1H 2008 results

Dow Jones Sustainability Indexes
Member 2007/08

28 July 2008

Explanatory note

- For purposes of reviewing the Group's performance in 1H08 and providing a year-on-year comparison, the analysis provided below is based on all operations classified as continued. The result of discontinued operations are only included in net income

- Under IFRS 5, Endesa Europa assets and the power plants in Spain that Endesa has sold to E.On AG are classified as discontinued operations

- The accounting criteria used to consolidate jointly controlled investments has changed from the equity method to proportionate consolidation. Figures for 2007 have therefore been amended to carry out a like-for-like comparison

Positive results with good operating performance

€M	1H 2007	1H 2008	Change
Sales	8,286	10,793	**+30%**
Gross profit	4,775	5,048	**+6%**
EBITDA	3,224	3,487	**+8%**
EBIT	2,319	2,680	**+16%**
Net financial expenses(1)	-465	-539	**+16%**
Net income	1,255	6,002	**+378%**
Net income from ongoing activities after minorities	1,041	1,216	**+17%**

(1) The increase in net financial expenses is due to the positive effect of €67M from the reduction in the current value of provisions (largely severances) in 1H07 and the positive effect of €11M for the same item on the 2008 accounts. Stripping out this effect, the increase would have been only 3.4% despite the increase in interest rates.

The sale of assets to E.On was successfully completed (26 June 2008)

€M	Sale price	Proportional EBITDA 2007 (1)
ENDESA EUROPE	7,126 (2)	864
ASSETS SPAIN (2)	769	84
Total	7,895	948

Total EV €11,500 M

Proportional EV €9,480 M

EV/EBITDA= 10x

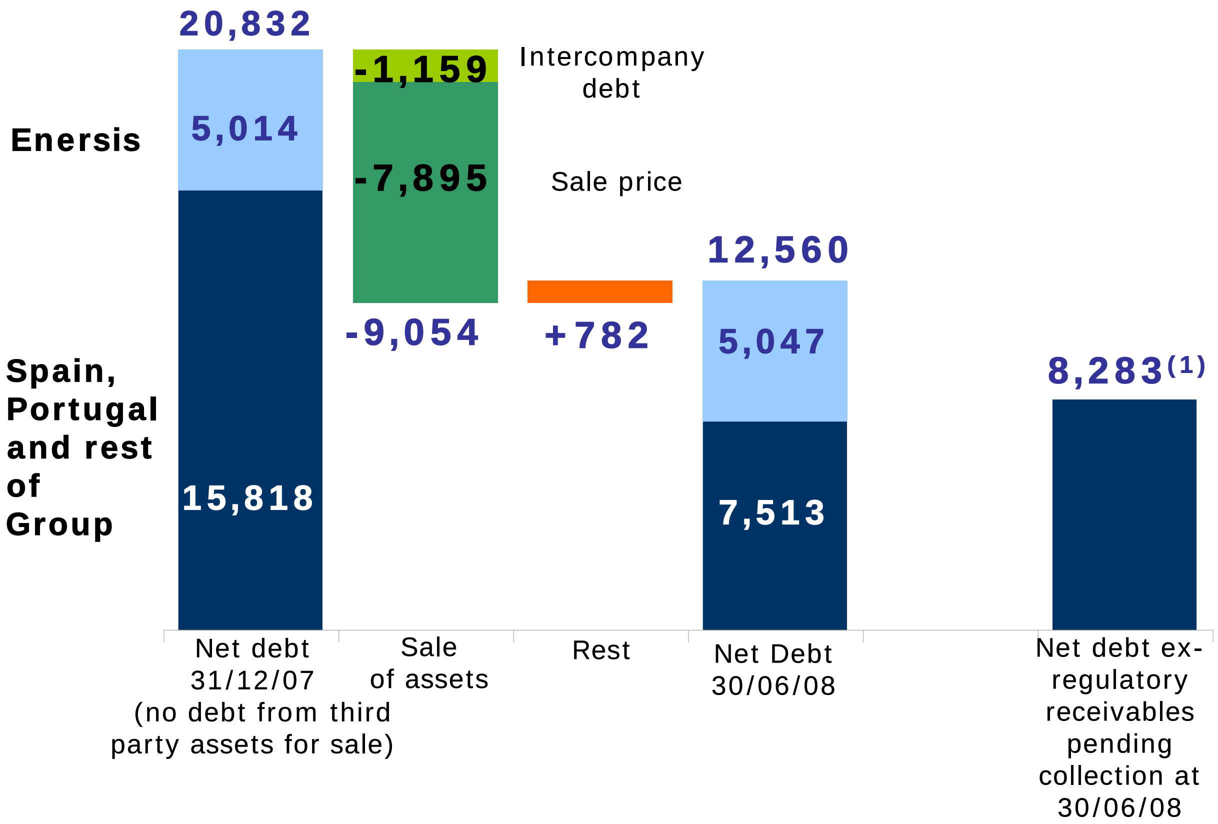
Gross capital gains of €4,552 million (2)

(1) Corrected for minorities
(2) Subject to possible adjustments according to Endesa Europe's financial debt between 31/05/2008 and 25/06/2008

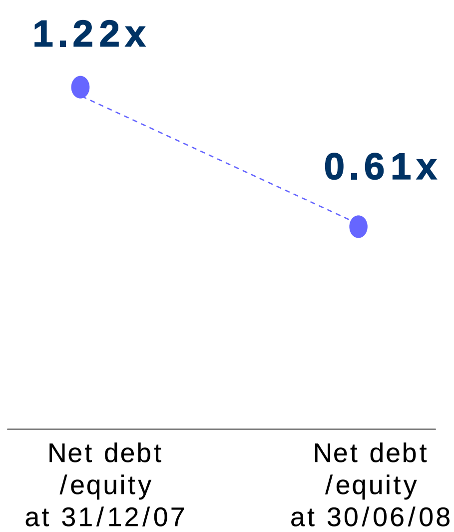
Financial strength and flexibility

€M

Net debt



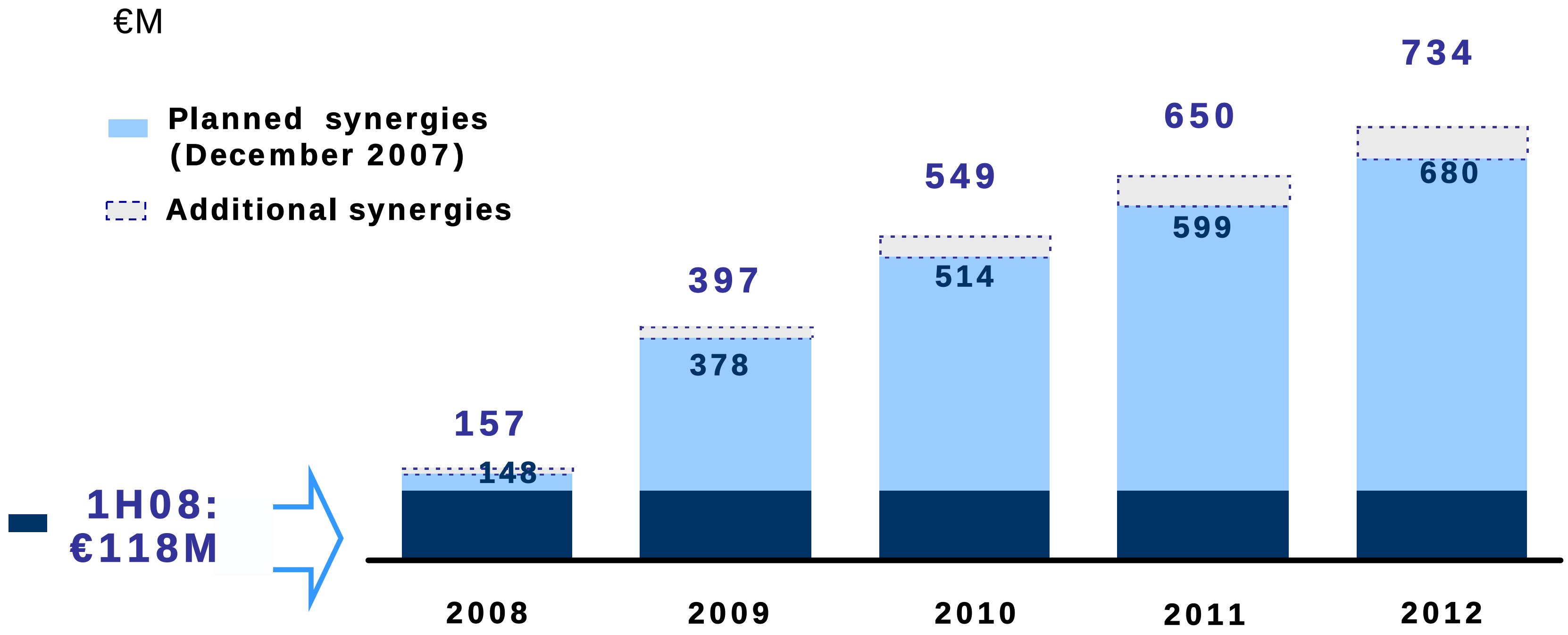
Leverage



(1) The breakdown of regulatory receivables is provided in the Appendix (page 25)

Synergies and Efficiency Plan clearly beats objectives

Annual Synergies and Efficiencies[1]



- Reaching 75% of the objective for 2008
- Possible additional synergies

(1) Recurring based on 2007
Note: Synergies calculated on margin, opex and capex

Progress on organic growth plans

Capacity brought on stream in 1H

NEEP	LATAM	ENDESA DESARROLLO
▪Puentes CCGT 820MW	▪Mini hydro Ojos de Agua 9MW (Chile)	▪ Mini hydro 3,6 MW (Greece)
▪B. Tirajana CCGT 76MW	▪San Isidro II CCGT +105 MW (Chile)	▪ Mini hydro 3,7 MW (Greece, equity method)
▪ Wind 93MW(1)	▪Termocartagena +66MW (Colombia)	
TOTAL: 989 MW	TOTAL : 180 MW	TOTAL: 7,3 MW

Capacity under construction

NEEP	LATAM	ENDESA DESARROLLO
▪ Besós CCGT 844 MW	▪San Isidro II CCGT +26 MW (Chile)	▪ CHP 334 MW (Greece)
▪ Compostilla CCGT 852MW	▪Bocamina II 350MW, coal (Chile)	▪Viotia CCGT 430 MW (Greece)
▪ Tejo CCGT 844MW (2)	▪TG Quintero, 250MW (Chile)	▪ Mini Hydro 8 MW (Greece)
▪ Granadilla CCGT 232 MW	▪Canela wind farm, 60 MW (Chile)	TOTAL: 772 MW
▪ Ca's Tresorer CCGT 230MW	▪Santa Rosa CCGT, 187 MW (Peru)	
▪ Wind 508MW		
▪ Non-mainland Fuel Oil 200MW		
TOTAL: 3,710 MW	TOTAL : 873 MW	

1H08 Total Investments: €1,484 M

(1) Gross, 62 MW Net; (2) 50% with International Power

1H 2008 results

Spain and Portugal

Highlights

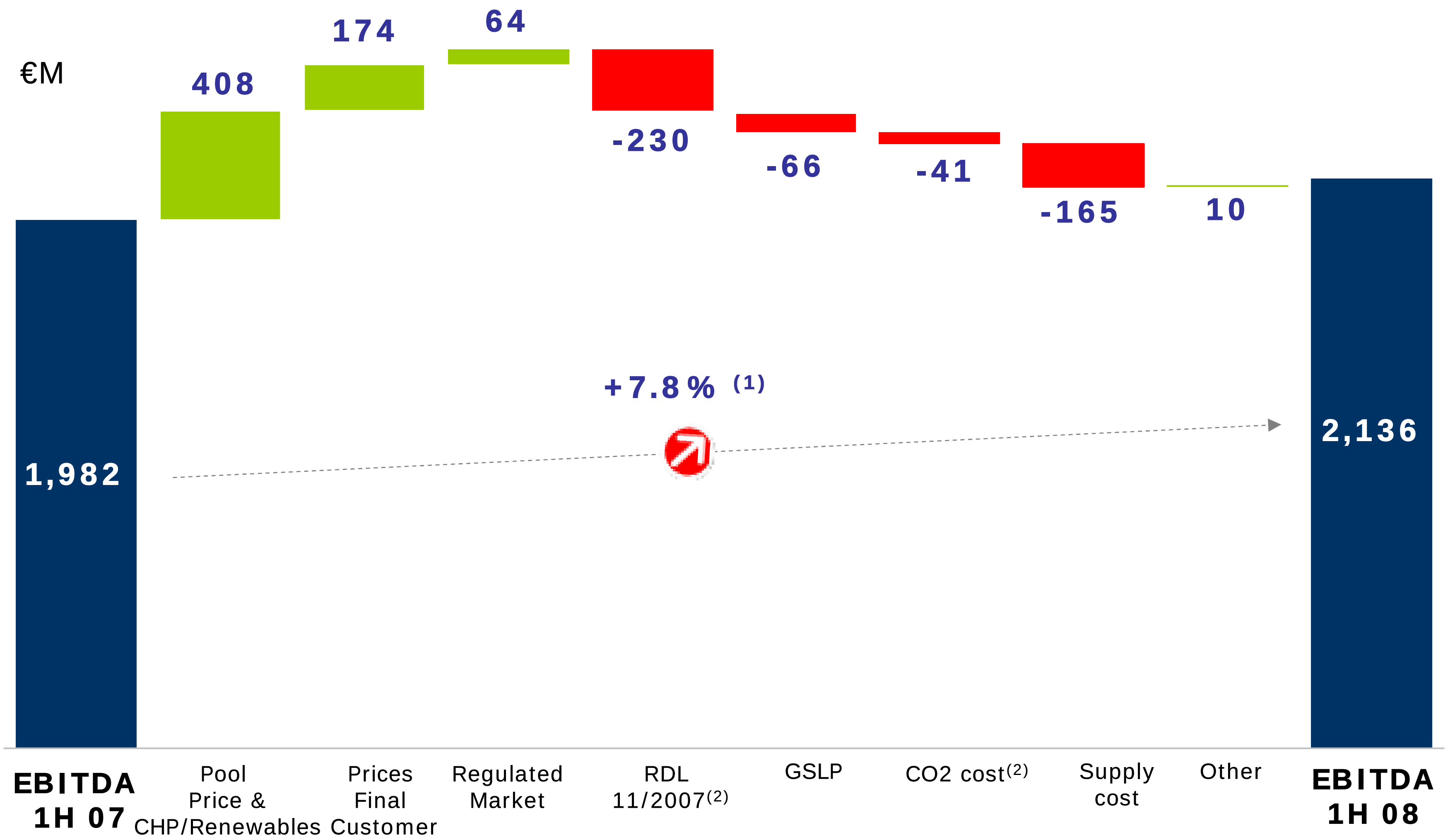
- Lower rainfall, higher fuel and CO_2 prices pushed up the average Pool price (+56.3%, €67.5/MWh)
- Prudence in applying RDL 11/2007. Economic impact: €239M Endesa disagrees with this format of deducting revenues
- Generation platform with a better mix, higher load factor in thermal assets and competitive fuel cost
- Optimising CO2 costs by applying CERs
- Moderate demand growth in Spain (+2.3%)
- Quality of supply continues to improve (SAIDI -12% vs. 1H07)

Positive results in 1H 2008

€M	1H 2007	1H 2008	Change
Sales	4,775	5,963	**+25%**
Gross profit	3,033	3,196	**+5%**
EBITDA	1,982	2,136	**+8%**
EBIT	1,357	1,617	**+20%**
Net financial expenses(1)	-192	-294	**+53%**
Net income	873	1,325	**+52%**
Net income from ongoing activities after minorities	863	981	**+14%**

(1) The increase in net financial expenses is due to the positive effect of €67M from the reduction in the current value of provisions (largely severances) in 1H07 and the positive effect of €11M for the same item on the 2008 accounts. Stripping out this effect, the increase would have been only 17.8% despite the increase in interest rates.

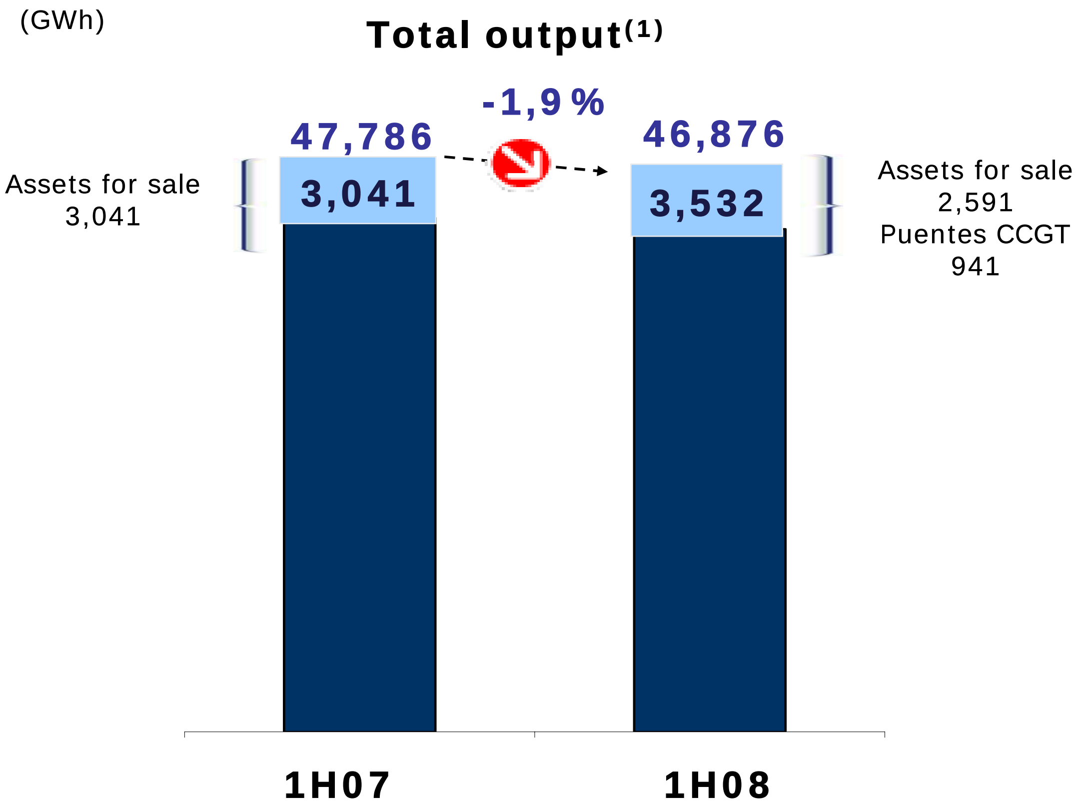
Positive performance at EBITDA level despite demanding backdrop

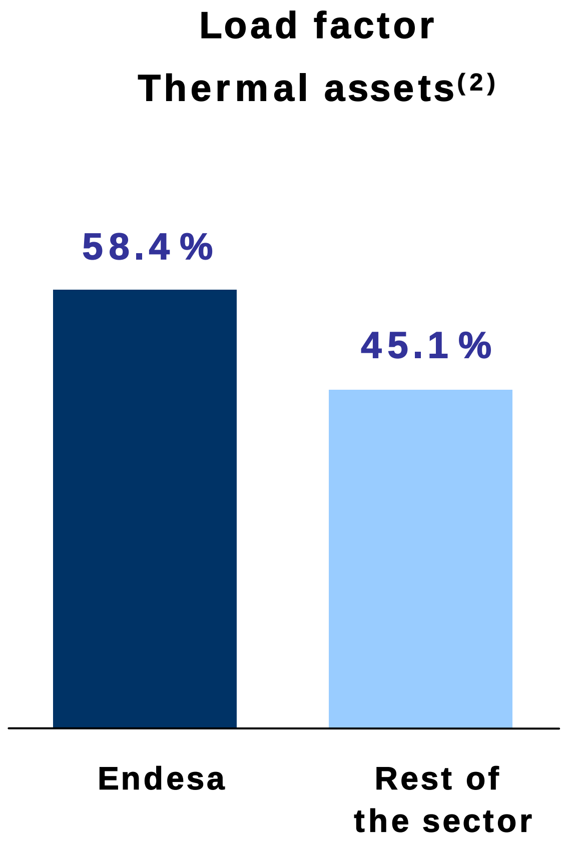


(1) The comparison includes jointly-controlled companies which are acounted for using proportionate consolidation instead of the equity method but not plants to be sold

(2) Cost of mainland CO2 (€41M in 1H08 vs. €0.1M 1Q07) and discount for rights (€239M in 1H08 vs. €9M in 1H07)

Competitive generation platform



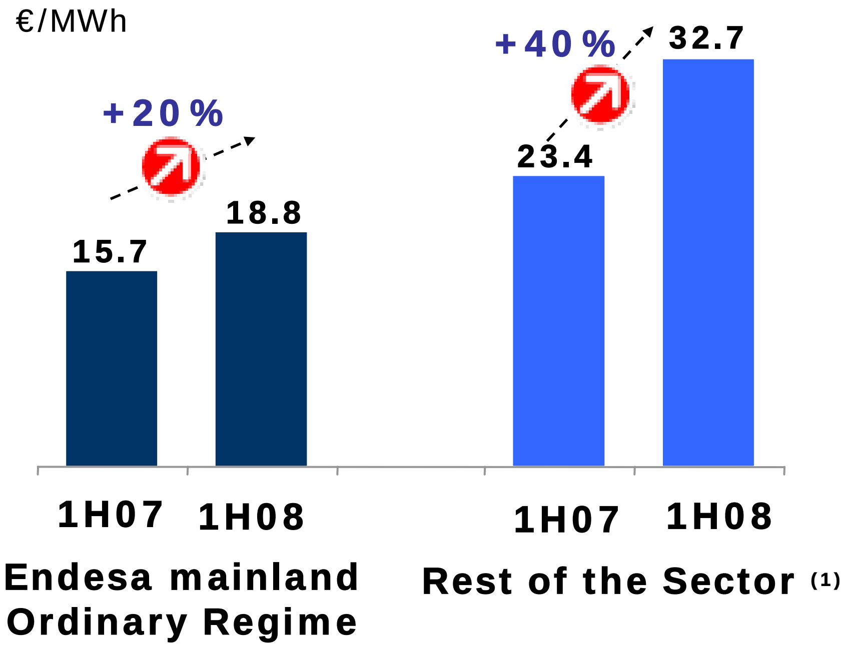


- **Competitive advantage thanks to generation mix with greater weight of nuclear and hydro (54.3 % Endesa vs. 30.5 % rest of the sector)**

(1) Includes assets to be sold, the Puentes CCGT and jointly-controlled companies by proportionate consolidation method
(2) Conventional thermal facilities excluding fuel-oil

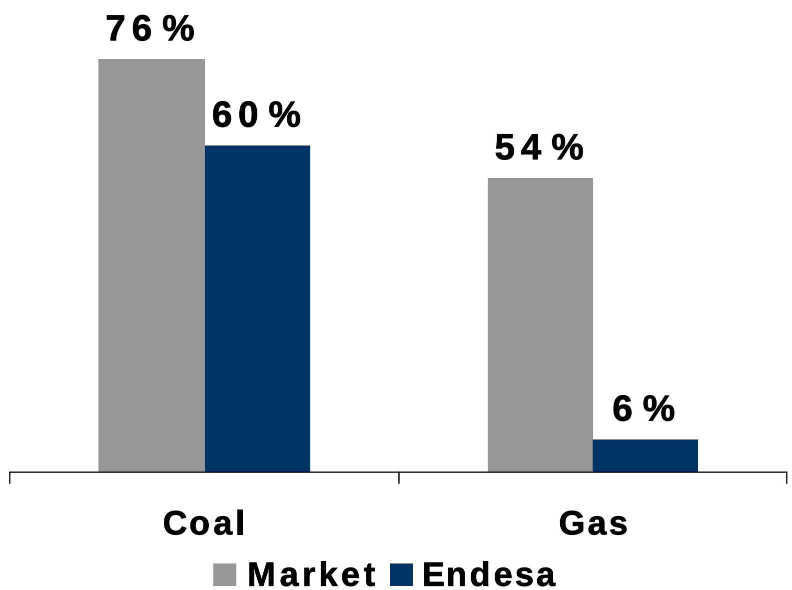
Competitive advantage in managing fuel costs

Competitive fuel costs vs. the sector



Competitive against commodities markets

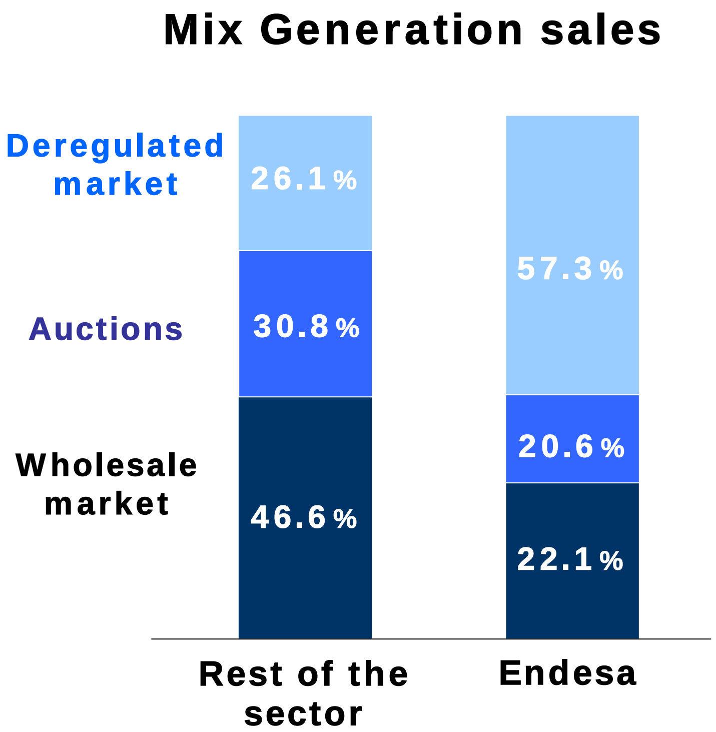
(12 months performance)

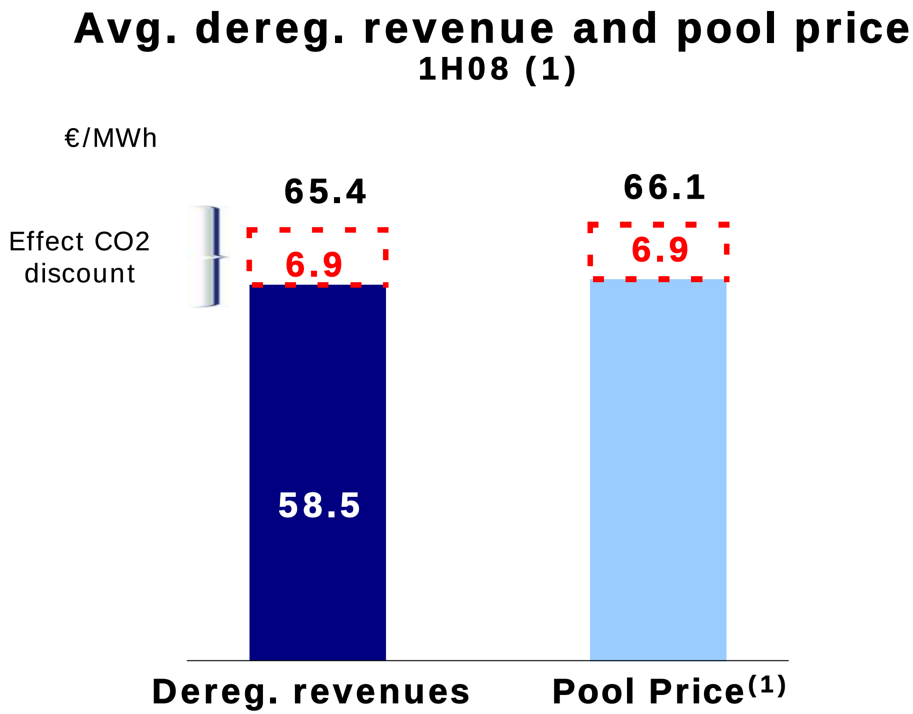


- Based on more regular hydro generation and competitive long-term supply contracts for coal and gas
- Physical fuel needs for 2008 are 100% guaranteed with prices set at 100% for coal, 83% for freights and 94% for gas

Estimates

Supply: stable margins due to hedging between generation and sales



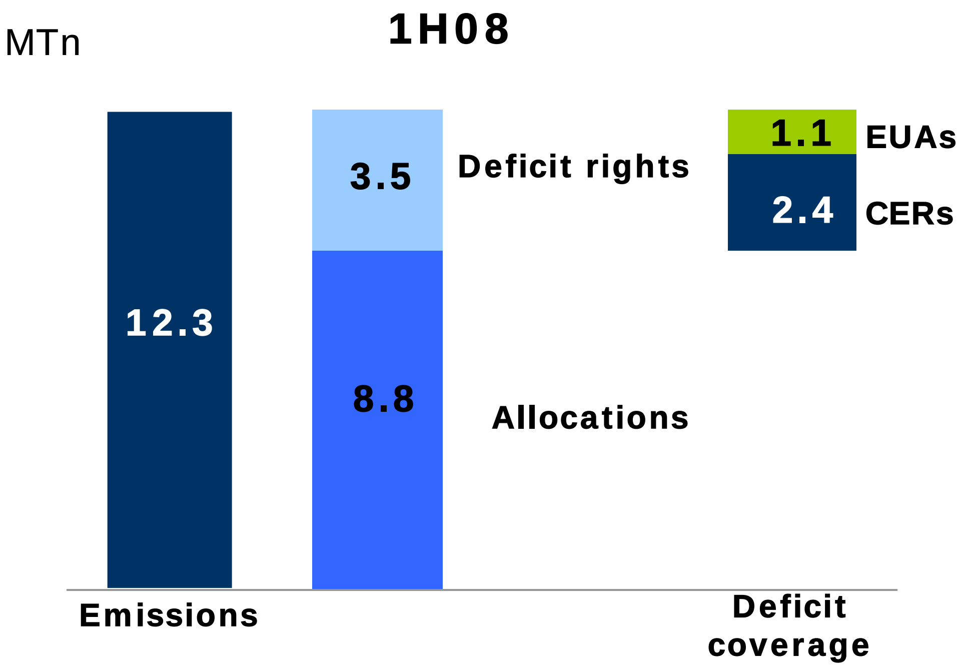


- Endesa's share in the deregulated market (47% vs. 55% in 1H07) is close to its natural level given the high activity of its peers
- Renewal of new contracts above €70/MWh

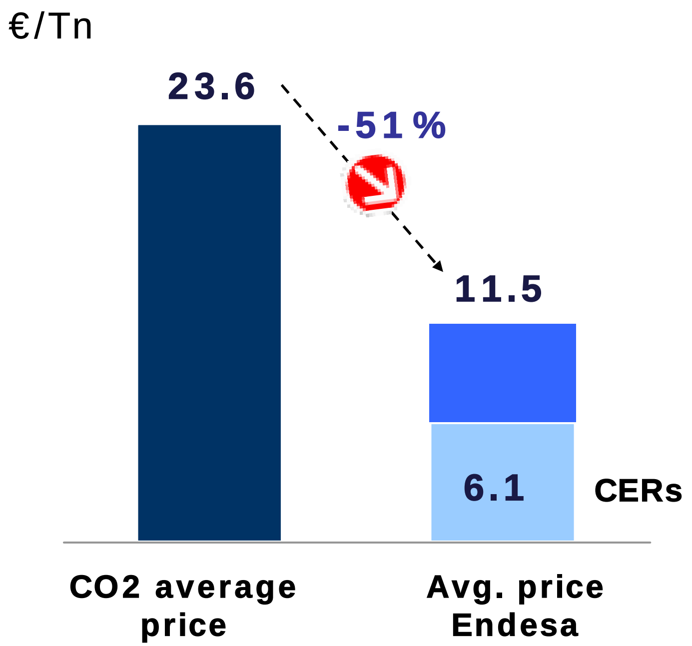
(1) Ex-GSLP (€67.5/MWh if included)

Optimising CO² costs by applying CERs

Balance of emissions[1]



Competitive average cost in Spain



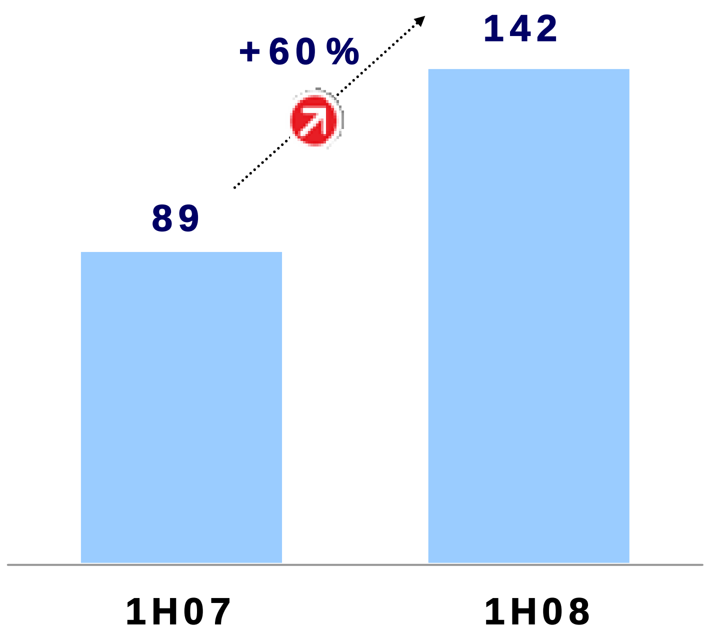
- Savings of €42M
- Maximum hedge of requirements with CERs (72% cheaper than the average market price)
- Possible business opportunity, the CERs rights portfolio is higher than the maximum use allowed in the 2nd NAP

(1) Mainland. Does not include assets sold

CHP / renewables: strong EBITDA growth thanks to higher volumes and prices

	1H07		1H08
Output[1]	**1,540** GWh	+17%	**1,797** GWh
Sale price CHP / Renewables	**€84.7 / MWh**	+21%	**€102.5 / MWh**

EBITDA (€M)



- **508 MW of new wind capacity under construction**

(1) Accounting output (corresponding to booked sales)

Regulatory update

- **Tariff review:**
  - On 1 July regulated tariffs rose 5.6%, over the 3.3% rise on 1 January
  - Increase is insufficient and below CNE recommendation (estimated tariff deficit for 2008 c.€5,000 M)
  - The general HV and interruptible rates disappear
- **Securitisation of ex-ante deficit:**
  - Auction on 12 June: €1,300 M. Endesa revenue on 1 July: €574 M
  - Next auction: 30 September for a maximum amount of €3,825 M
  - There have been proposals from the sector to eliminate the tariff deficit via fiscal packages and by transferring surcharges to the State budget

1H08 Results

Strong growth across all business

endesa

Latin America

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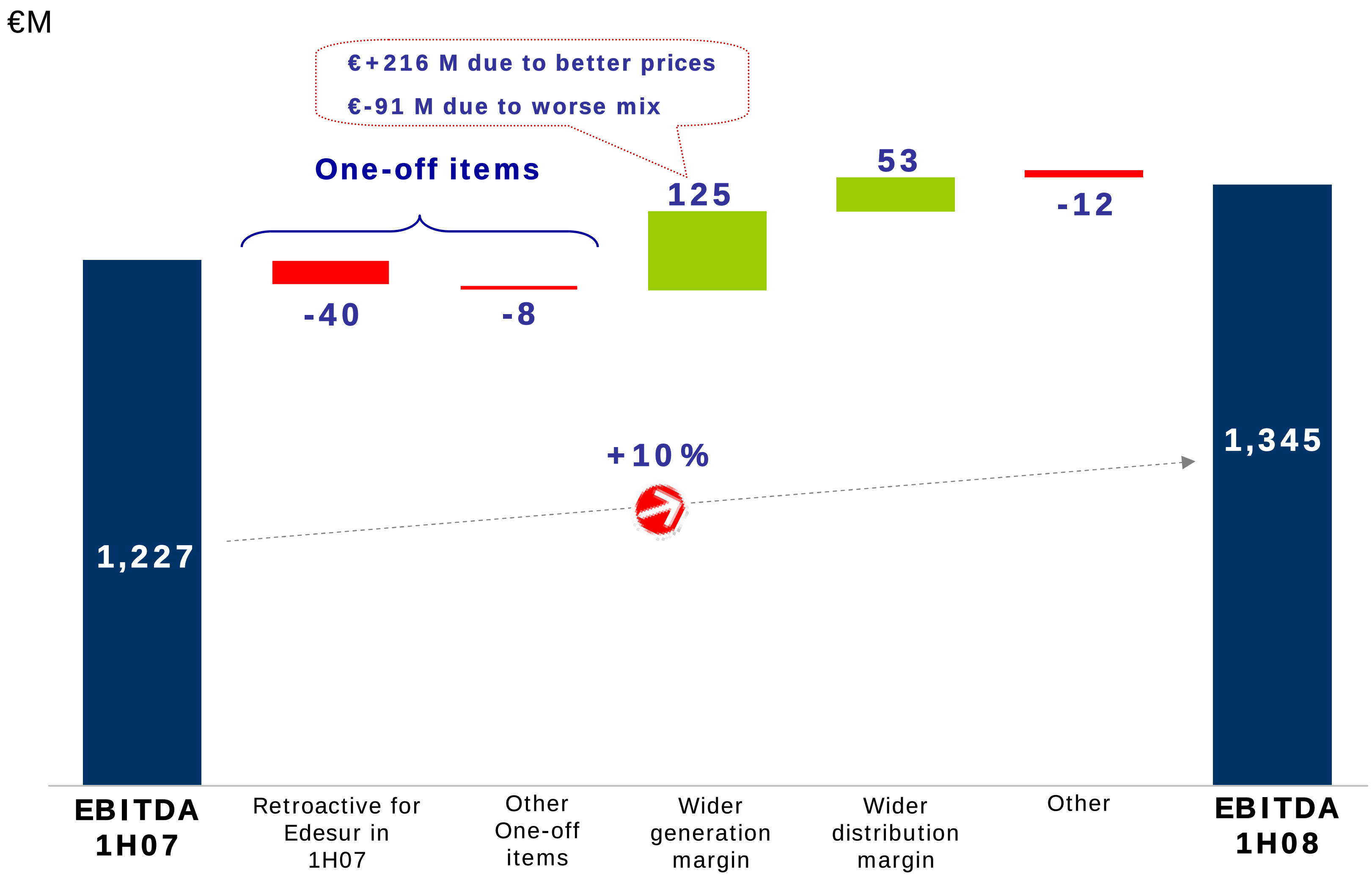
Positive results supported by good operating performance

€M	1H 2007	1H 2008	Change	
Sales	3,303	4,149	+26%	+27% (1)
Gross profit	1,721	1,839	+7%	+9% (1)
EBITDA	1,227	1,345	+10%	+13% (1)
EBIT	956	1,060	+11%	+16% (1)
Net financial expense	-271	-244	-10%	
Net income	176	233	+32%	

70% of EBITDA from countries with Investment Grade rating (Chile, Brazil and Peru)

(1) Stripping out the retroactive effect of Edesur

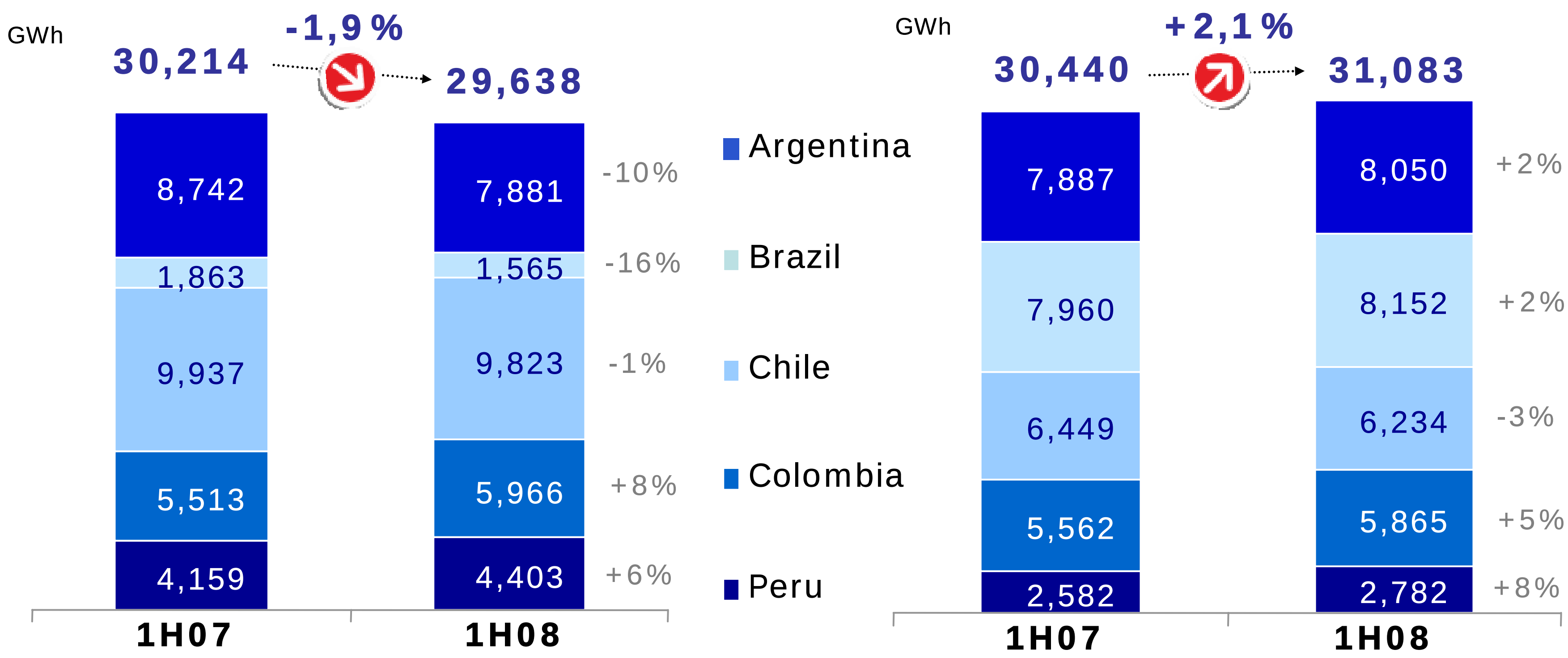
EBITDA improvement in a challenging backdrop



Lower generation levels and higher distribution levels

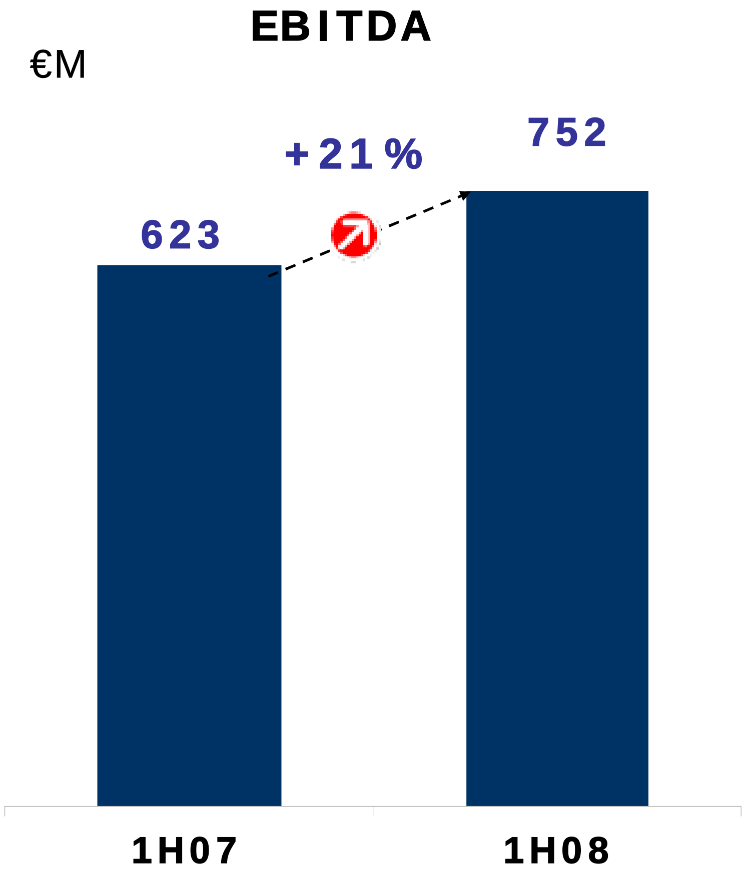
Generation Output

Distribution Sales



- **Lower output in Argentina and Brazil due to low rainfall**
- **Demand slowing. Chile was affected by the rationing decree and high prices**

Sharp Generation EBITDA growth due to wider margins



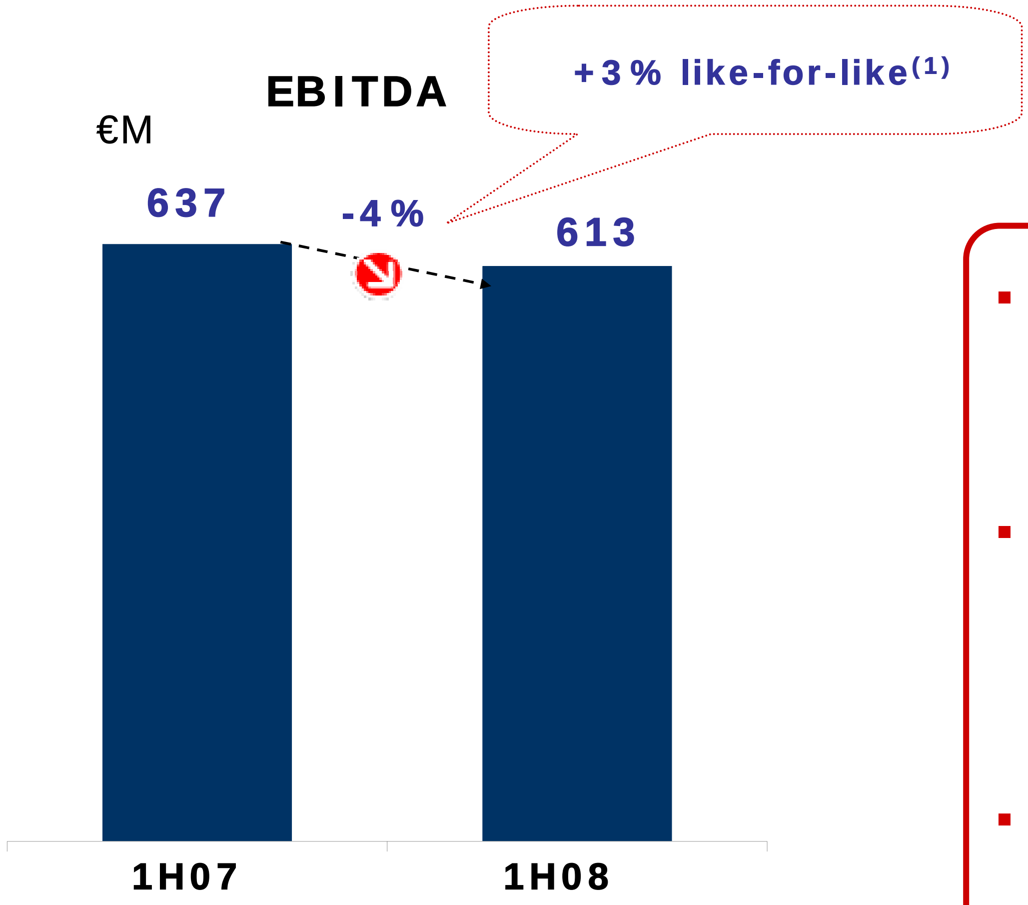
Unit margin	28.0 US$/MWh	+36%	38.0 US$/MWh

Highlights

- Recovery of Chile hydro levels during 2Q08
- Higher generation costs bring higher sales prices in Argentina, Brazil and Chile
- Wider margins
- Additional 274 MW in operation(1)

(1) On stream since Jun07: 2nd Phase SIS II 105MW, Palmucho 32MW, Canela II 18MW, Ventanilla 26MW, capacity reviews 18MW, Termocartagena 66MW and Ojos de Agua 9MW

Like-for-like EBITDA growth in distribution



Unit margin (1) 41.2 US$/MWh +11% 45.6 US$/MWh

Highlights

- From March, VAD increase in Ampla (+6.5%). From April, VAD increase in Coelce (+7.4%)
- Ampla: Recognised higher energy cost in 1Q08 (-€30 M) to be recovered over next 12 months. €9 M recovered to June
- Energy losses cut 10.9% vs. 11.3% in 1H07
- Better pass-through for purchase prices at Codensa

(1) Stripping out the retroactive effect of Edesur. Lfl unit margins are US$45.6/MWh in 1H08 vs. US$39.2/MWh in 1H07 = +16.2%

Conclusions

- Positive results in all business lines with good operating performance
- After divestments to E.On, progress is being made on setting up a new renewables vehicle which will become a global leader
- Progress on main guidelines of the future Strategic Plan

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Back Up

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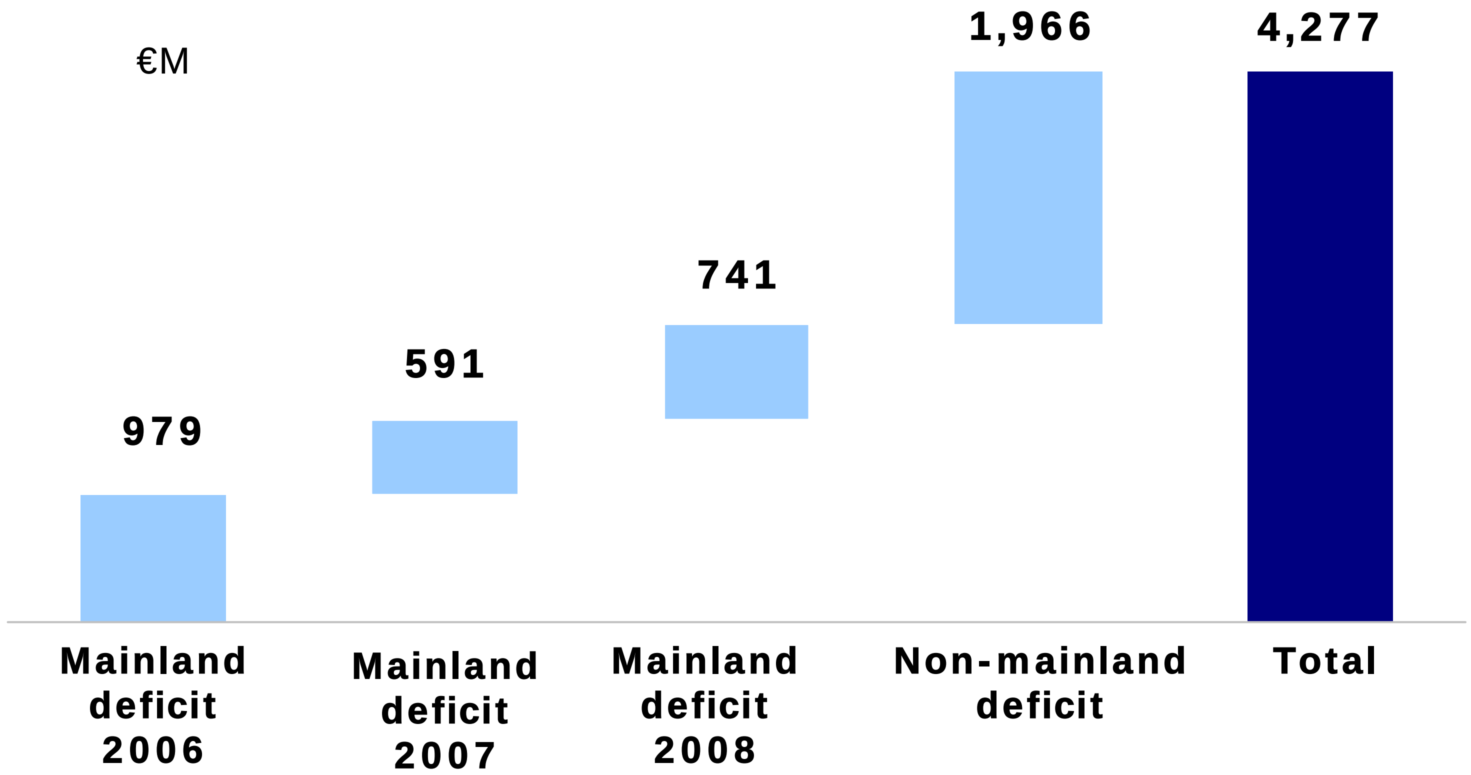
Recognised regulatory items pending collection



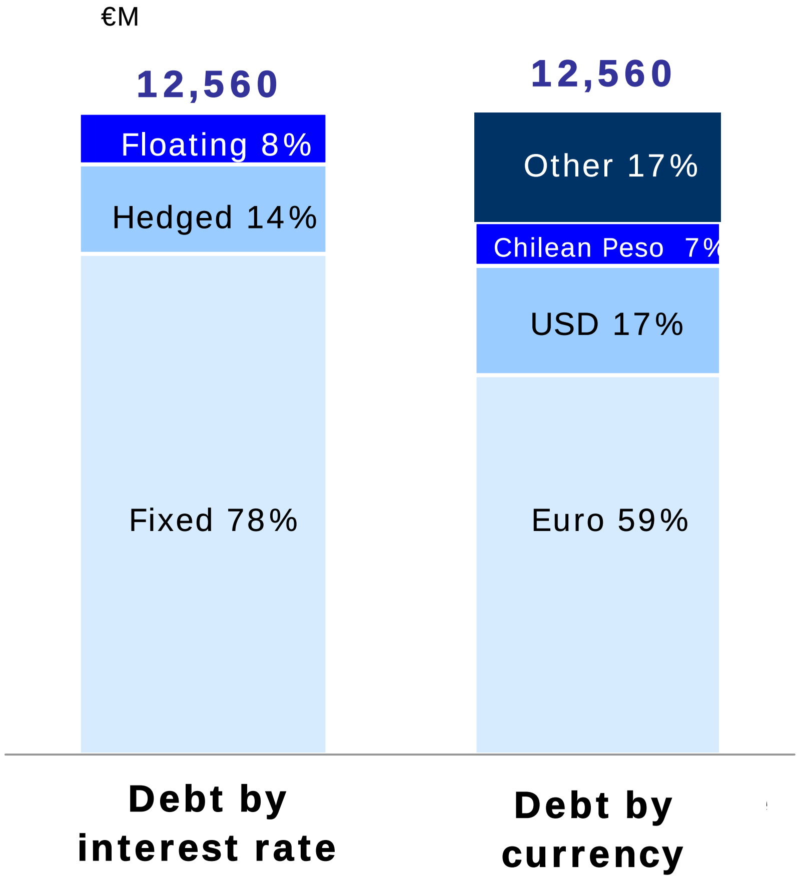
- Auction held on 12 June 2008 for €1,300 M
- On 1 July Endesa received €574M, €550M from the 2007 deficit and €24M from the 2008 deficit

Debt and liquidity structure

Main debt characteristics

- **Debt structure:**
  - Fixed-rate or hedged debt: 92% [1]
  - Debt in currency in which cash flow is generated
- **Average cost of debt: 6,18%**
  - Endesa excl. Enersis: 4,93%
  - Enersis: 9,75%
- Leverage[1]:
  - Net debt/equity: 0.61x
- **Average life of debt: 4.5 years**
- **Liquidity at Endesa:**
  - Endesa excl. Enersis: €13,844 M
  - Enersis: €828M

Debt structure



Installed capacity and output(1) 1H 2008

Installed capacity

MW at 30/06/08	Spain and Portugal (2)	Latam	International Development(3)	Total
Total	**23,801**	**15,277**	**140**	**39,191**
Hydro	5,368	8,633	-	14,001
Nuclear	3,642	-	-	3,642
Coal	5,804	538	-	6,342
Natural Gas	2,025	3,921	123	6,048
Fuel oil	5,303	2,158	-	7,461
Renewables and CHP	1,659	27	20	1,697

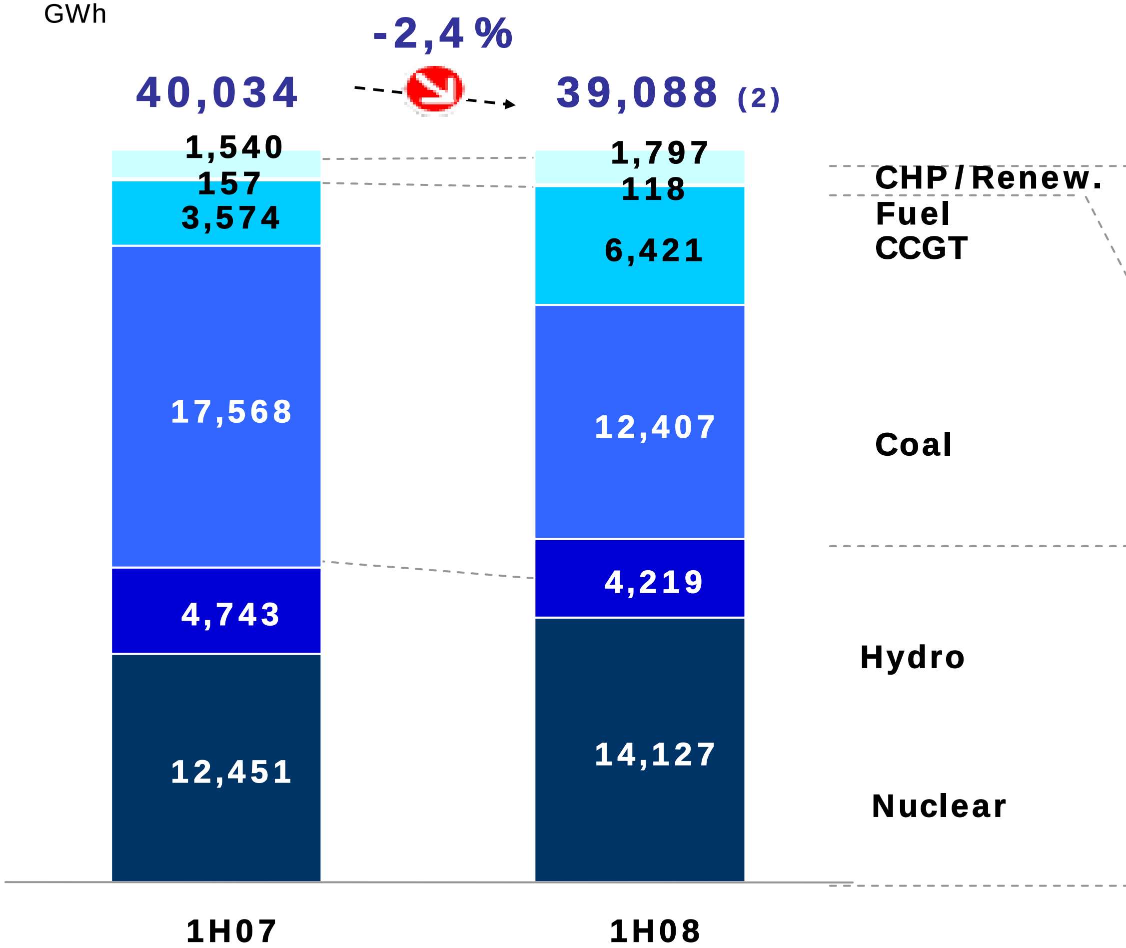
Output

TWh 1H 2008 % Chg vs. 1H 2007	Spain and Portugal (2)		Latam		International Development(3)		Total	
Total	**44.3**	**-1%**	**29.6**	**-2%**	**0.4**	**-3%**	**74.5**	**-1%**
Hydro	4.2	-11%	15.6	-17%	-	-	19.8	-16%
Nuclear	14.1	+14%	-	-	-	-	14.1	+13%
Coal	13.3	-25%	1.3	+19%	-	-	14.6	-22%
Natural Gas	5.0	+99%	7.7	+9%	0.4	-7%	13.1	+31%
Fuel oil	5.7	-1%	5.0	+51%	-	-	10.7	+23%
Renewables and CHP	1.8	+17%	0.0	n.a.	0.02	n.a.	1.8	+17%

(1) Includes data for fully consolidated companies and jointly-controlled companies accounted for using proportionate consolidation
(2) Does not include plants to be sold. Includes 941GWh being tested at Puentes CCGT.
(3) Includes Endesa Hellas and companies accounted for under proportionate consolidation

Generation output in Spain

Endesa mainland generation (1)



	Change ENDESA	Change for rest of sector
CHP/Renewables:	**+17%**	**+19%**
Conventional thermal:	**-11%**	**+13%**
Hydro and nuclear:	**+7%**	**-11%**

(1) Includes assets for sale

(2) Includes 533 GWh of energy tested at the Puentes CCGT.

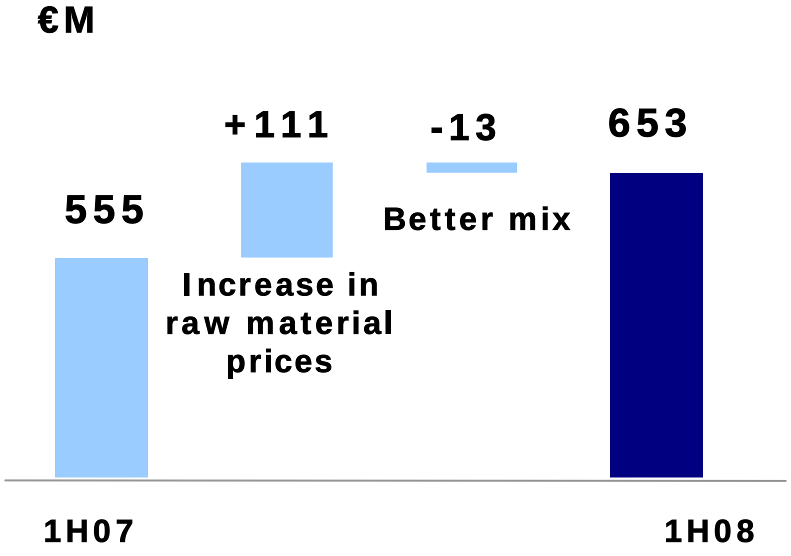
Mainland fuel costs by technology

Breakdown of mainland unit fuel costs (1)

€/MWh

	1H07	1H08	Change
CCGT (3)	36.8	38.7	5.2%
Domestic coal (4)	23.0	28.1	21.9%
Imported coal	18.6	29.8	60.5%
Fuel	143.2	210.1	46.8%
Avg conventional thermal output	**26.4**	**34.0**	**28.8%**
Total average	**15.7**	**18.8**	**20.2%**

Breakdown of impact on fuel costs(2)



(1) Excluding emission rights costs and comparison with 2007 proforma. Data exTarragona and Los Barrios.
(2) The Endesa cost includes Nucleanor and the second part of the nuclear fuel for 1H07 and 1H08
(3) €33.6/MWh in 2008 and €31.8 in 2007 ex-ATR.
(4) Net of coal premiums. The gross cost was €30.1/MWh in 1H8 and €25.2/MWh in 1H07. Includes imported coal consumed by domestic coal plants.

CHP / renewables: operating data

Installed capacity (1)

MW	1H07 Net	1H07 Accounting	1H07 Gross	1H08 Net	1H08 Accounting	1H08 Gross
Total	**1,592**	**1,292**	**2,387**	**1,885**	**1,659**	**2,830**
CHP	211	39	452	200	39	423
Wind	1,139	1,044	1,554	1,443	1,411	2,027
Mini-hydro	196	187	240	196	187	240
Other	46	22	140	46	22	140

Output

GWh	1H07 Net	1H07 Accounting	1H07 Gross	1H08 Net	1H08 Accounting	1H08 Gross
Total	**1,996**	**1,540**	**3,192**	**2,250**	**1,797**	**3,514**
CHP	328	64	824	367	64	821
Wind	1,244	1,099	1,715	1,516	1,407	2,123
Mini-hydro	319	309	342	276	269	289
Other	104	67	310	91	57	282

(1) 508 MW of wind power currently under construction

EBITDA breakdown by business and country

Generation and transmission EBITDA

€M	1H07	1H08	Change
Chile	262	321	23.3%
Colombia	118	155	31.4%
Brazil	81	117	44.4%
Peru	75	61	(18.7%)
Argentina	68	78	14.7%
TOTAL Generation	**604**	**732**	**21.2%**
Brazil-Argentina interconnection	19	20	5.3%
TOTAL Generation and transmission	**623**	**752**	**20.7%**

EBITDA Distribution

€M	1H07	1H08	Change
Chile	98	114	16.3%
Colombia	133	160	20.3%
Brazil	276	249	(9.8%)
Peru	47	48	2.1%
Argentina	83	42	(49.4%)
TOTAL Distribution	**637**	**613**	**(3.8%)**

Highlights by country

EBITDA 1H08 (vs. 1H07)

Chile

Gen: €321 M (+22%)

Dist: €114 M (+16%)

Total EBITDA:

€435 M (20.7%)

- Better rainfall levels in 2Q. Gas stoppages from Argentina persist.
- Average prices in 1H08: 1) Spot US$259.2/MWh (AA US$144.4/MWh) 2) Node US$108.83/MWh (AA US$69.3/MWh)
- Further increase in the node price as of 1 April to US$118/MWh.
- 105 MW at San Isidro II, 9MW at Ojos de Agua brought on stream.
- GasAtacama agreement
- Rationing Decree published
- Non conventional renewable energies law published.

Brazil

Gen: €117 M (+44.4%)

Dist: €249 M (+9.8%)

Trans: €15 M (+7.1%)

Total EBITDA:

381 (+2.7%)

- Very high spot prices in Jan-Feb in all systems (low rainfall), they have fallen since.
- Cachoeira benefited from high prices in the spot market
- Tariff revision at Ampla: DVA up 6.5% (TRI 10.95%). Also, higher purchase prices recognised.
- Tariff revision at Coelce: TRI of 8.43%.
- Cien, signed agreement to collect tolls in 2008 (€85M). Talks continue to bring remuneration in line in the long term.
- Standard & Poor´s raised Brazil's rating to BBB- (investment grade) in April.

Highlights by country

EBITDA 1H08 (vs. 1H07)

Colombia

Gen: €155 M (+31%)

Dist: €160 M (+20%)

Total EBITDA:

315 (+26%)

- Highest rainfall in the system
- Recognition of lower wealth tax compared to previous year (positive effect of €14M on EBITDA)
- Auction of viability charge of US$13,998/MWh for the Quimbo hydro plant project (400MW), expected to come on stream at the end of 2013.
- 66 MW of additional capacity at Termocartagena due to upgrade of turbine.

Argentina

Gen: €78 M (+15%)

Dist: €42 M (-49%)

Trans: €5 M (+0%)

Total EBITDA:

125 (-20%)

- Low rainfall persists
- More gas available (due to climatic conditions)
- 2007 year end close for Docksude amended (€+11 M in EBITDA).
- ITF delay at Edesur
- EBITDA 1Q07 includes €40M applied retroactively to Edesur.
- The first 829MW of FONIMVEMEM brought into operation (1,600MW forecast).

Peru

Gen: €61 M (-19%)

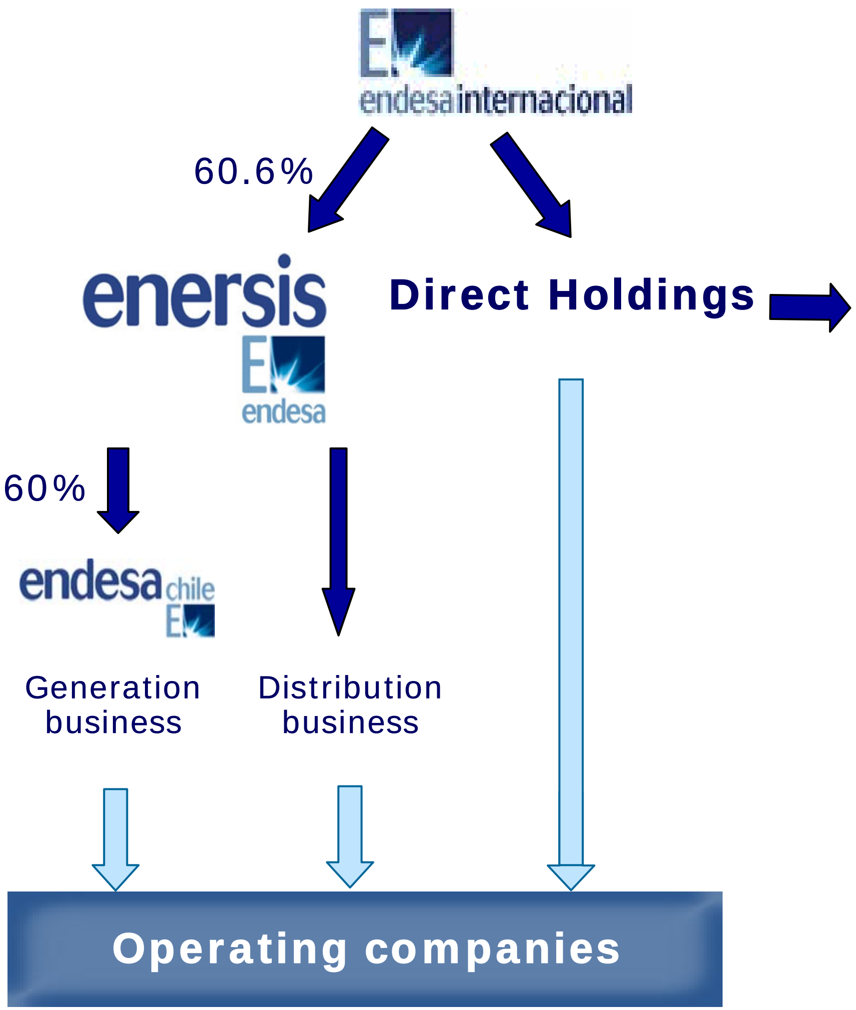
Dist: €48 M (+2%)

Total EBITDA:

109 (-11%)

- Monomial barrar price up 3.6% for May 08-April 09 (US$40.55/MWh).
- Tenders among energy distribution companies. Edelnor has 100% of its energy demand covered for 2008-2011.
- Financing for Santa Rosa signed (187 MW).
- S&P and Fitch raise Peru's foreign currency debt rating to "BBB-“ (investment grade)
- Decree law on use of Renewable Energy Resources.

Endesa International has major direct holdings in companies other than Enersis



€M	% direct stake	Total EBITDA 1H08	Net Debt 30/06/08*
Codensa:	27%	160	472
Emgesa:	21,6%	155	506
EEB:	4.7%	N/A	N/A
Endesa Brasil:	28.5%	381	984
Edesur:	6.2%	42	29
DockSud:	40%	35	99
Edelnor:	18%	48	175
Edegel:	5.6%	55	307
Piura:	48%	6	-3
Pangue:	5%	8	2
Proportionate Total		**217**	**606**

* Includes intercompany debt

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 wind and CCGTs 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. [For example, the 2007-2009 EBITDA (gross operating profit as per ENDESA's consolidated income statement) targets included in this document are forward-looking statements and are based on certain assumptions which may or may not prove correct.] 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.

Transaction or commercial factors: any delays in or failure to obtain necessary regulatory, antitrust and other approvals for our proposed acquisitions 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.

Political/governmental 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 Securities Registration Document 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.

1H 2008 results

Dow Jones Sustainability Indexes
Member 2007/08

28 July 2008