered through the tariff as stipulated in the regulations. The additional costs may also be recouped through the tariff or through further transfers of funds, as defined by Agência Nacional de Energia Elétrica, in the respective tariff adjustments.

On 11 March 2013, Agência Nacional de Energia Elétrica approved an extraordinary postponement to 15 April 2013 of the tariff adjustment for Ampla Energia e Serviços, S.A., initially scheduled for 15 March. Once in force (15 April 2013), the DAV (distribution value added) will increase by an average of 7.8%.

Also, on 19 April 2013, the Agência Nacional de Energia Elétrica approved the annual tariff adjustment for Companhia Energética do Ceará, S.A. with the new tariffs suffering an average increase in VAD of 5.5% as of 22 April.

Chile

On 2 April 2013, a Decree was published in the Official State Journal establishing the tariff formulae applicable to regulated users of Chilectra, S.A. It made provision for an effective 4.5% reduction of tariffs, chiefly through efficiency gains, among other aspects. The new tariffs will be applicable retroactively from 4 November 2012.

Another pending Decree was finally published on 9 April 2013 establishing the subtransmission tariffs also applicable to Chilectra, S.A. The new tariffs, which have zero impact, are applicable retroactively from 1 January 2011.

Share capital increase by Enersis, S.A.

At an Extraordinary Meeting held on 20 December 2012, the shareholders of Enersis, S.A. approved the issuance of 16,441,606,297 shares at a price of 173 Chilean pesos each. The issue was fully subscribed on 28 March 2013 in the total equivalent amount of Euros 4,562 million, of which Euros 1,796 million were accounted for by a cash contribution by non-controlling shareholders.

ENDESA subscribed its portion of the capital increase with a contribution of 100% of the equity of Cono Sur Participaciones, S.L.U., the company holding its direct interests in the region, with the exception of holdings in Enersis, S.A. and in Empresa Propietaria de la Red, S.A.

As a result of the capital increase, all ENDESA'S South American shareholdings have been concentrated in Enersis, S.A., and this company has been provided with the necessary resources to deploy a major growth and expansion plan throughout the region.

EBITDA: Euros 711 million

ENDESA's Latin American business reported EBITDA of Euros 711 million in the first quarter of 2013, down 9.7% year-on-year.

The Euros 20 million decrease in EBITDA was due to exchange rate trends between the euro and local currencies in ENDESA's operating markets.

EBIT declined 11.5% year-on-year to Euros 529 million.

The breakdown of by ENDESA's various businesses is as follows:

EBITDA and EBIT from business in Latin America						
	EBITDA (Millions of Euros)			EBIT (Millions of Euros)		
	January- March 2013	January- March 2012	% change	January- March 2013	January- March 2012	% change
Generation and transmission	391	377	3.7	298	291	2.4
Distribution	329	419	(21.5)	240	315	(23.8)
Other	(9)	(9)	N/A	(9)	(8)	N/A
TOTAL	711	787	(9.7)	529	598	(11.5)

The breakdown by countries in which ENDESA operates is as follows:

EBITDA and EBIT from business in Latin America – Generation and Transmission						
	EBITDA (Millions of Euros)			EBIT (Millions of Euros)		
	January- March 2013	January- March 2012	% change	January- March 2013	January- March 2012	% change
Argentina	13	16	(18.8)	2	5	(60.0)
Brazil	50	54	(7.4)	45	48	(6.3)
Chile	95	84	13.1	56	50	12.0
Colombia	150	136	10.3	134	122	9.8
Peru	63	66	(4.5)	47	50	(6.0)
TOTAL GENERATION	371	356	4.2	284	275	3.3
Brazil-Argentina interconnection	20	21	(4.8)	14	16	(12.5)
TOTAL GENERATION AND TRANSMISSION	391	377	3.7	298	291	2.4

EBITDA and EBIT from business in Latin America – Distribution						
	EBITDA (Millions of Euros)			EBIT (Millions of Euros)		
	January- March 2013	January- March 2012	% change	January- March 2013	January- March 2012	% change
Argentina	(30)	(8)	275.0	(35)	(14)	150.0
Brazil	142	203	(30.0)	107	152	(29.6)
Chile	67	67	-	55	56	(1.8)
Colombia	114	122	(6.6)	87	95	(8.4)
Peru	36	35	2.9	26	26	-
TOTAL DISTRIBUTION	329	419	(21.5)	240	315	(23.8)

Generation and transmission

Argentina

The results for the first quarter of 2013 do not yet reflect the positive impacts of the new regulatory framework approved for electricity generation. Among other aspects, this includes a scheme to compensate fixed and variable costs and pay out returns on investment. When this is deployed, it will be applicable to the energy settlement for February 2013.

This means that lower output (-8.9%) between January and March 2013, along with lower sales margins as a result of higher fixed costs not passed on since the new regulation had not yet been applied, have lowered EBITDA by 18.8% compared to the first quarter of 2012, to Euros 13 million.

EBIT over the period totalled Euros 2 million, a 60% decline on the same period the previous year.

Brazil

ENDESA's investees in Brazil generated a total of 1,246 GWh in the first quarter of 2013, up 27.7% with respect to the same period in 2012, with a fall in generation at the Cachoeira plant due to lower rainfall, and an increase at the Fortaleza plant due to greater demand within the system.

Higher levels of generation during the period did not offset the smaller hydroelectric component of the generation mix, and EBITDA for the period stood at Euros 50 million (-7.4%), with EBIT at Euros 45 million (-6.3%).

Chile

At 31 March 2013, EBITDA for the generation business in Chile had advanced Euros 11 million (+13.1%). It had absorbed the impact of the one-off Euros 46 million from the agreement signed in the first quarter of 2012 with CMPC Celulosa, S.A. Like-for-like, EBITDA would have risen 150.0%.

Despite rainfall conditions in Chile, electricity generation by investees in the country rose by 0.4% up to 4,895 GWh, compared to the same period the previous year, due to a greater thermal dispatch caused by the commencement of operations at the Bocamina II power plant. This situation, and a better unit margin (+10.7%), put generation EBITDA at Euros 95 million for the first quarter of 2013.

EBIT over the period totalled Euros 56 million, a 12.0% increase against the same period the previous year.

Colombia

Lower output in Colombia during the period caused by lower rainfall (-1.8%) was offset by the positive impact of a wider unit margin (+6.8%).

Generation EBITDA and EBIT rose by Euros 14 million and Euros 12 million year-on-year respectively in the first quarter of 2013, to Euros 150 million and Euros 134 million.

Peru

The total amount of electricity generated by ENDESA investees in Peru stood at 2,220 GWh in the first quarter of 2013, down 6.6% on the same period the previous year.

Lower output during the period was not offset by a wider unit margin (+1.5%), and this brought about a 4.5% fall in EBITDA to Euros 63 million, and a 6.0% fall in EBIT to Euros 47 million.

Argentina - Brazil interconnection

Compañía de Interconexión Energética, S.A. posted first quarter EBITDA and EBIT of Euros 20 million and Euros 14 million respectively, representing respective decreases of Euros 1 million and Euros 2 million against the same period in 2012.

Both these figures show a negative impact of Euros 2 million against the same period the previous year due to exchange rate trends between the euro and local currencies.

Distribution

Argentina

During the first quarter of 2013, the electricity distribution business in Argentina continued the downward trend of recent years. Lower sales volumes (-3.4%) due to lower demand, along with rising fixed costs triggered by the country's high inflation and which ENDESA has not been able to pass on to customers through tariffs, resulted in a loss at the EBITDA level of Euros 30 million, compared to a loss of Euros 8 million in the first quarter of 2012.

The business also registered a loss at the EBIT level of Euros 35 million, compared to the loss of Euros 14 million during the same period the previous year.

Brazil

EBITDA and EBIT for the first quarter of 2013 stood at Euros 142 million (-30.0%) and Euros 107 million (-29.6%) respectively.

This fall was due to the stranded costs incurred by distributors from the dispatch of thermal power and contractual exposure on the spot market, which could not be immediately compensated through the mechanism established by Presidential Decree 7,945/2013. The stranded costs not compensated through the mechanism established by Presidential Decree 7,945/2013 totalled Euros 86 million, which will be recouped in the tariff after future tariff reviews, as stipulated in Brazilian regulations.

Chile

The increase in sales volumes (+1.7%) brought about by rising demand and the improvement in unitary margin (+2.5%) were absorbed by higher fixed costs.

EBITDA in the distribution business remained unchanged at Euros 67 million while EBIT fell by 1.8% to Euros 55 million.

Colombia

EBITDA and EBIT from the distribution business in Colombia fell by 6.6% and 8.4% to Euros 114 million and Euros 87 million respectively, as a result of easing demand (+1.7%), lower sales volume (-0.9%) and a lower unit margin (-7.8%).

Peru

Financial indicators of the distribution business in Peru improved slightly in the first quarter due to the 1.8% increase in sales volumes and the improvement in unitary margin (+1.7%).

EBITDA stood at Euros 36 million, a 2.9% increase on the same period the previous year, while EBIT remained unchanged at Euros 26 million.

Net financial loss: Euros 100 million

ENDESA's Latin America business generated a net financial loss of Euros 100 million in the first quarter of 2013, showing a fall of 24.2% against the same period in 2012.

Net finance expense totalled Euros 97 million, a decrease of Euros 29 million or 23.0% in both average debt and the average cost of debt, compared to the first quarter of 2012.

Net exchange losses of Euros 3 million were recorded between January and March 2013, compared to losses of Euros 6 million in the first quarter of 2012.

The net debt of ENDESA's Latin American business stood at Euros 2,971 million at 31 March 2013, a fall of Euros 748 million since year-end 2012.

In order to analyse net debt it should be noted that, of the Euros 1,796 million contributed by non-controlling shareholders to the Enersis, S.A. share capital increase in March, Euros 47 million were pending payment at 31 March 2013, and at the same date a further Euros 551 million had been placed in financial instruments with maturities of over three months, which are therefore not included as "Cash and cash equivalents" and did not reduce net financial debt at this date.

Cash flow from operating activities: Euros 120 million

ENDESA's business in Latin America generated a net cash flow of Euros 120 million in the first quarter of 2013, compared to Euros 289 million in the first quarter of the previous year.

This decrease was due to a fall in income during the period and a poorer performance by working capital as a result, chiefly brought about by short-term receivable entitlements at 31 March 2013 as compensation for the stranded costs incurred by Brazilian distributors, as established in Presidential Decree 7,945/2013.

Investment: Euros 224 million

Investment in this business unit amounted to Euros 224 million in the first quarter of 2013. Of this amount, Euros 19 million corresponded to financial investments, and Euros 205 million to capex and investments in intangible assets, as shown in the table below:

Capex and Investment in Intangible Assets in Latin America			
	Millions of Euros		
	January-March 2013	January-March 2012	% change
Generation	83	86	(3.5)
Distribution and transmission	70	55	27.3
TOTAL CAPEX	153	141	8.5
Intangible assets^(*)	52	53	(1.9)
TOTAL CAPEX AND INVESTMENT IN INTANGIBLE ASSETS	205	194	5.7

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

Statistical appendix

Key figures

Electricity generation output (GWh)	January-March 2013	January-March 2012	% change
Spain and Portugal business	16,835	21,561	(21.9)
Business in Latin America	15,328	15,635	(2.0)
TOTAL	32,163	37,196	(13.5)

Electricity generation output in Spain and Portugal (GWh)	January-March 2013	January-March 2012	% change
Mainland	13,407	17,600	(23.8)
Nuclear	6,785	7,276	(6.7)
Coal	3,467	7,682	(54.9)
Hydroelectric	2,706	1,007	168.7
Combined cycle (CCGT)	449	1,635	(72.5)
Non-mainland	2,989	3,376	(11.5)
Portugal	226	352	(35.8)
Other	213	233	(8.6)
TOTAL	16,835	21,561	(21.9)

Electricity generation output in Latin America (GWh)	January-March 2013	January-March 2012	% change
Argentina	3,949	4,333	(8.9)
Brazil	1,246	976	27.7
Chile	4,895	4,875	0.4
Colombia	3,018	3,073	(1.8)
Peru	2,220	2,378	(6.6)
TOTAL	15,328	15,635	(2.0)

Electricity sales (GWh)	January-March 2013	January-March 2012	% change
Spain and Portugal business	24,552	26,728	(8.1)
LRS	6,493	7,538	(13.9)
Deregulated market	18,059	19,190	(5.9)
Business in Latin America	15,158	14,963	1.3
Argentina	3,603	3,728	(3.4)
Brazil	4,774	4,517	5.7
Chile	3,160	3,108	1.7
Colombia	1,996	2,014	(0.9)
Peru	1,625	1,596	1.8
TOTAL	39,710	41,691	(4.8)

Gas sales (GWh)	January-March 2013	January-March 2012	% change
Deregulated market (*)	20,268	17,498	15.8
TOTAL	20,268	17,498	15.8

(*) Excluding own generation consumption.

Period-end headcount (number of employees)	31 March 2013	31 December 2012	% change
Spain and Portugal business	11,402	11,506	(0.9)
Business in Latin America	11,442	11,301	1.2
TOTAL	22,844	22,807	0.2

Financial data

Key figures (Euros)	January- March 2013	January- March 2012	% change
EPS ⁽¹⁾	0.45	0.59	(23.3)
BVPS ⁽²⁾	20.77	19.51 ⁽³⁾	6.5

⁽¹⁾ Parent company's profit for the year / No. shares.

⁽²⁾ Equity attributable to equity holders of the parent / No. shares.

⁽³⁾ At 31 December 2012.

Net financial debt (Millions of Euros)	31 March 2013	31 December 2012	% change
Spain and Portugal business	3,893	5,059	(23.0)
Business in Latin America	2,971	3,719	(20.1)
TOTAL	6,864	8,778	(21.8)
Financial leverage (%) ⁽¹⁾	23.8	33.3	N/A

⁽¹⁾ Net financial debt / equity

Ratings (7 May 2013)	Long- term	Short- term	Outlook
Standard & Poor's	BBB+	A-2	Negative
Moody's	Baa2	P-2	Negative
Fitch	BBB+	F2	Negative

Stock market data	31 March 2013	31 December 2012	% change
Market cap (Millions of Euros)	17,454	17,861	(2.3%)
Number of shares outstanding	1,058,752,117	1,058,752,117	-
Nominal share value (Euros)	1.2	1.2	-

Stock market data (shares)	January- March 2013	January- March 2012	% change
Trading volume			
Madrid stock exchange	38,777,500	38,730,573	0.1%
Average daily trading volume			
Madrid stock exchange	625,444	595,855	5.0%

Share price (Euros)	High January- March 2013	Low January- March 2013	31 March 2013	31 December 2012
Madrid stock exchange	18.87	16.38	16.49	16.87

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 among 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 allowances 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 major 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 industrial 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 approvals, antitrust, internal and other approvals for our proposed acquisitions, investments or asset divestments, 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 permits concerned 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; shortages 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 to be 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-oil and gas and the impact of the price fluctuations of coal, fuel-oil and gas; acquisitions or restructuring; capacity to successfully carry through 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 Spanish securities market regulator (Comisión Nacional del Mercado de Valores, "CNMV").

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