



1Q 2006 Results
Endesa's greater value










16 May 2006



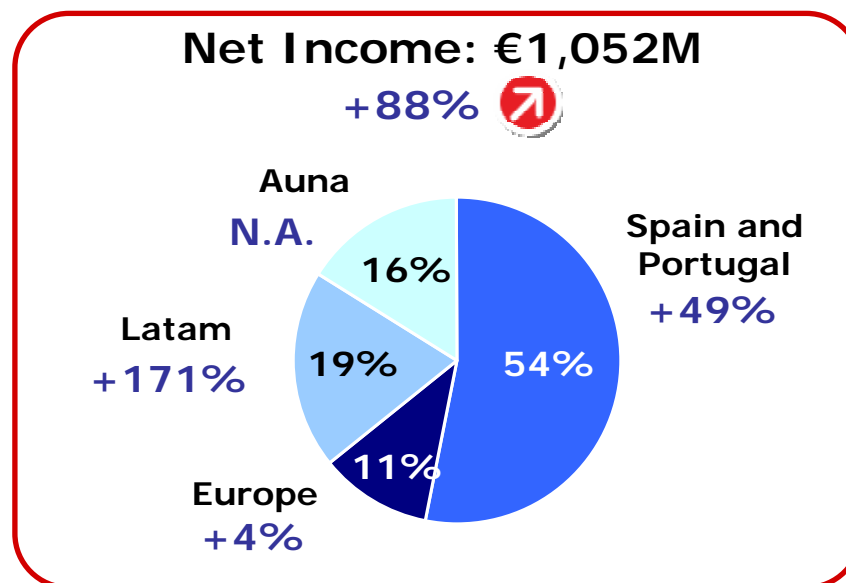
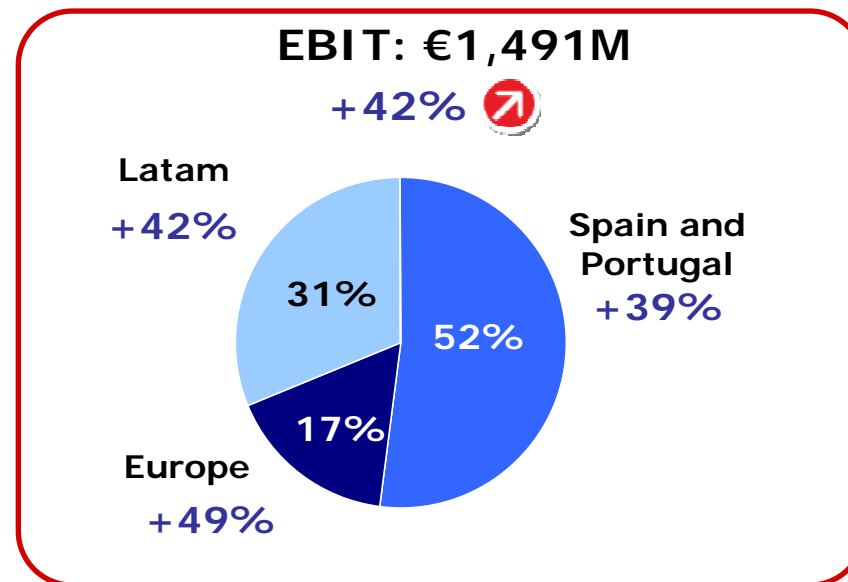
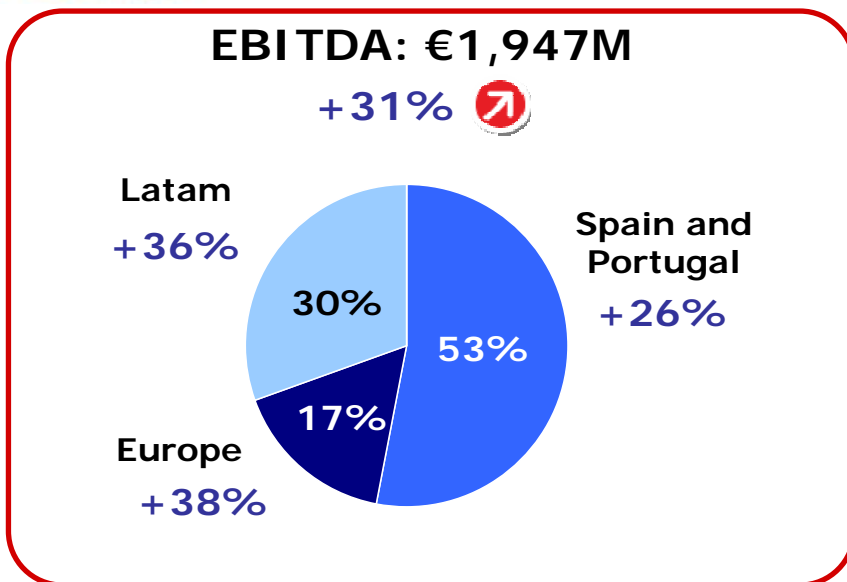
Endesa's greater value

- **Excellent results across all businesses**
- **Trend clearly exceeding 2005-2009 targets**
- **Reaffirming Endesa's greater value**

Excellent 1Q 2006 results

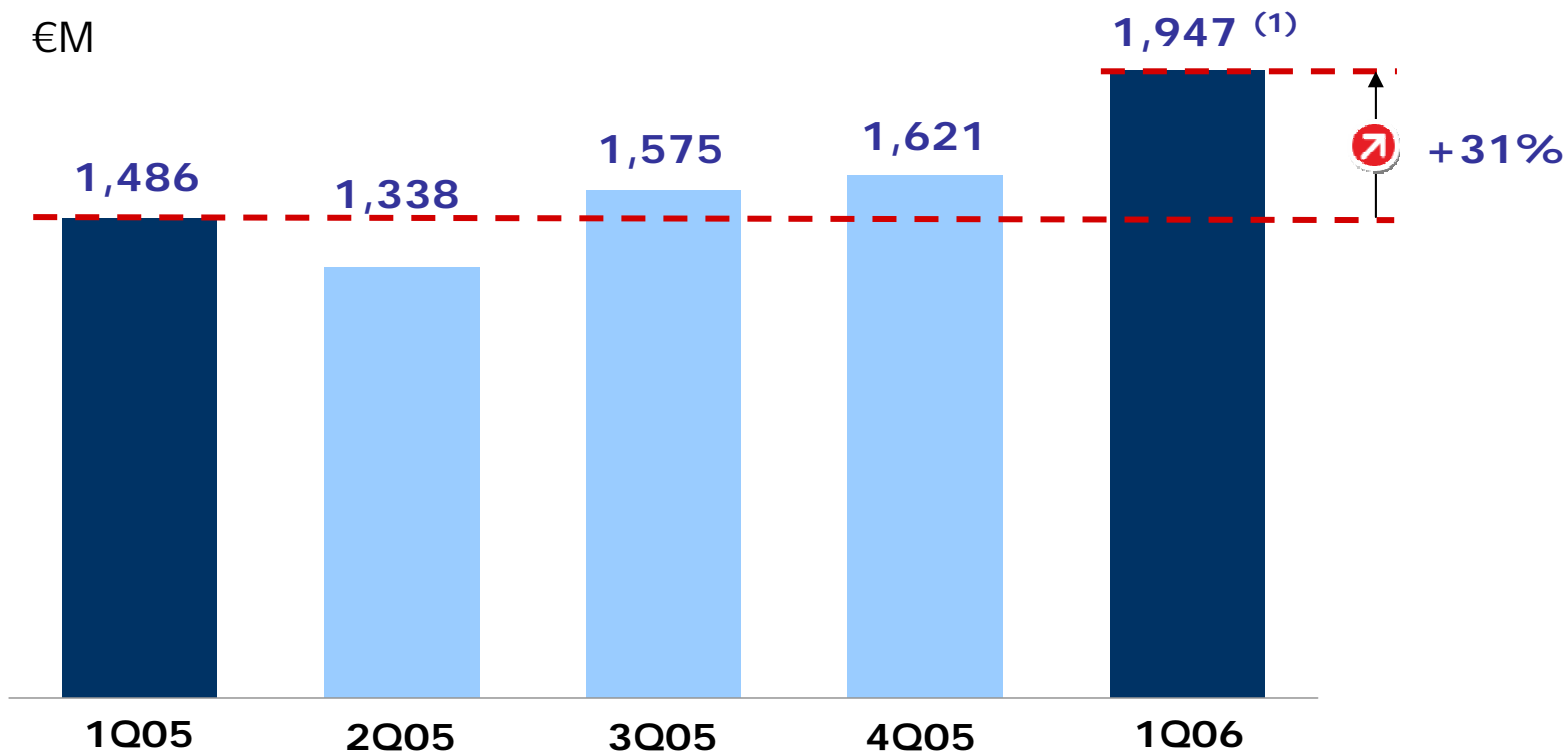
€M	1Q 2005	1Q 2006	Change
Sales	4,187	5,274	+26% 
Gross margin	2,155	2,734	+27% 
EBITDA	1,486	1,947	+31% 
EBIT	1,051	1,491	+42% 
Net financial expenses	-267	-232	-13% 
Net Income (ex. asset disposals)	444	842	+90% 
Net Income	560	1.052	+88% 
	31.12.05	31.03.06	Change
Financial leverage	1.1x	1.2x	+0.1p

Strong growth across all businesses



Results exceed targets

Quarterly EBITDA performance

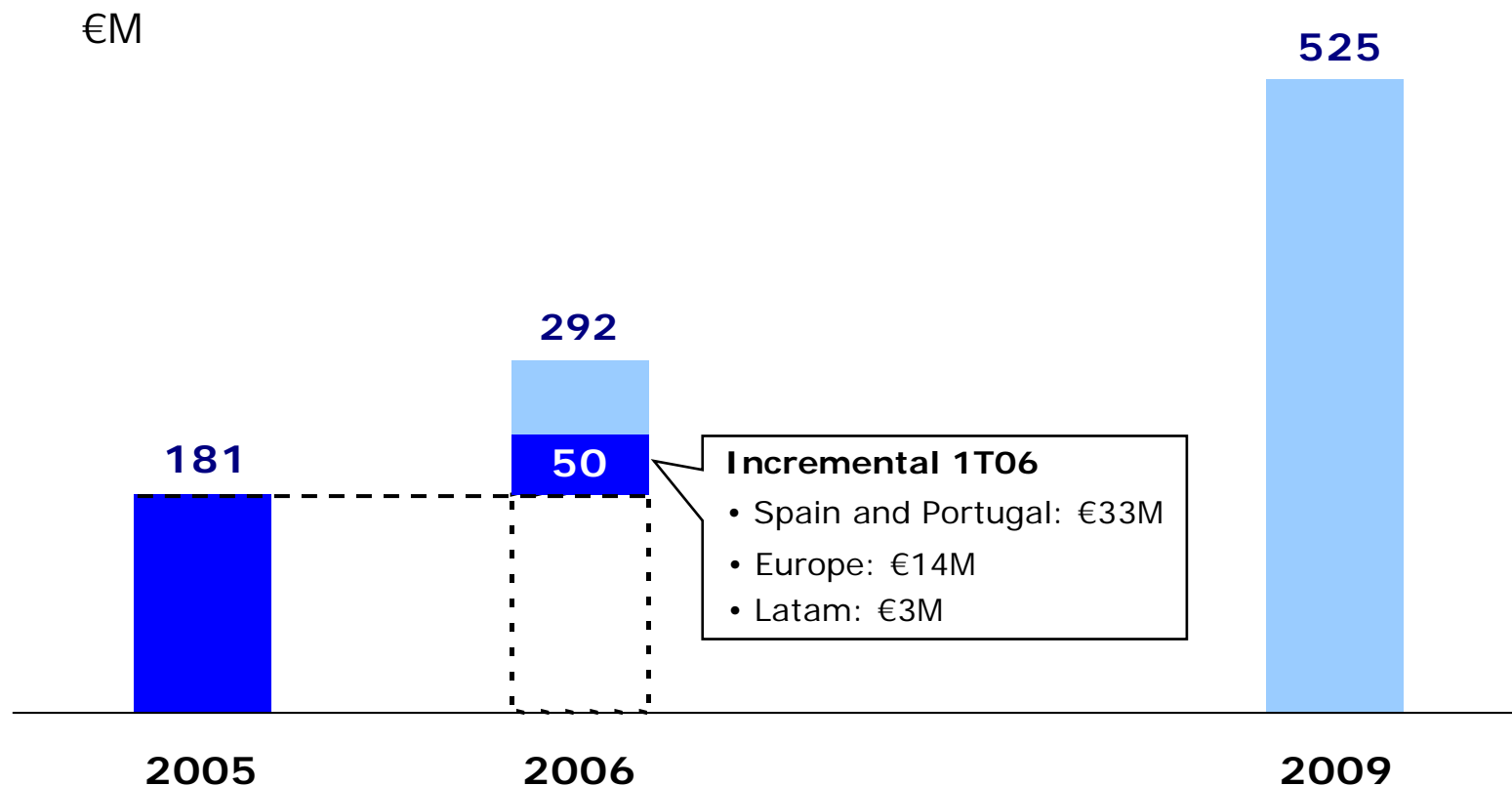


1Q EBITDA growth of 31% vs. 2006 target of 12%

(1) €212M booked for historic non-mainland generation deficit. 1Q06 EBITDA growth of 17% excluding this effect.

Progress in Efficiency Plan exceeds target

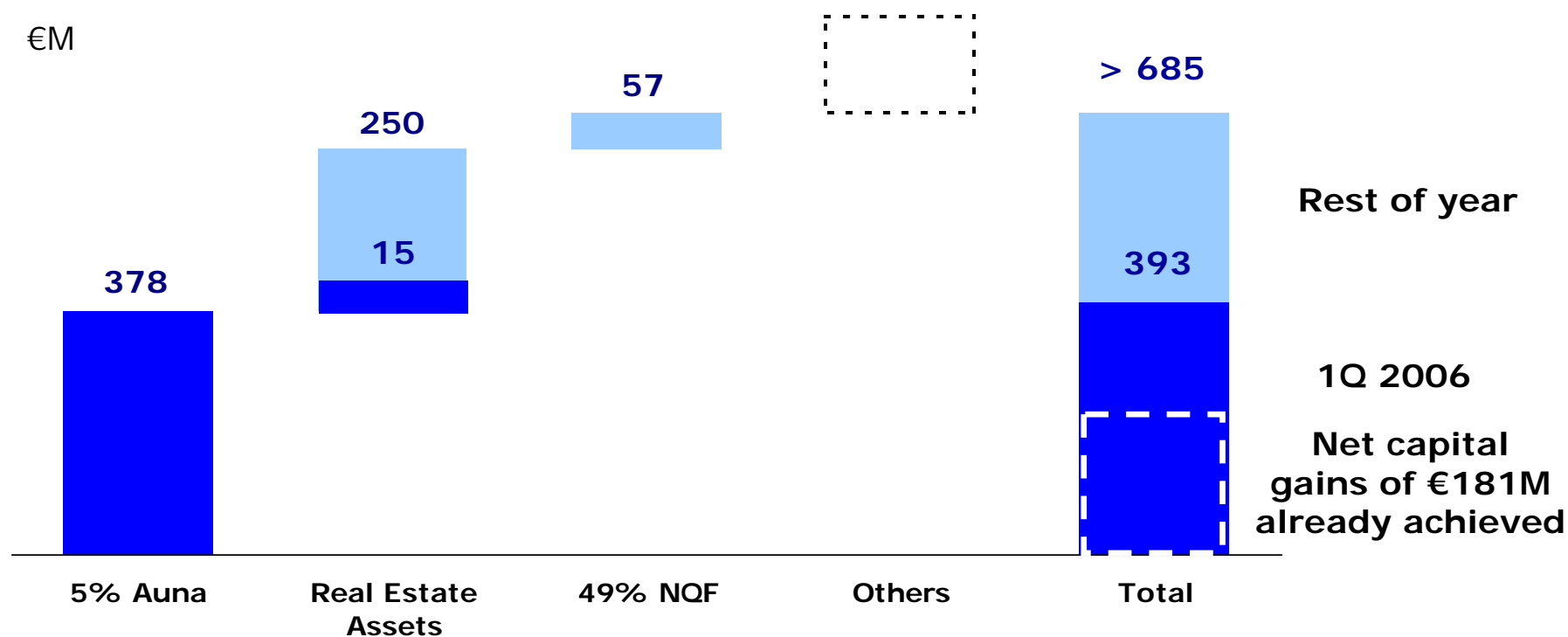
EBITDA annual improvement due to Efficiency Plan



45% of the incremental target set for 2006 has already been achieved

Remarkable progress in 2006 asset disposal plan

Non-strategic asset disposal plan for 2006



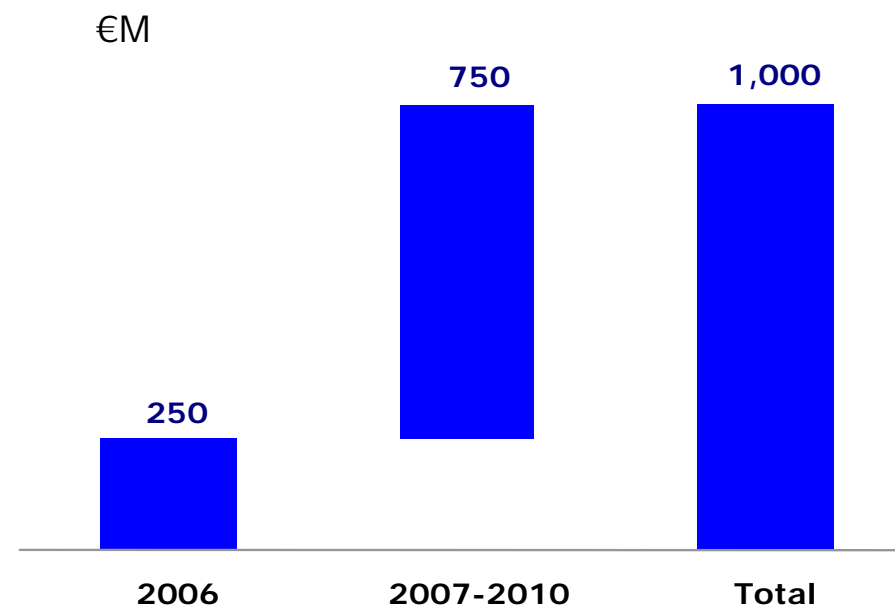
Net capital gains of over €300M forecast for 2006 of which €181M already achieved in 1Q06

Significant progress in the disposal of real estate assets

1Q 2006

- Incorporation of Bolonia Real Estate
- Disposals worth €15M
- Initiation of sales process in Palma de Mallorca with 22 non-binding offers
- Estimated proceeds of €250M in 2006 from asset disposals in Palma de Mallorca and Málaga (gross capital gain of approx. 90%)
- Increase to targeted real estate disposals to reach €1 bn in 2006-2010

Real estate asset disposal plan









1Q 2006 Results



Spain and Portugal

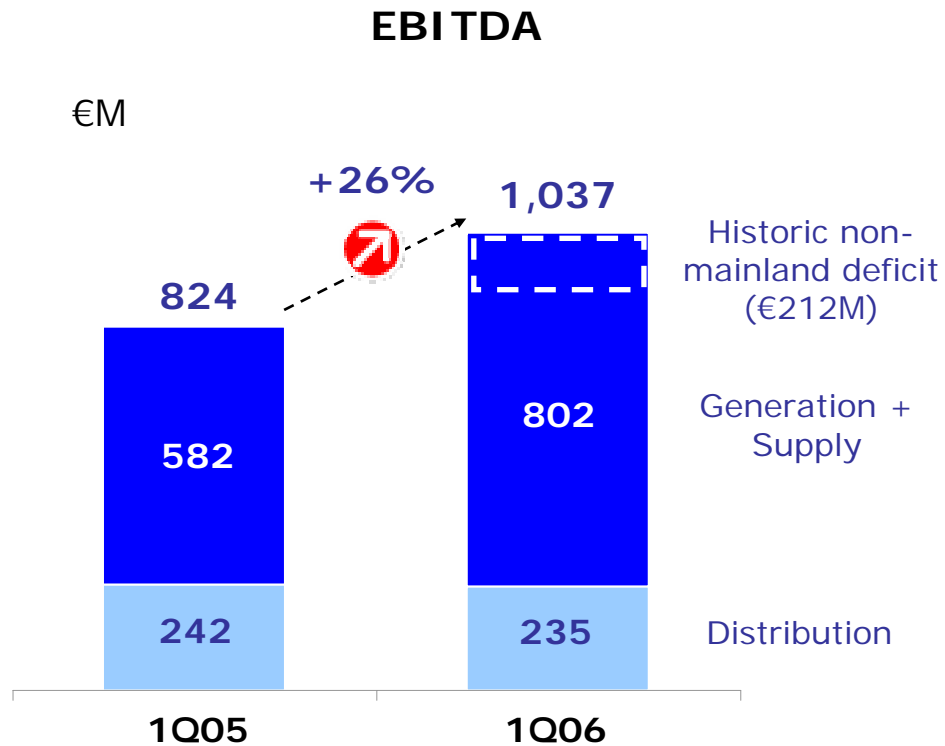


Strong growth in results

€M	1Q 2005	1Q 2006	Change	
Sales	2,048	2,578	+26%	
Gross margin	1,247	1,527	+22%	
EBITDA	824	1,037	+26%	
EBIT	558	773	+39%	
Net financial expenses	-113	-81	-28%	
Net Income	380	568	+49%	

Sustained EBITDA growth

Highlights



- Development of regulatory framework:
 - Approval of ministerial orders for non-mainland operations activities pending since RD 1747/2003 was passed
 - Approval of royal decree law RDL 3/2006 with provisional measures for the wholesale market
 - Royal Decree RD 470/2006 reduces the percentage assigned to the nuclear moratorium from 1.724% to 0.33%
 - Good outlook for July regulatory review
- Competitive mainland fuel costs
- Progress in Capacity Plan
- Value of our customer portfolio

Positive non-mainland regulatory framework

Non-mainland generation	RDL 3/2006	Outlook
Stable regulatory framework	<ul style="list-style-type: none"> • Guaranteed payment encompasses: <ul style="list-style-type: none"> – Variable costs (fuel, logistics and CO₂ emission rights) – Operating and maintenance costs – Investment (depreciation and financial remuneration) 	<ul style="list-style-type: none"> • Reduction of market risk
Deficit recognition	<ul style="list-style-type: none"> • Deficit 2001-2005: €887M <ul style="list-style-type: none"> – Booked 02-05: €644M – Booked 1Q 2006: €243M ⁽¹⁾ 	<ul style="list-style-type: none"> • Legal base for transfer to third parties expected to be approved in July 2006 review
Operational changes	<ul style="list-style-type: none"> • Operating with a larger reserve margin 	<ul style="list-style-type: none"> • Neutral economic impact
Remuneration in line with Strategic Plan estimates		

(1) Includes €31M booked under financial income

Approval of RDL 3/2006

Non-mainland
generation

RDL 3/2006

Outlook

Changes brought about by RDL 3/2006

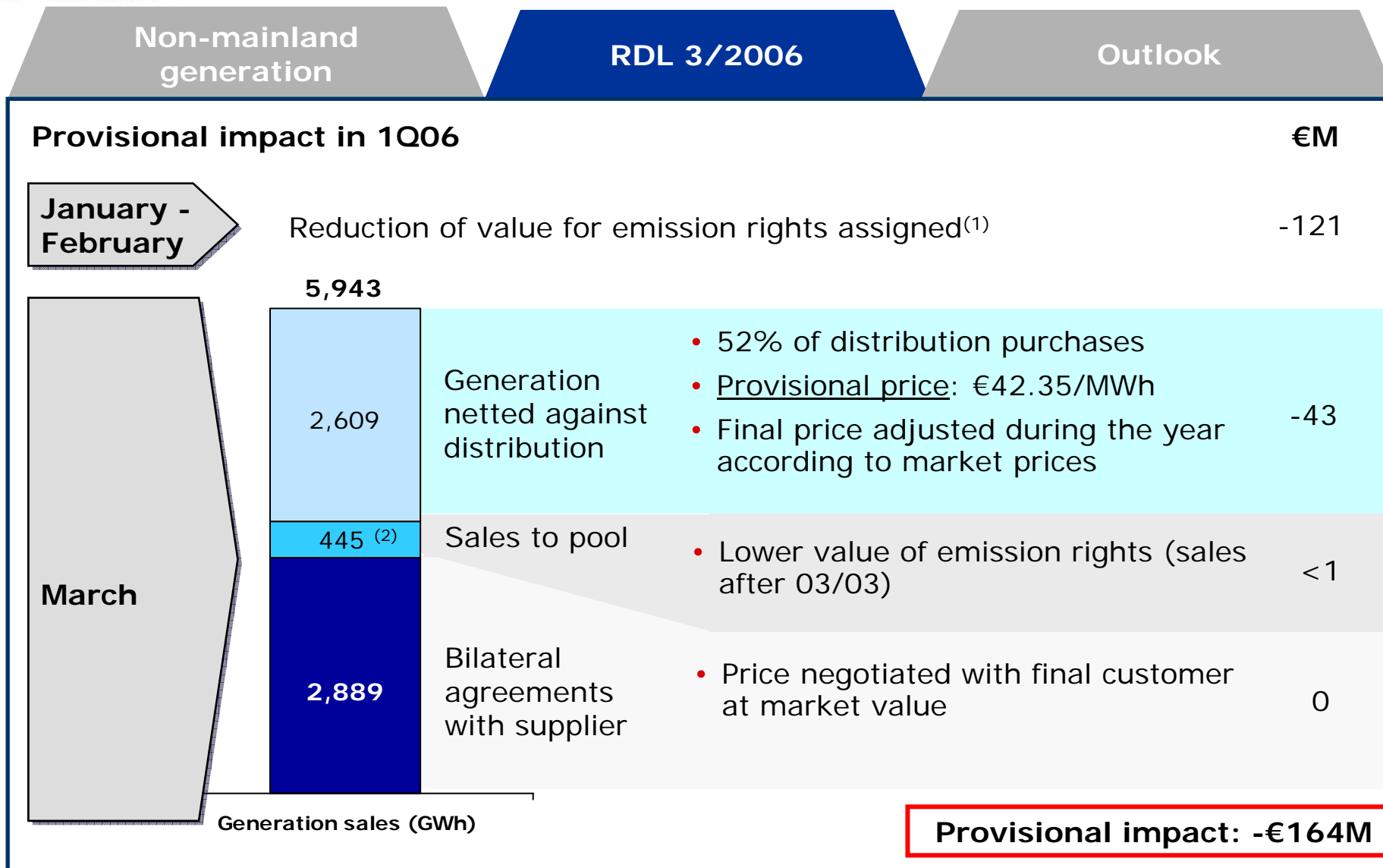
**Electricity
wholesale
market**

- Purchase offers made by the distributor are netted against sales offers made by the generator as if contracted bilaterally
- Booked at a provisional price of €42.35/MWh
- The final price will be determined according to objective and transparent market prices

Emission rights

- Reduction of the January and February tariff deficits in the amount of the emission rights assigned for the same period
- From March onwards, reduction in proceeds from sales to the OMEL (Spanish market operator) in the amount of the emission rights assigned free-of-charge

Provisional impact of RDL 3/2006



(1) Includes 1 + 2 March.

(2) 426 GWh corresponds to 1 + 2 March.

European electricity markets

 Non-mainland
generation

RDL 3/2006

Outlook

Forward base price (€/MWh)

As at: 09/05/06

	Real 1Q06 ⁽¹⁾	2006 ⁽²⁾	2007	2008
France	70.7	48.9	50.5	55.4
Germany	65.4	46.2	47.7	51.8
UK	89.1	75.3	78.4	n.a.
Belgium	74.1	54.4	54.0	58.0
Holland	76.7	60.5	59.0	61.5

Source: Platt's

Prices in other European markets are over €50/MWh

(1) Avg. spot price 1Q 2006.

(2) Forward prices 2Q, 3Q and 4Q 2006 at 31/03/06.

Positive regulatory outlook

Non-mainland generation

RDL 3/2006

Outlook

Expected changes

Revision of tariff framework

- Tariff growth of 7.4% already approved: 4.5% tariff increase + 2.9% due to nuclear moratorium extension (1.5% + 1.4%)
- Additional increase of 1.5%-2% expected in July
- Deficit remuneration mechanism and securitisation in July

Generation

- Promotion of bilateral agreements
- Cap on renewables remuneration

Distribution

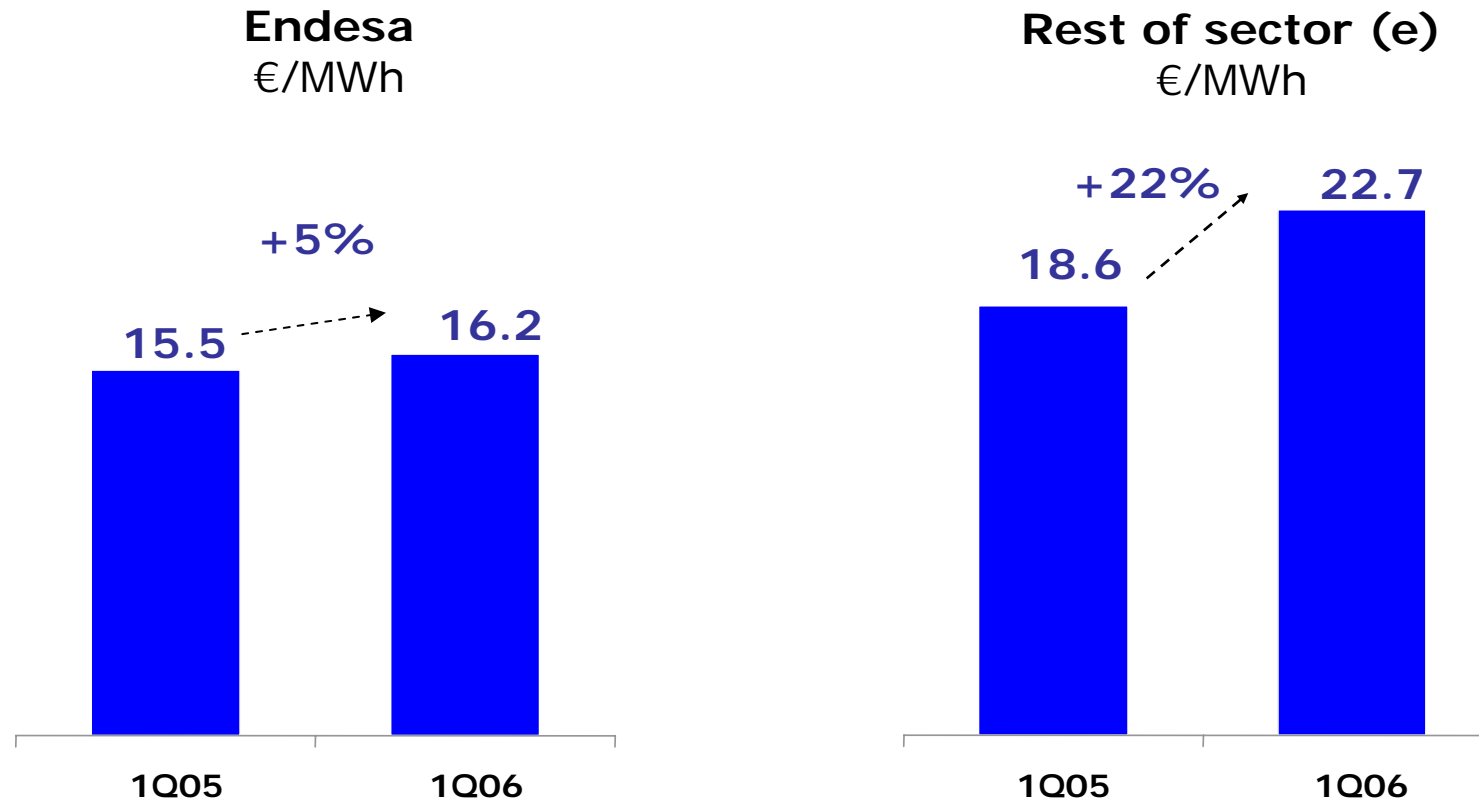
- New remuneration methodology based on real investments

Resulting model

- Transition to an additive tariff which would later be withdrawn in 2007/2011
- Prices passed onto the customer based on objective and transparent market prices

Better outlook than that envisaged in the Strategic Plan

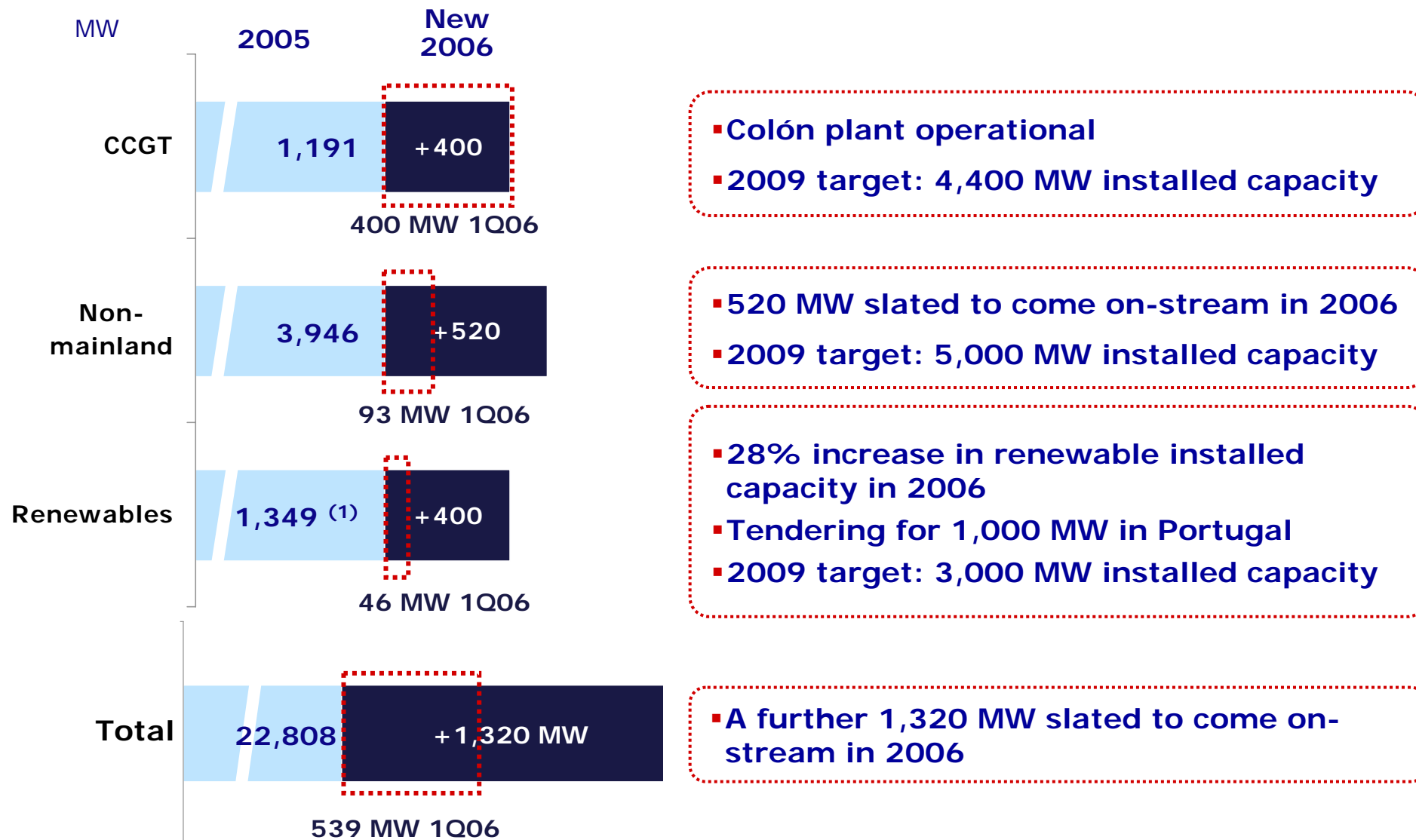
Competitive mainland fuel cost



- Competitive fuel cost despite markets' performance
- Stronger competitive position in terms of both price and mix

Significant progress in Capacity Plan

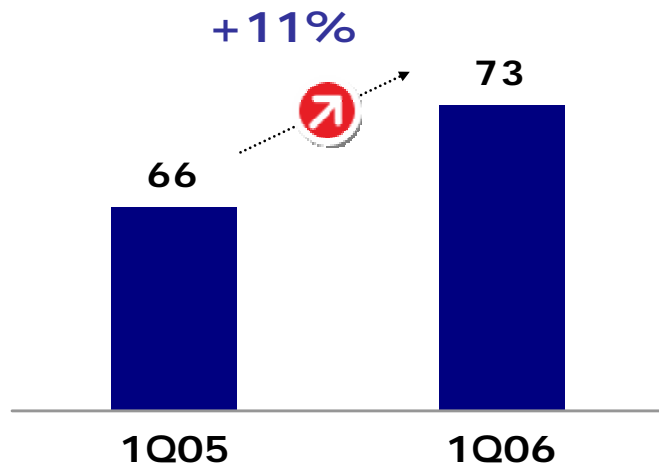
2006 Capacity Plan



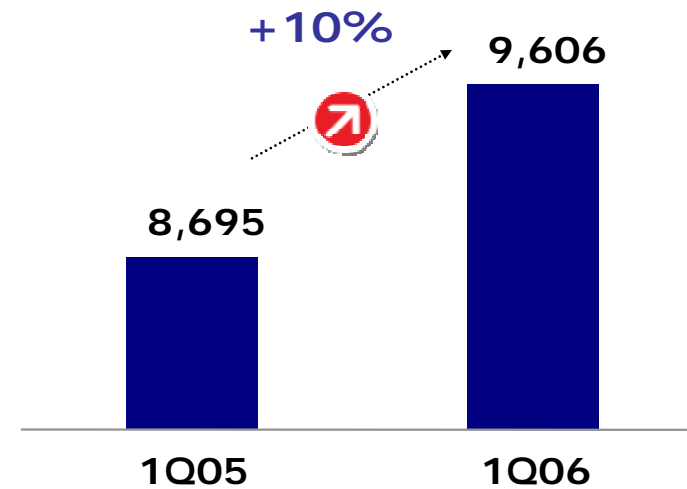
(1) Net power. Booked capacity 1,007 MW.

Value of our customer portfolio

Average price increase
(€/MWh)



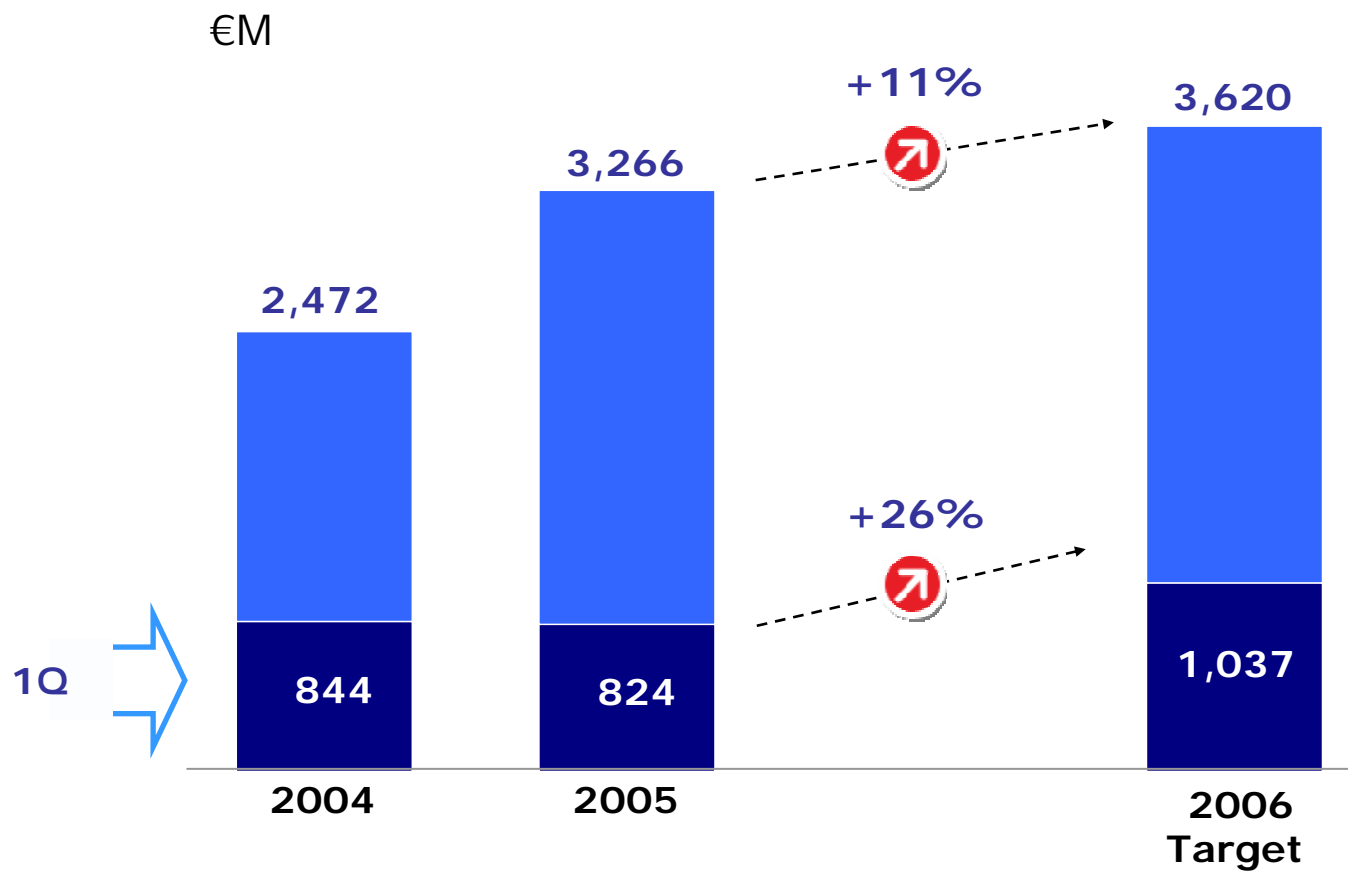
Sales increase on
deregulated market (GWh)



Value of our customer portfolio as a hedge
against wholesale price volatility

Positive outlook for 2006

EBITDA










1Q 2006 Results



Europe



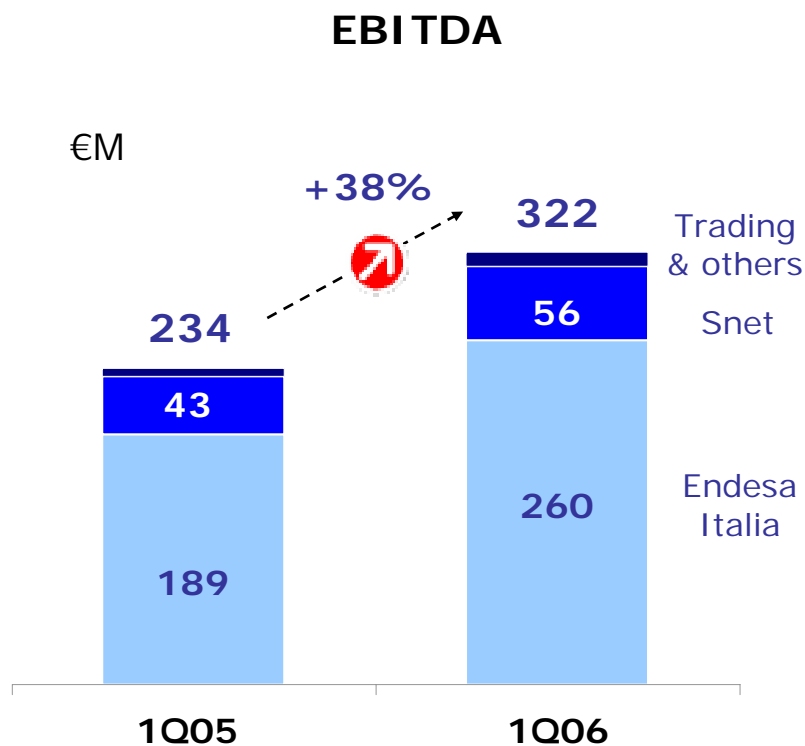
Excellent results underscore strength of European business

€M	1Q 2005	1Q 2006	Change	
Sales	1,000	1,165	+17%	
Gross margin	317	407	+28%	
EBITDA	234	322	+38%	
EBIT	173	257	+49%	
Net financial expenses	-15	-11	-27%	
Net Income (ex. asset disposals)	78 ⁽¹⁾	118	+51%	
Net Income	114	118	+4%	

(1) Does not include net capital gains of €24M from the sale of 5% of Endesa Italia and €12M from the sale of Lydec.

Strong EBITDA growth

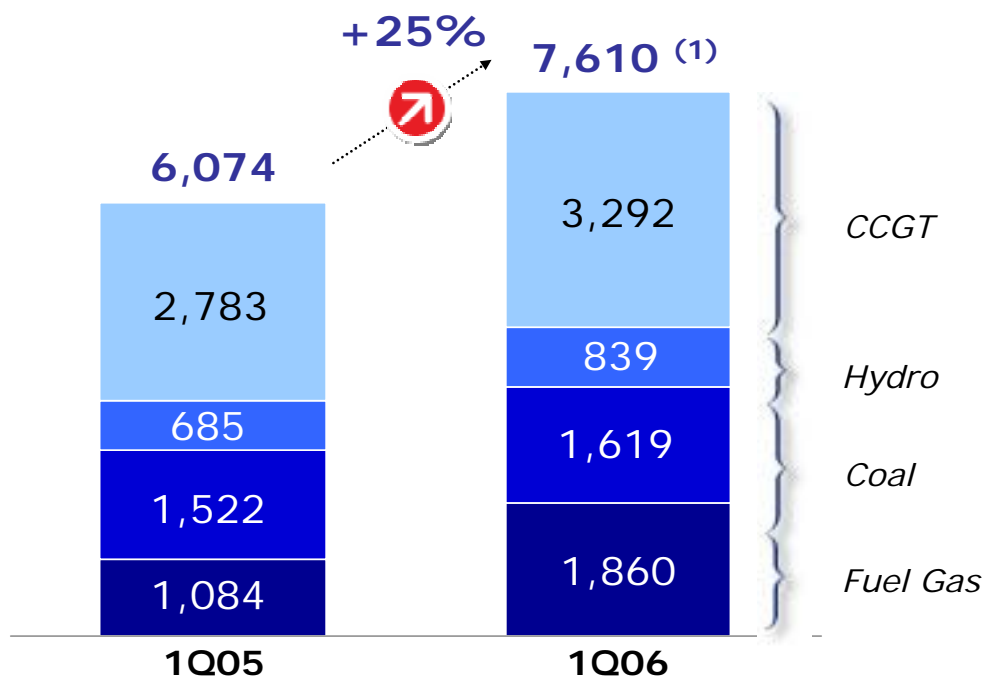
Highlights



- Italy:
 - Increased output and higher margins in 1Q06
 - Progress made on regasification and renewables projects
- France:
 - Increased output and higher prices
 - Restructuring program practically complete
 - Progress in the Industrial Plan
- Poland: Slowdown in government privatisation program
- Trading: Strong EBITDA growth

Italy: Increased output and higher margins

Output (GWh)



- Significant increase in output:
 - New CCGTs on-stream (800 MW)
 - Increased use of fuel-gas due to gas emergency
- Sales price up to €80/MW (+27%)
- Sales (GWh) increase: +10%
- Increase in unit margin to €34/MWh (+34%)

(1) Does not include 9 GWh of wind power generation (7 GWh in 1Q05).

Italy: Progress in the Strategic Plan

Access to competitive gas

- Progress on Livorno regasification project (4 bcm):
 - All authorisations have been obtained
 - 25% share and 2 bcm of regasification capacity
 - Work will start in 2H06 and the project is expected to start up in 2008
- Progress in negotiations with gas suppliers

Growth in renewables

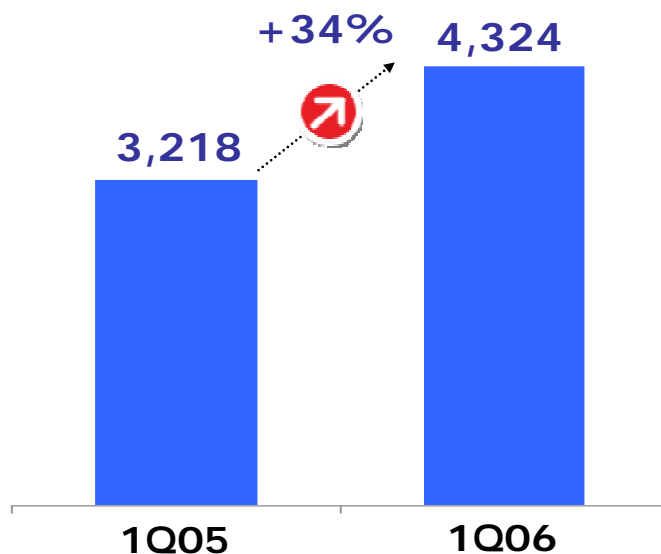
- 136 MW operating by mid 2006
- Projects in hand for more than 400MW in 2006-2009

Capacity Plan

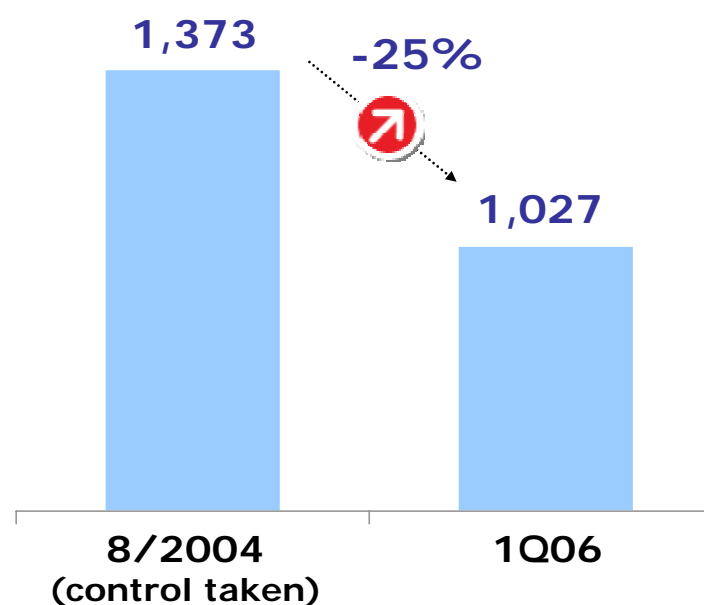
- Scandale (800MW, 50% Endesa Europa): work in progress and expected to be finalised in 2008

France: Increased output and completion of restructuring program


Snet Output (GWh)




Number of employees






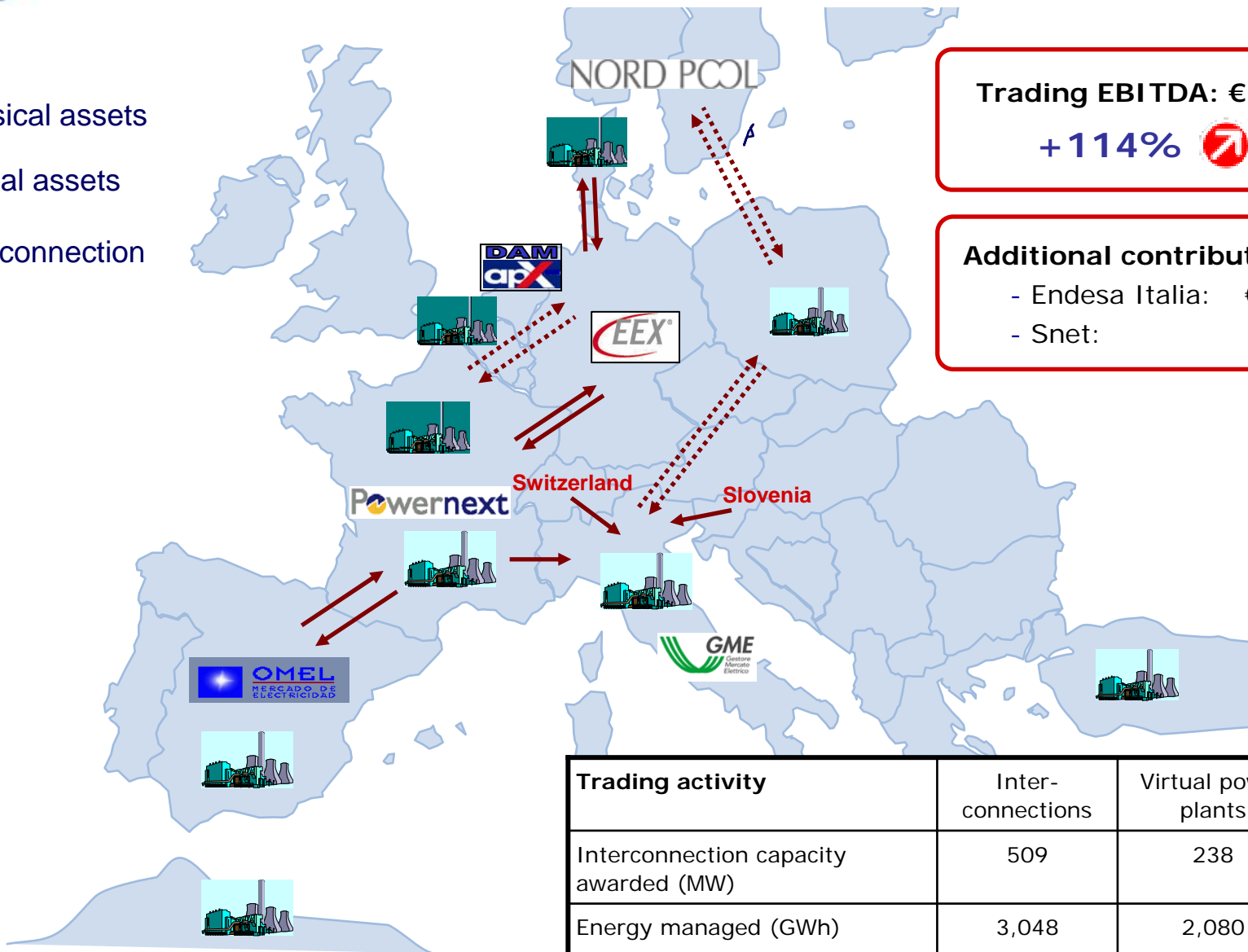
- Important development of supply business:
 - Auchan (400 GWh in 2006)
 - SNCF (6,600 GWh in 2007-2011)
- Significant progress in the Industrial Plan


Sales (GWh)
+32% 

EBITDA (€M)
+30% 

Trading: Increase in activity

-  Physical assets
-  Virtual assets
-  Interconnection



Trading EBITDA: €15M
+114% 

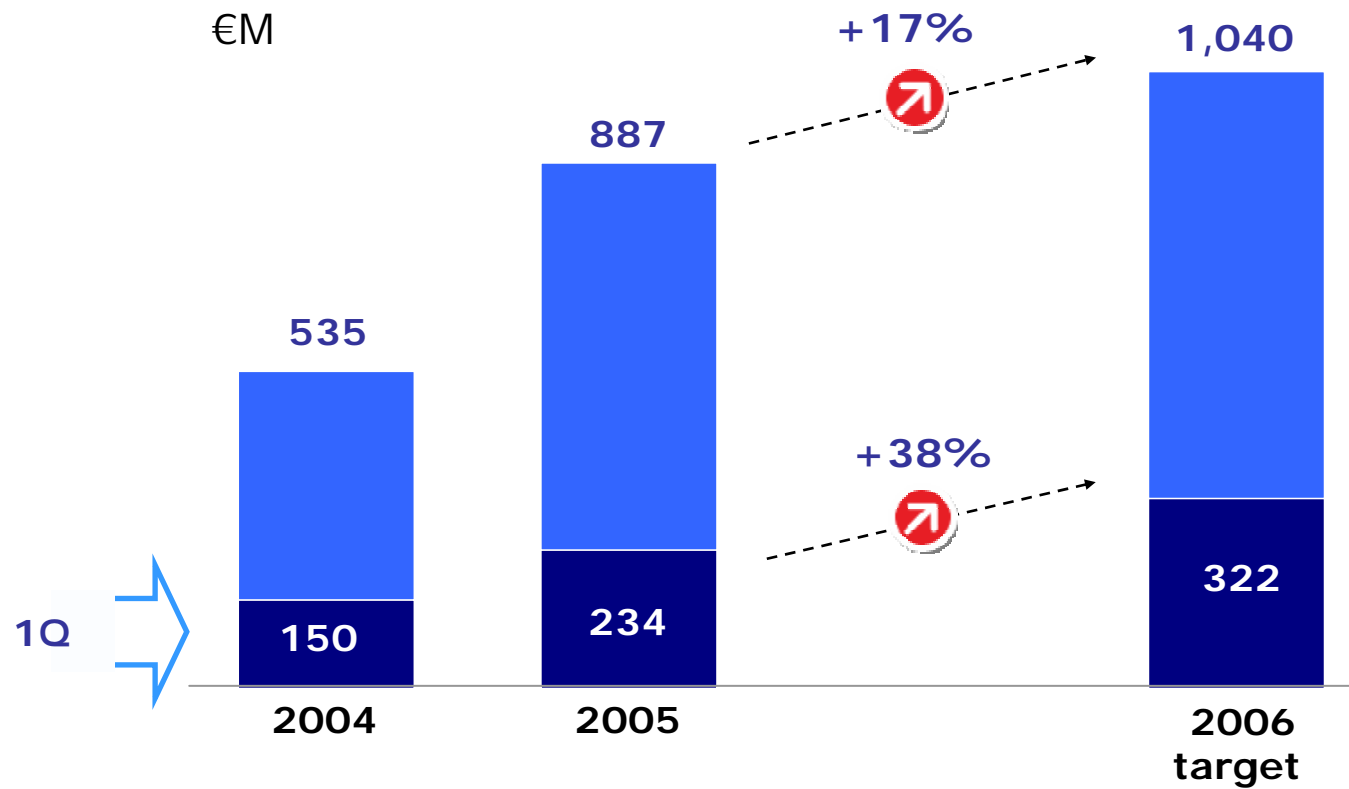
Additional contributions:

- Endesa Italia: €10M
- Snet: €3M

Trading activity	Inter-connections	Virtual power plants
Interconnection capacity awarded (MW)	509	238
Energy managed (GWh)	3,048	2,080

Excellent outlook for 2006

EBITDA










1Q 2006 Results



Latin America



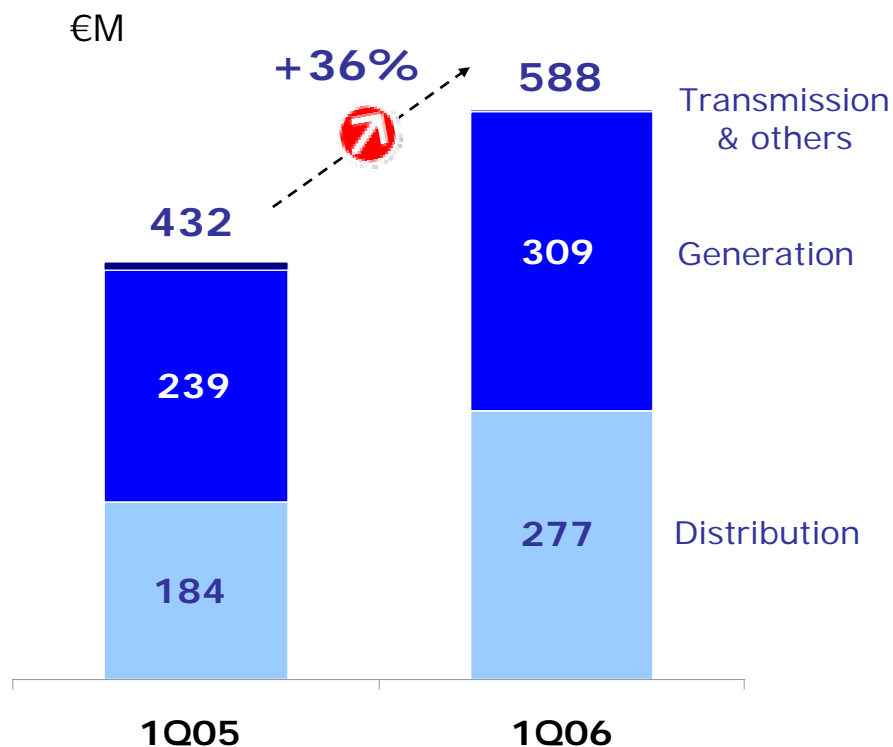
Strong growth in results

€M	1Q 2005	1Q 2006	Change
Sales	1,139	1,531	+34% 
Gross margin	591	800	+35% 
EBITDA	432	588	+36% 
EBIT	324	461	+42% 
Net financial expenses	-121	-140	+16% 
Net Income before minorities	192	396	+106% 
Net Income ⁽¹⁾	72	195	+171% 

(1) Includes €101M from a tax credit from the Chilectra-Elesur merger (+31% excluding this effect).

Sustained and profitable organic growth

EBITDA

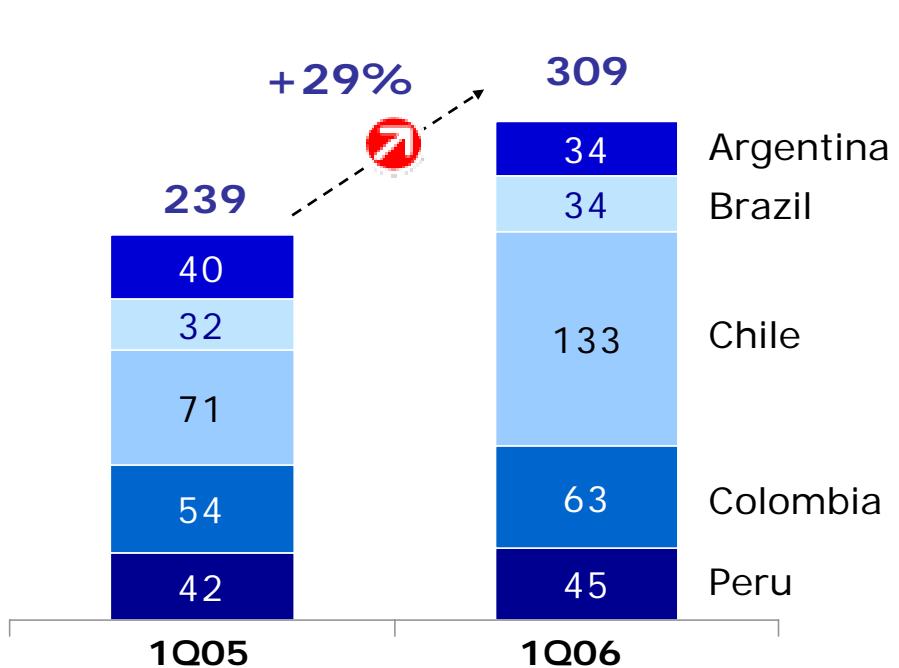


Highlights

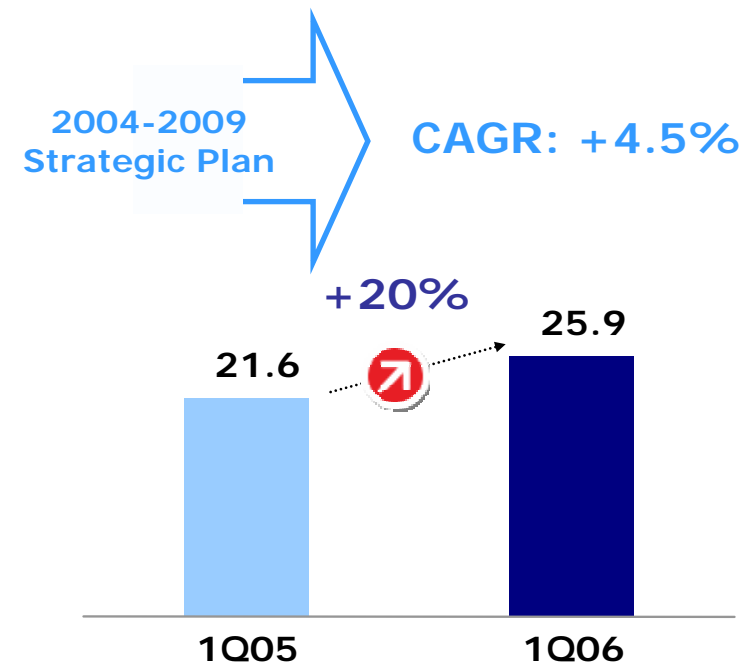
- General currency stability and strong growth in demand (5.8%)
- Margin improvement in generation, primarily in Chile
- Strong EBITDA growth in distribution, especially in Brazil
- Progress made in Capacity Plan
- Progress in key subsidiary restructurings
- Cash returns to Spain in line with Strategic Plan

Margin improvement in generation, primarily in Chile

Generation EBITDA (€M)



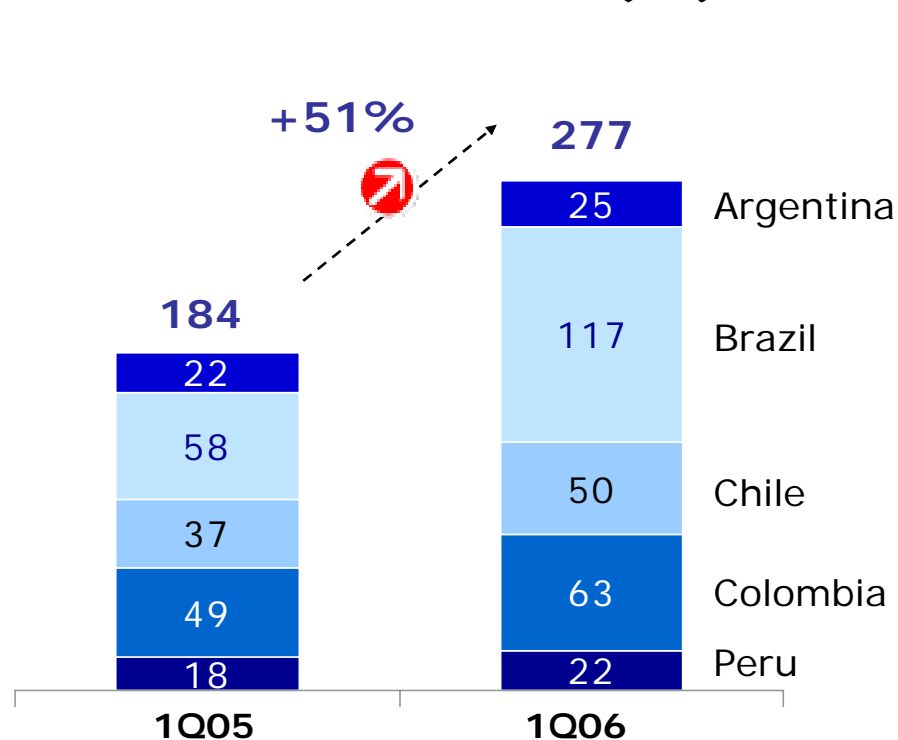
Generation margin (USD/MWh)



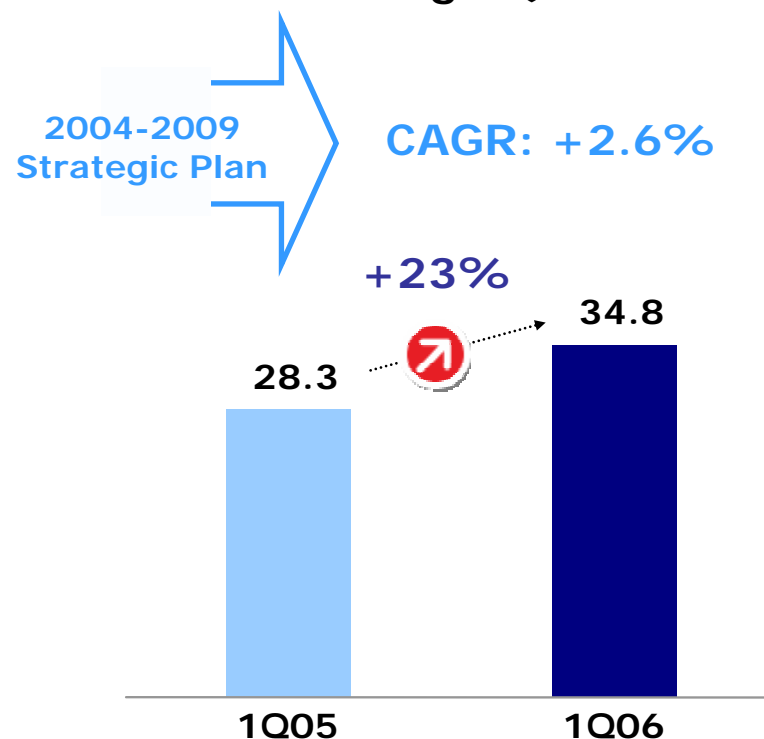
- High wholesale prices in the region mainly due to:
 - Scarce gas supply and high oil prices
 - Tight reserve margins
- Lower fuel costs due to better generation mix

Strong EBITDA growth in distribution, especially in Brazil

Distribution EBITDA (€M)



Distribution margin (USD/MWh)



- Strong growth in demand (+5.8%)
- Improvement of unit distribution margins:
 - Tariff increases and higher pass-through in Brazil
 - Progress in reducing interconnection losses: 11% in 1Q06 vs. 12% in 1Q05

Progress in Capacity Plan

Country	Project	Date on-stream
CHILE	<ul style="list-style-type: none"> ▪ Palmucho (Hydro plant - 32 MW) - Under construction on schedule 	2007
	<ul style="list-style-type: none"> ▪ Expansion of San Isidro (CCGT - 377 MW) - At civil works construction stage - Participation in LNG project with BG 	2007
	<ul style="list-style-type: none"> ▪ Renewables (wind and mini hydro - 20 MW) - At initial construction stage 	2006-2007
	<ul style="list-style-type: none"> ▪ Aysen (hydro – 2,430 MW) - Signed MoU with Colbun - At study and regulatory approval stage 	Beyond 2010
<hr style="border-top: 1px dashed black;"/>		
PERU	<ul style="list-style-type: none"> ▪ Ventanilla CCGT (86 MW) - Construction of second boiler 	2006
<hr style="border-top: 1px dashed black;"/>		
COLOMBIA	<ul style="list-style-type: none"> ▪ Termocartagena (thermal - 186 MW) - Awarded to Emgesa via tender 	March 2006

Progress in key subsidiary restructurings

Rationale behind operation

Creation of
Brazilian
holding
company

- Streamline organisational structure
- Provide greater stability to local cash flows
- Improve third-party financing

✓
Completed
October 2005

Merger of
Chilectra and
Elesur

- Eliminate holding companies
- Reduce structure costs
- Exploit negative tax rates

✓
Completed
31 March 2006

Merger of
Etevensa and
Edegel

- More balanced generation mix to reduce volatility of revenues owing to rainfall levels
- Leverage operating synergies by reducing structure costs
- Improve financial structure and boost shareholder liquidity

✓
Approved
12 April 2006

Cash returns to Spain in line with Strategic Plan

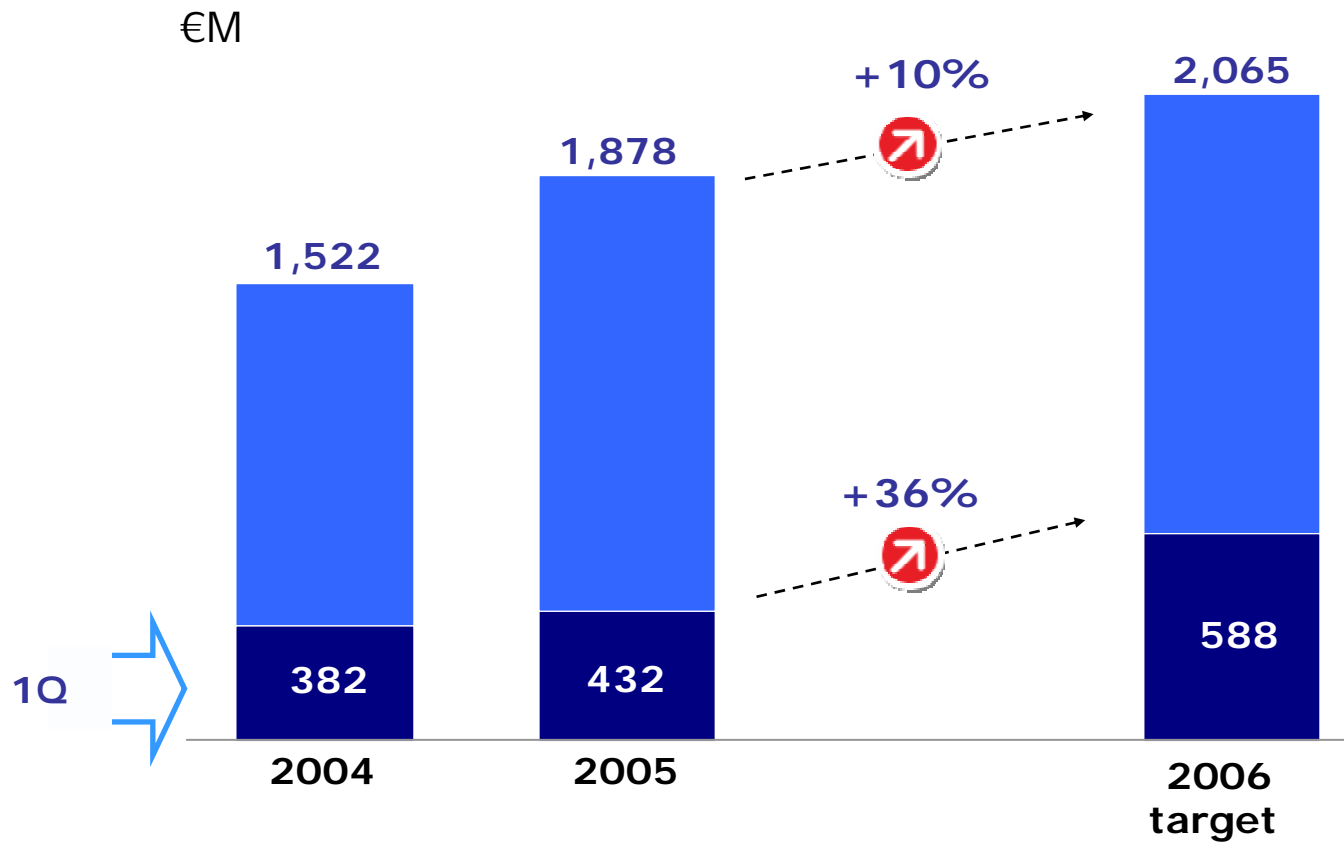
USD M

	2005	1Q06	Total
Dividends and interests	86	10	96
Capital reductions	195	42	237
Disposals	27		27
Total	308	52	360

- 36% of Strategic Plan target already achieved (USD1bn)
- High cash return forecast based on high subsidiary results

Excellent outlook for 2006

EBITDA



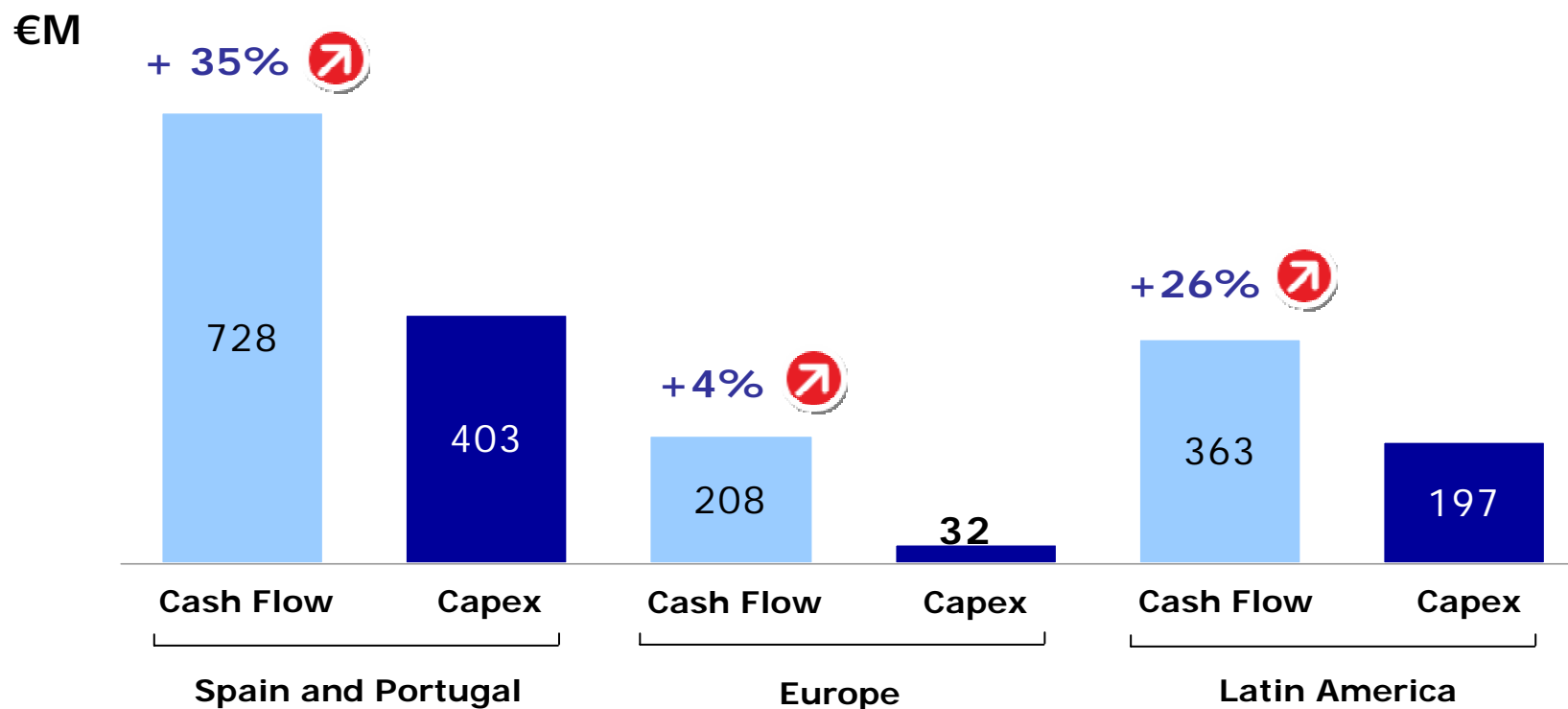
1Q 2006 Results



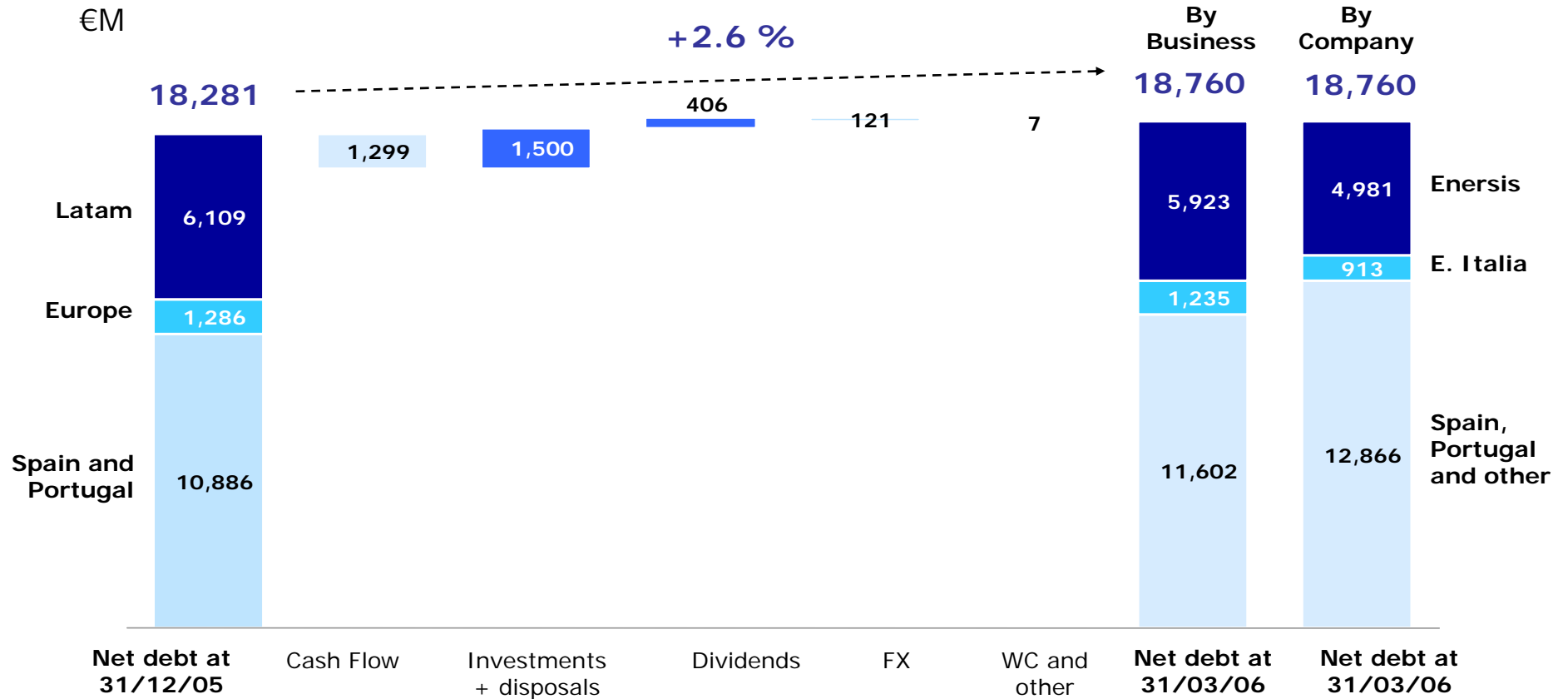
Financial Analysis



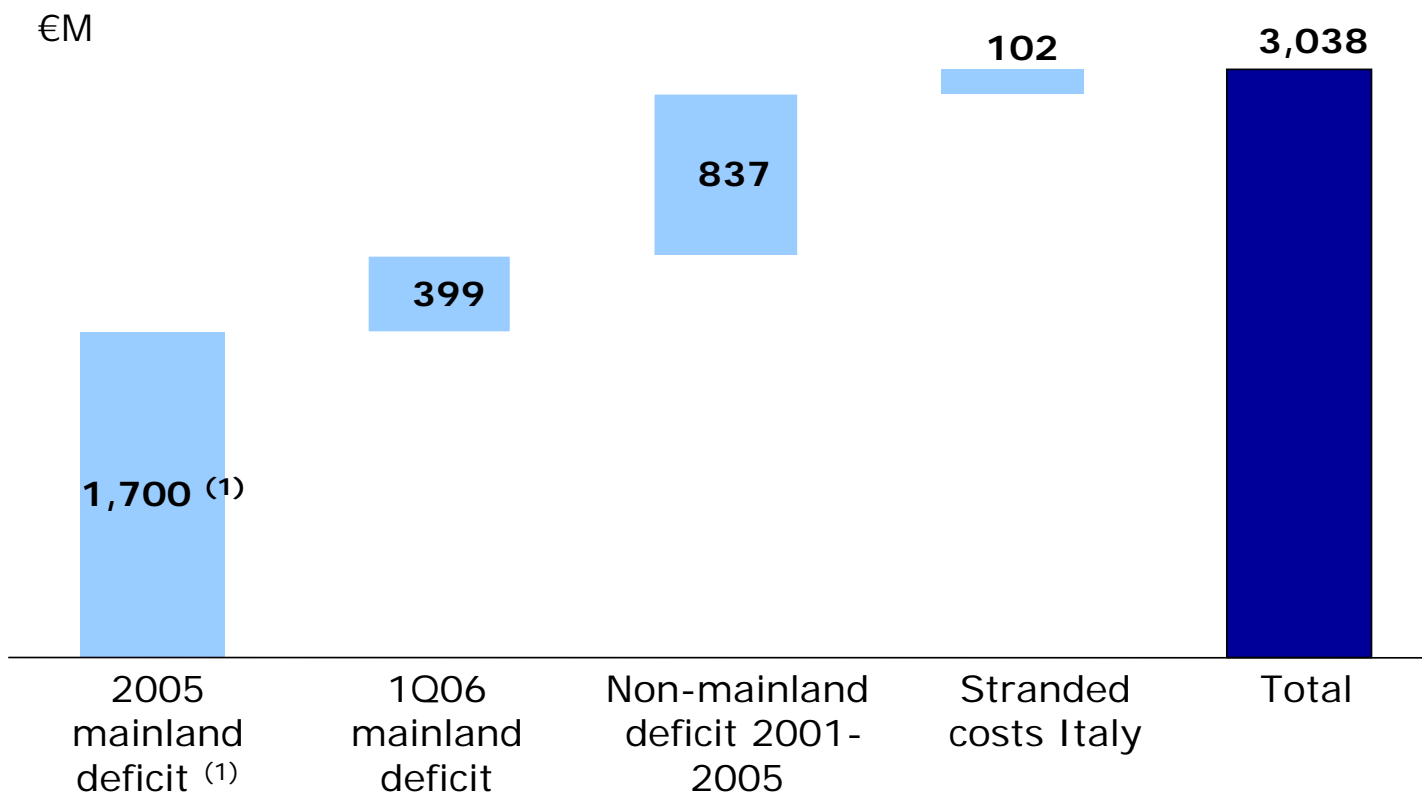
Positive cash flow in all businesses



Stable debt



Recognised regulatory receivables of more than €3,000M



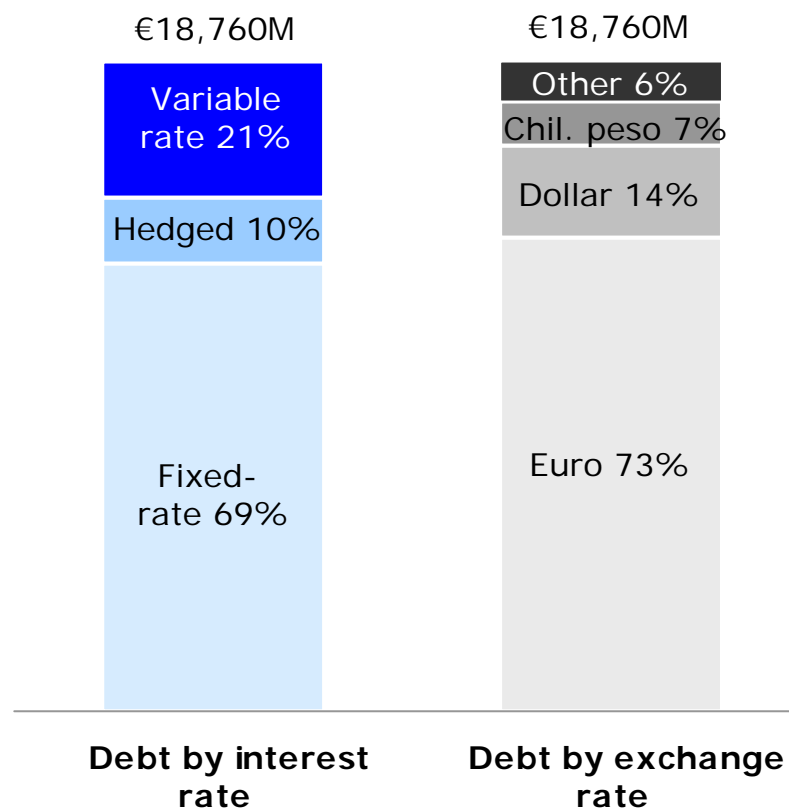
Net debt excluding regulatory items of €15,722M

(1) According to settlement 14 from CNE + accrued interests.

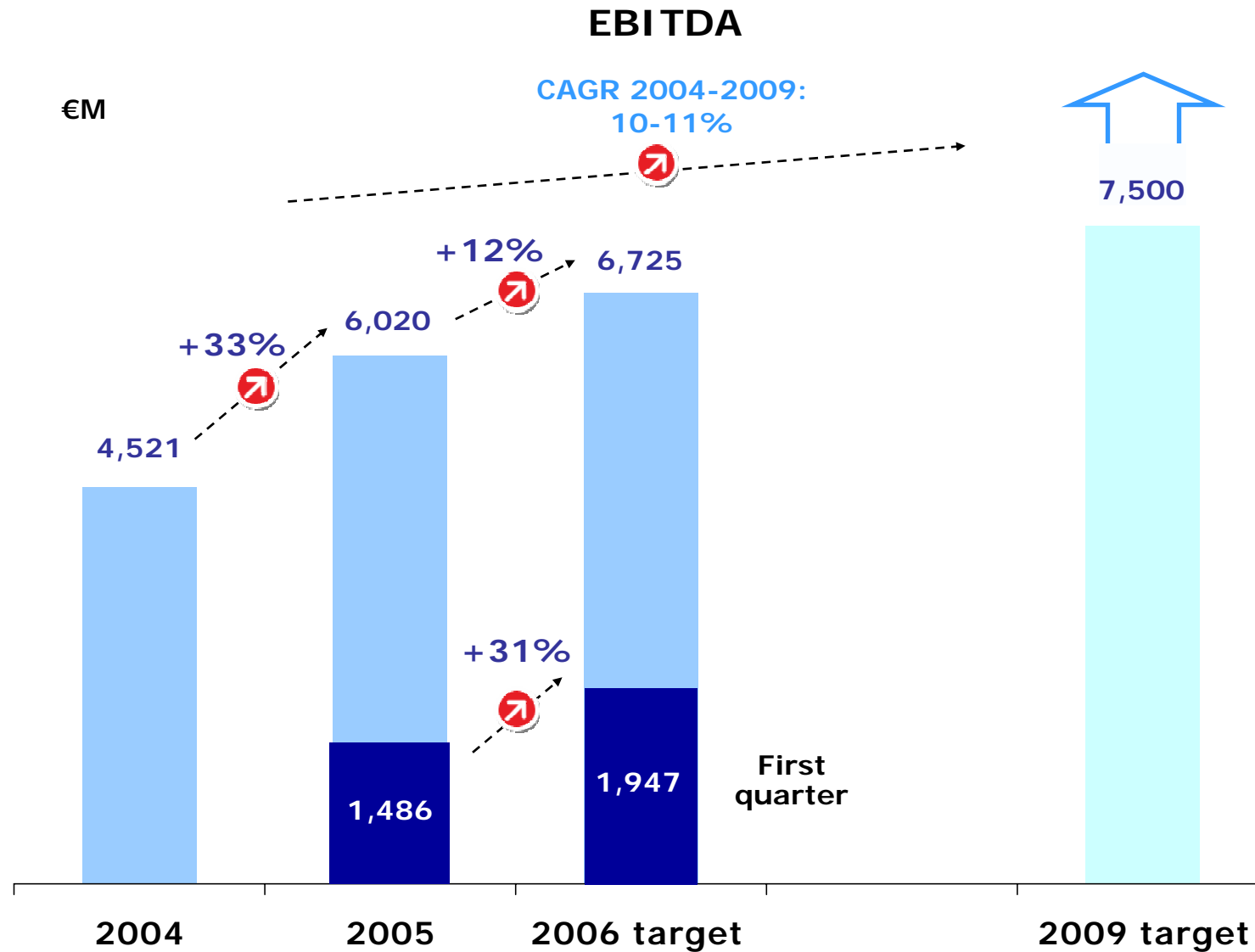
Favourable debt structure in a context of rising interest rates

- Structure of debt:
 - Fixed rate or hedged debt: 79%
 - Debt denominated in currency in which cash flow is generated
- Average cost of debt: 5.69%
 - Endesa excluding Enersis: 4.12%
 - Enersis: 9.58%
- Average life of debt: 5.5 years
- Liquidity of Endesa:
 - Endesa excluding Enersis: €5,279M
 - Enersis: €1,104M

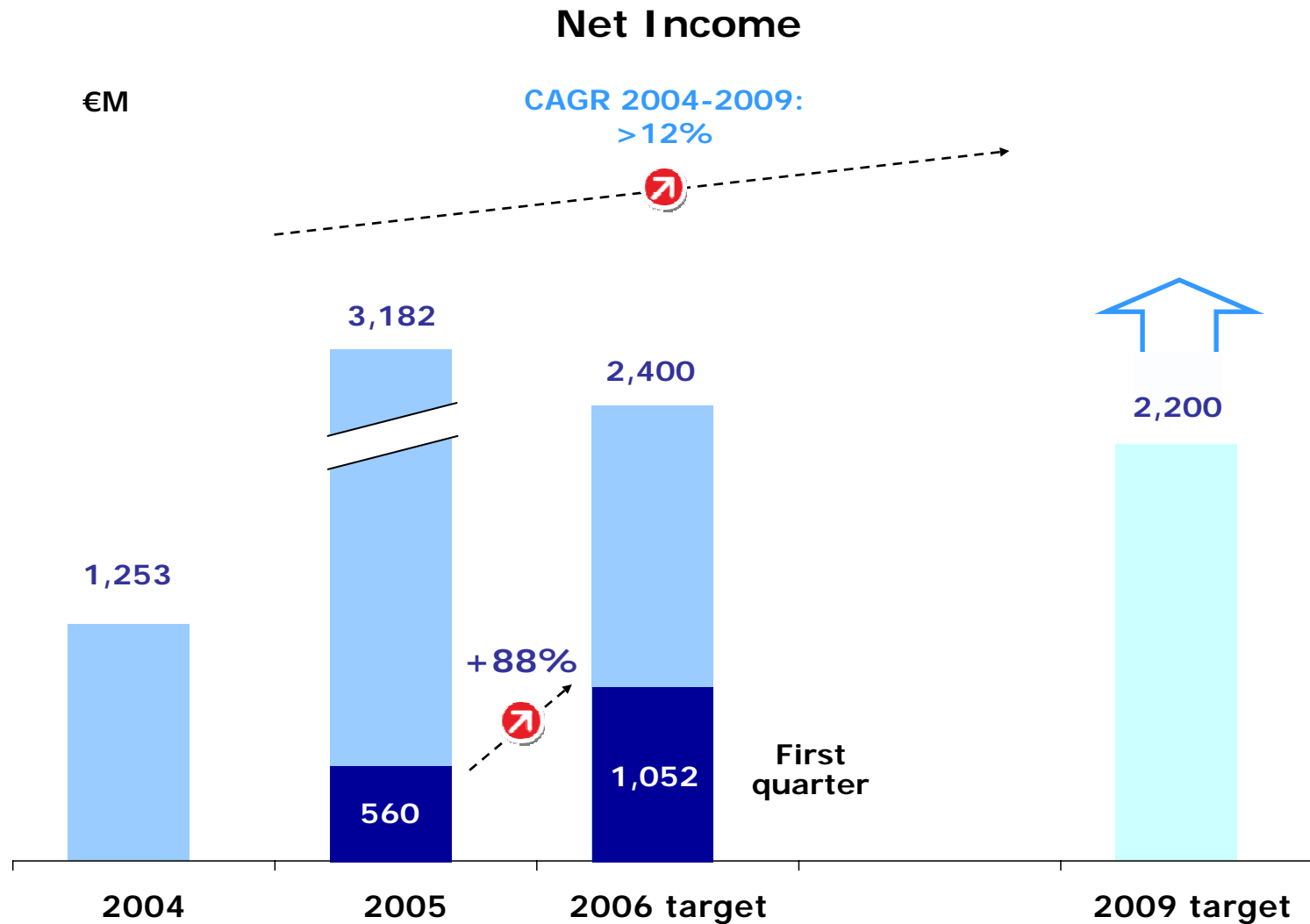
Debt structure



EBITDA growth above targets



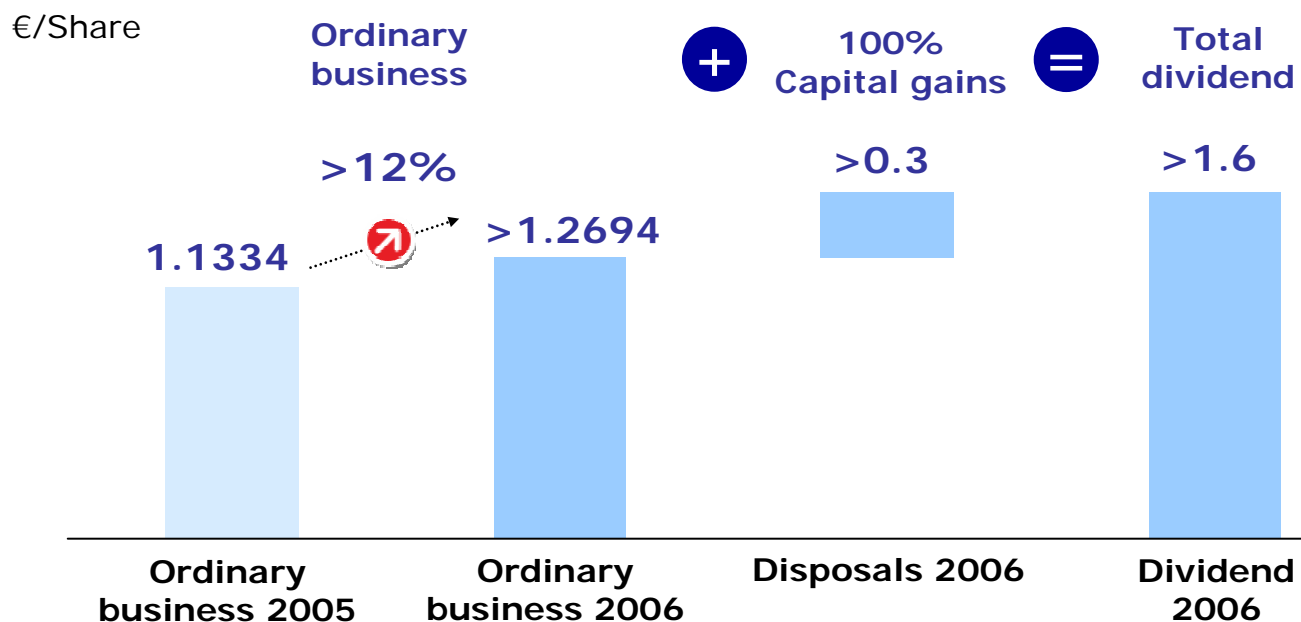
Net Income growth above targets



Shareholder returns above targets

- **2005 dividend payment: €2.4/share**
 - Interim dividend of €0.3050/share paid in January
 - Complementary dividend of €2.095/share to be paid in July

- **2006 dividend commitment**



- **Strategic Plan commitment: more than €7,000M over five years**
 - More than €4,200M (60%) paid in first two years

Conclusions

- **Excellent first quarter results**
- **Diversified asset portfolio reinforces growth of results**
- **Positive regulatory outlook in Spain and Portugal**
- **Outstanding results in Europe (Italy and France) and Latin America**
- **Trend clearly exceeding 2005-2009 targets**
- **Shareholder returns above targets**

**Endesa's
greater value**



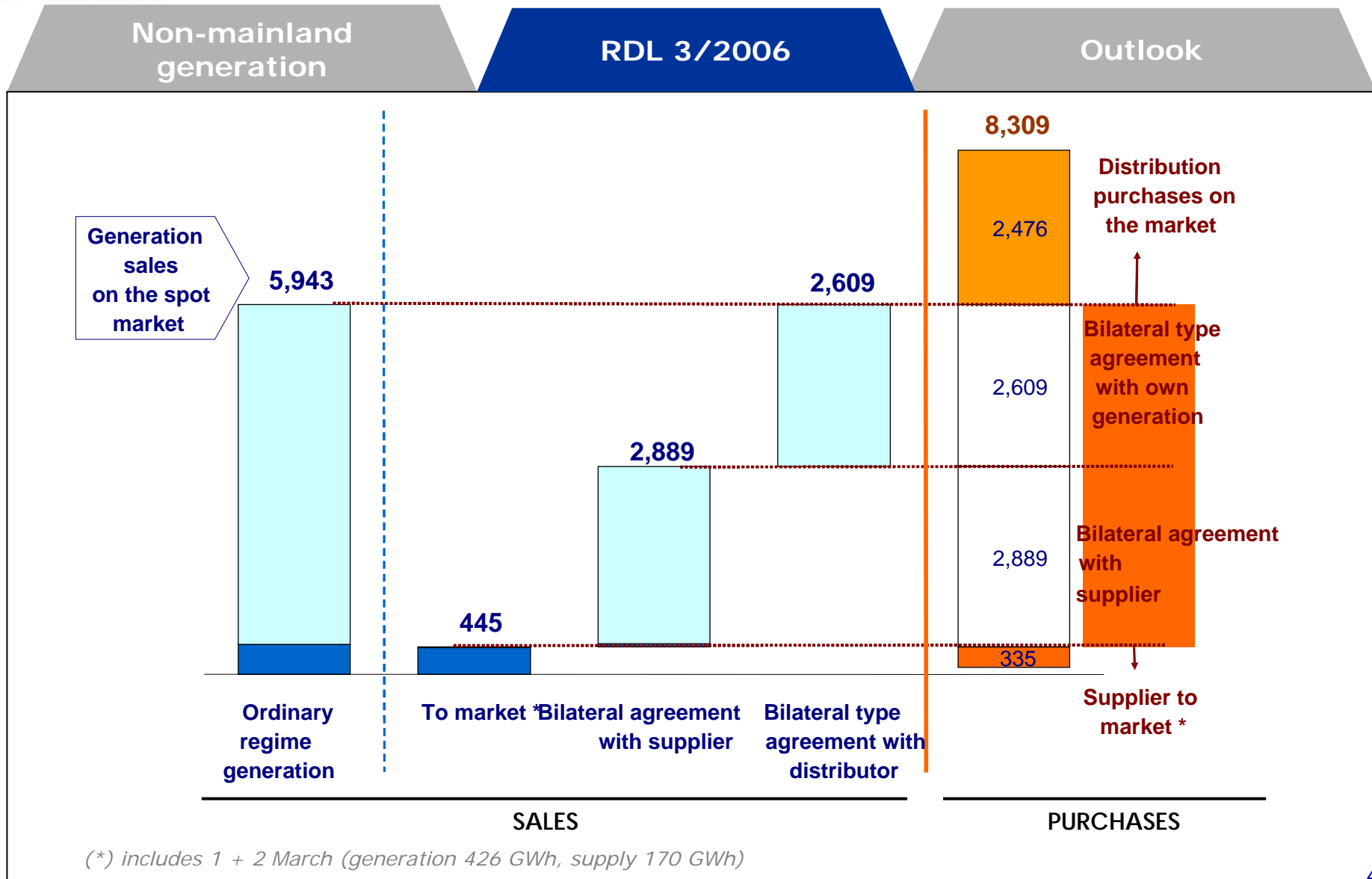
Back Up



Prepayments booked for non-mainland generation

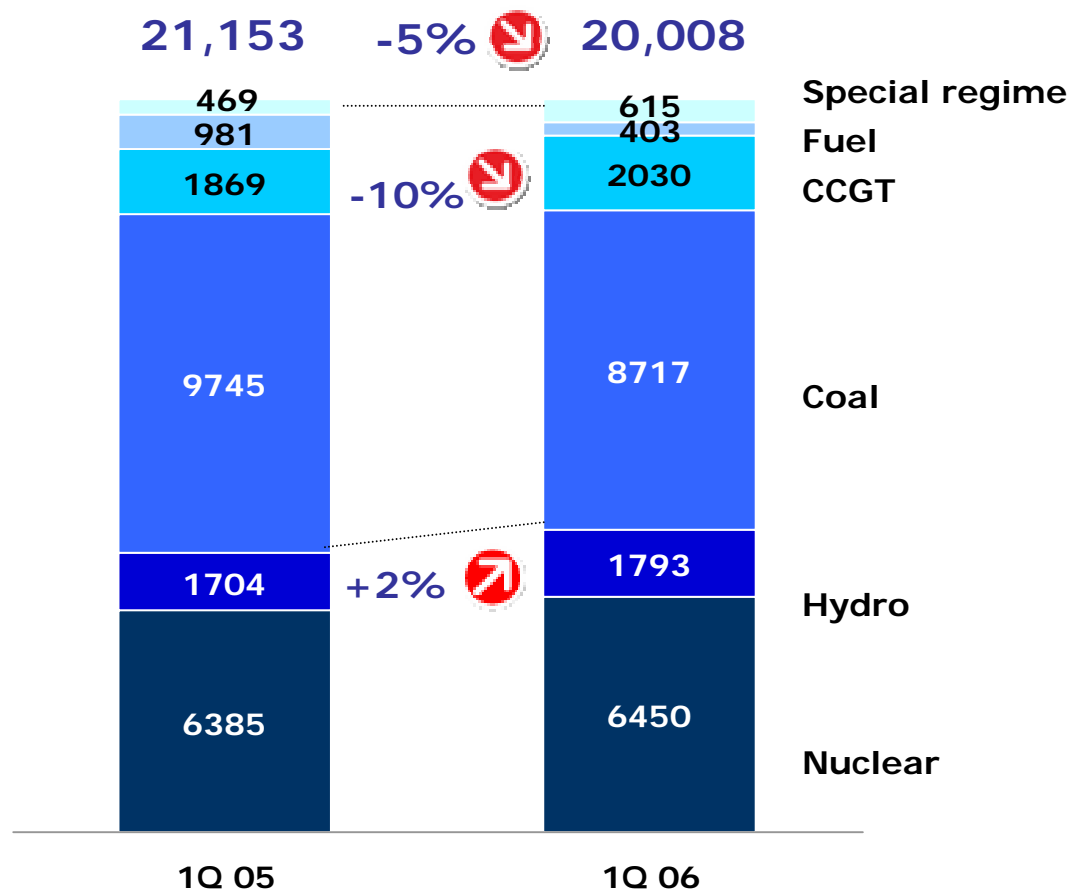
	Deficit	Financial adjustment	Total	Paid	Pending	Concept
2002	128	5	133	(50)	83	Deficit 2001-2002
2004	122		122		122	Deficit 2001-2004
2005	203	9	212		212	Deficit 2001-2004
	177		177		177	Deficit 2005
Total 2005	380	9	389		389	
March 2006	176	23	199		199	Deficit 2001-2004
	36	8	44		44	Deficit 2005
Total March 2006	212	31	243		243	
TOTAL	842	45	887	(50)	837	

Provisional impact of RDL 3/2006



Generation in Spain and Portugal

Endesa mainland generation (GWh)

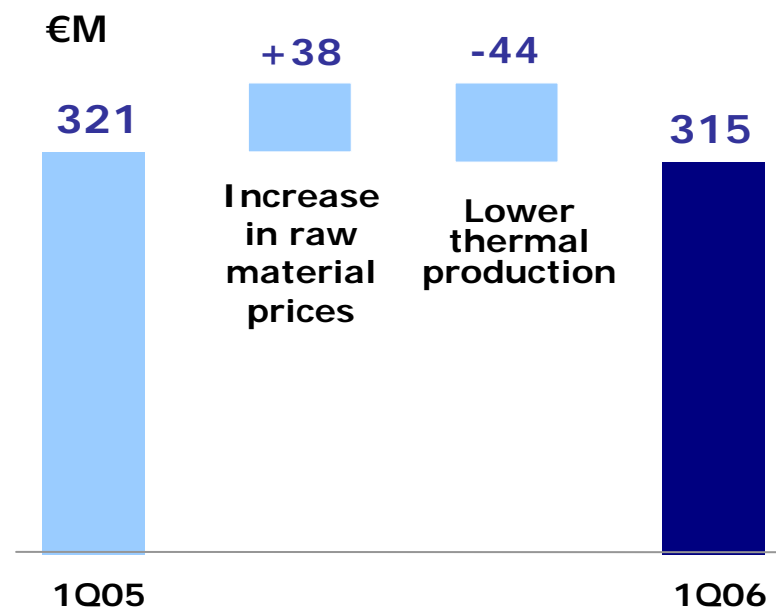


Competitive mainland fuel costs

Breakdown of mainland unit fuel costs

€/MWh	1Q05	1Q06	% chg
CCGT	25.7	36.8 ⁽²⁾	43.2%
Domestic coal ⁽¹⁾	20.9	21.5	2.6%
Imported coal	18.1	19.1	5.8%
Fuel	47.3	69.0	45.8%
Conventional thermal average	23.7	26.3	10.8%
Total average	15.5	16.2	4.7%

Breakdown of fuel cost effects

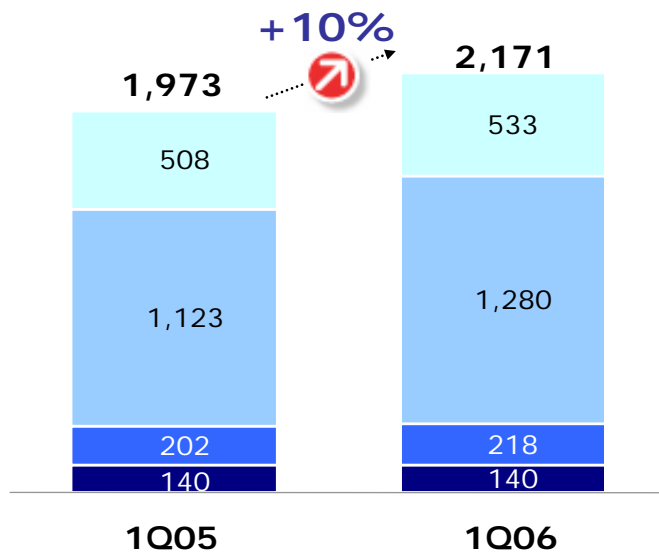


Lower growth in fuel costs despite the rise in international prices

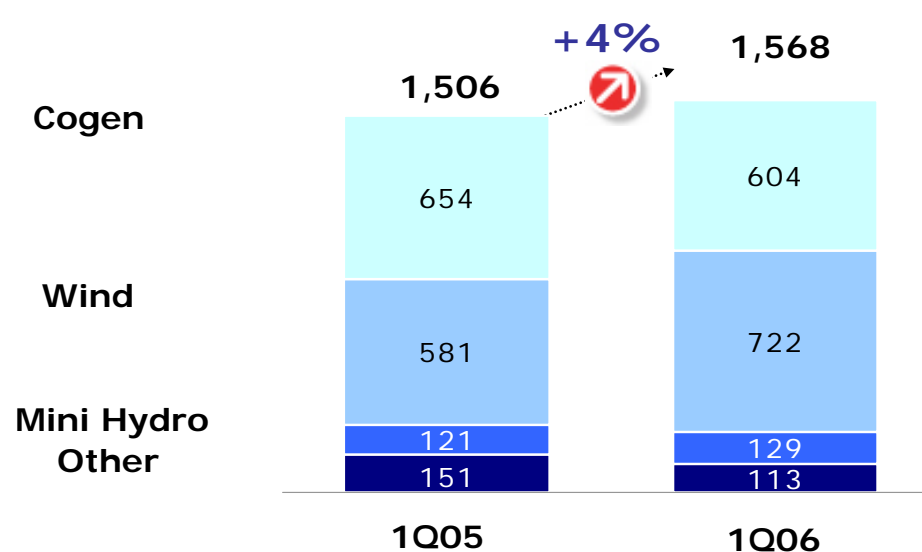
(1) Net of coal premiums. Gross increase of €22.3/MWh to €22.8/MWh. Includes imported coal consumed in domestic coal plants
 (2) €32.9/MWh excluding ATR.

Growth in renewables/CHP

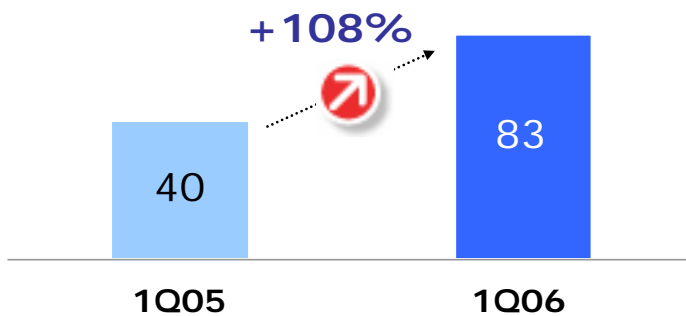
Capacity (MW) ⁽¹⁾



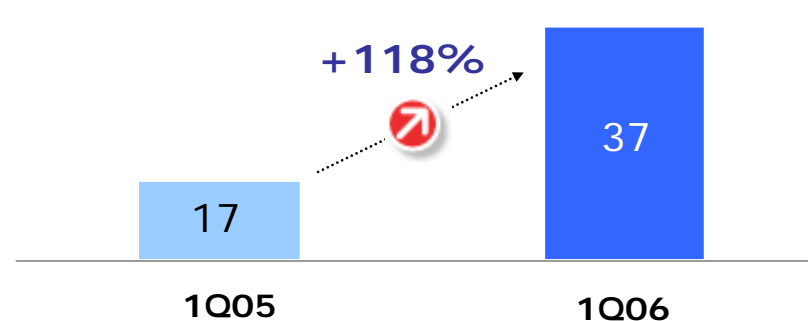
Output (GWh) ⁽¹⁾



Sales (€M)

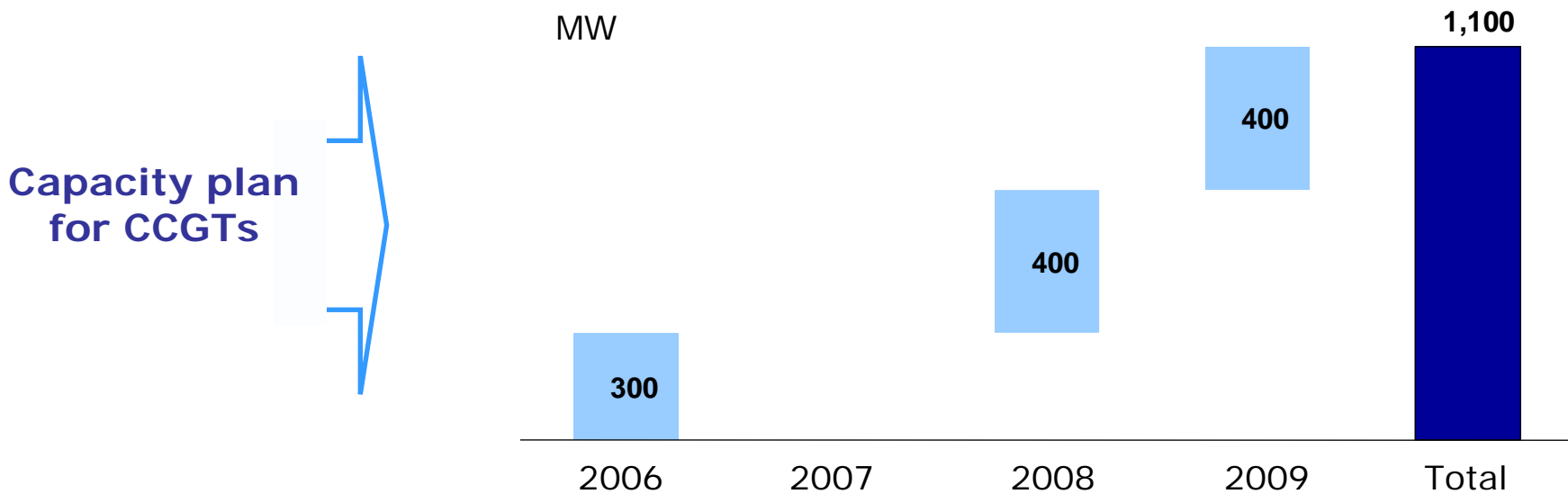
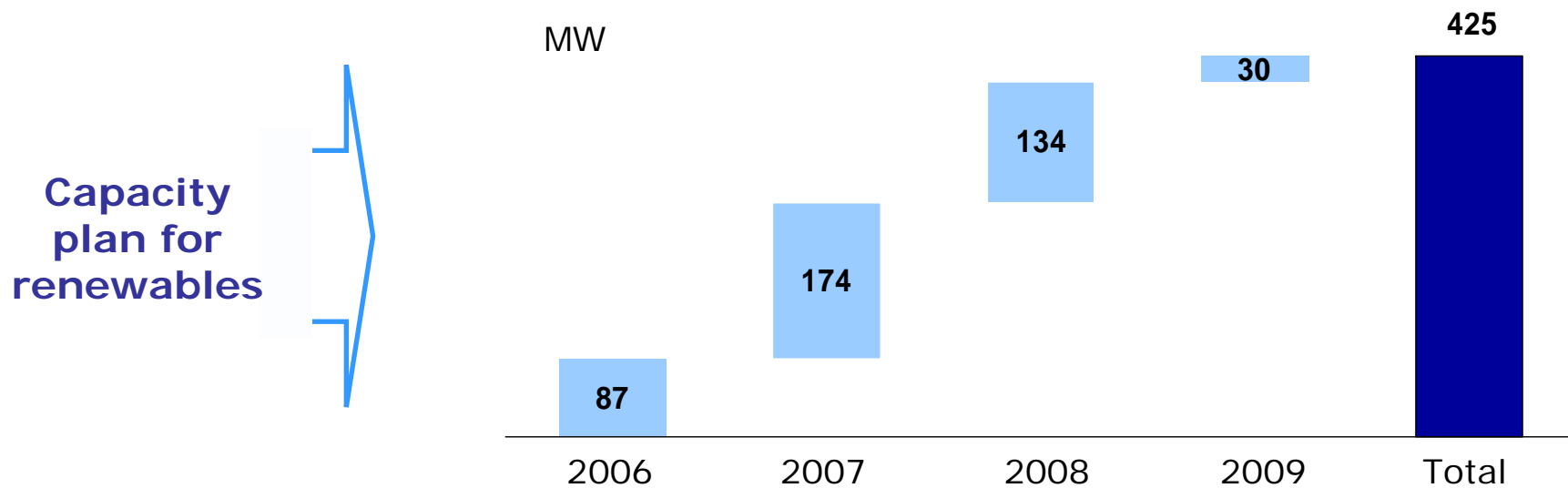


EBIT (€M)



(1) 100% of projects Endesa is participating in

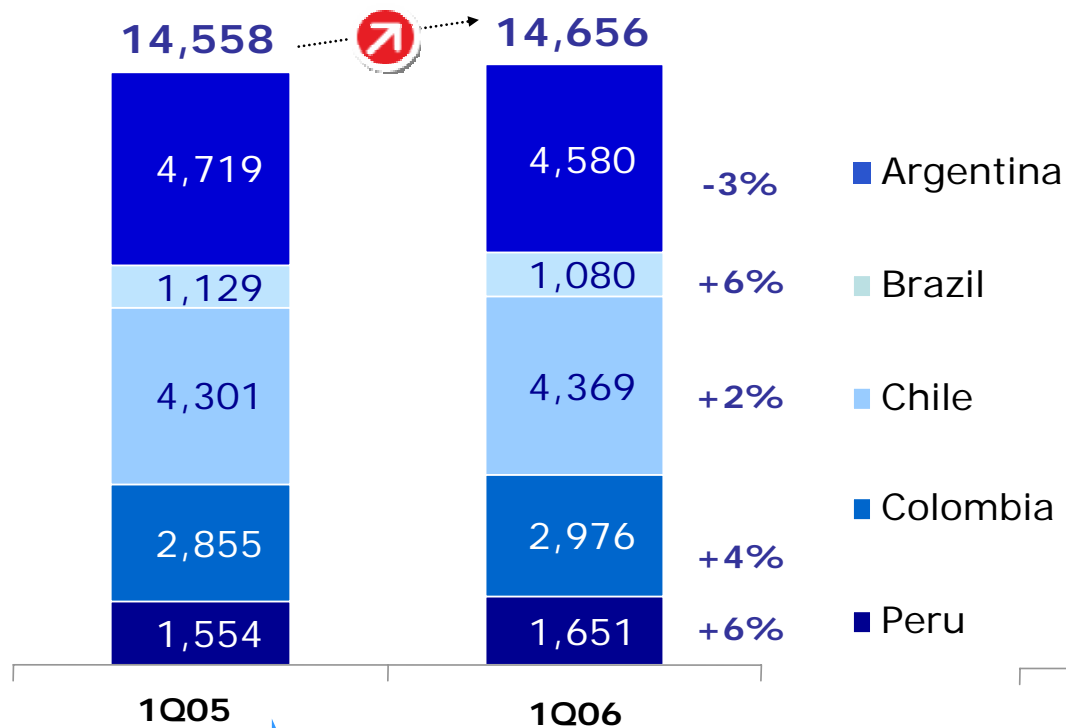
Italy: Capacity Plan 2006-2009



High growth in production and sales

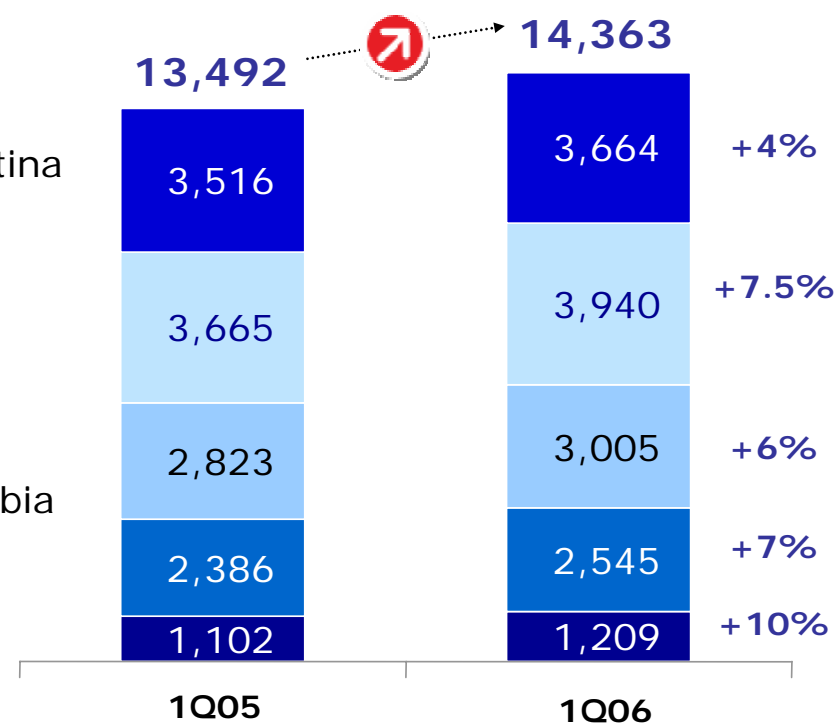
Generation (GWh)

+0.7% ⁽¹⁾



Distribution (GWh)

+6.5% ⁽²⁾



2004-2009
Strategic Plan

CAGR +3.5%



CAGR +5.0%



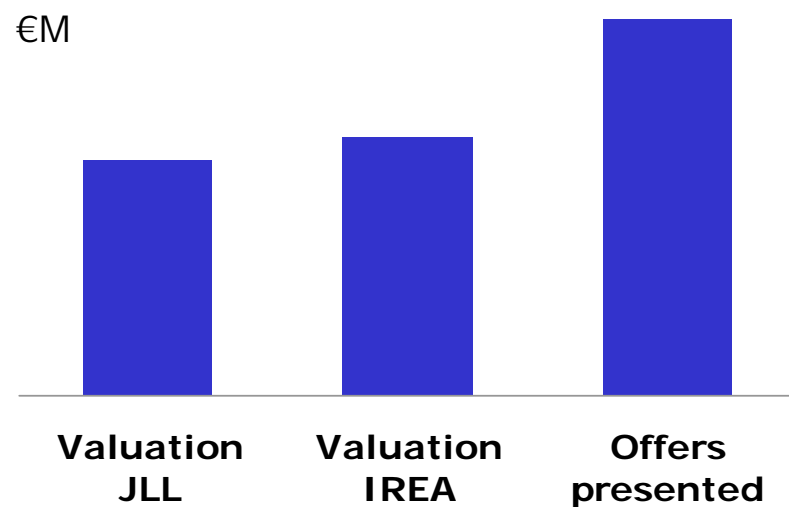
(1) Reported CAGR 4.6% 1Q06 vs 1Q04

(2) Reported CAGR 5.3% 1Q06 vs 1Q04

Bolonia Real Estate: Call for tenders in Palma de Mallorca



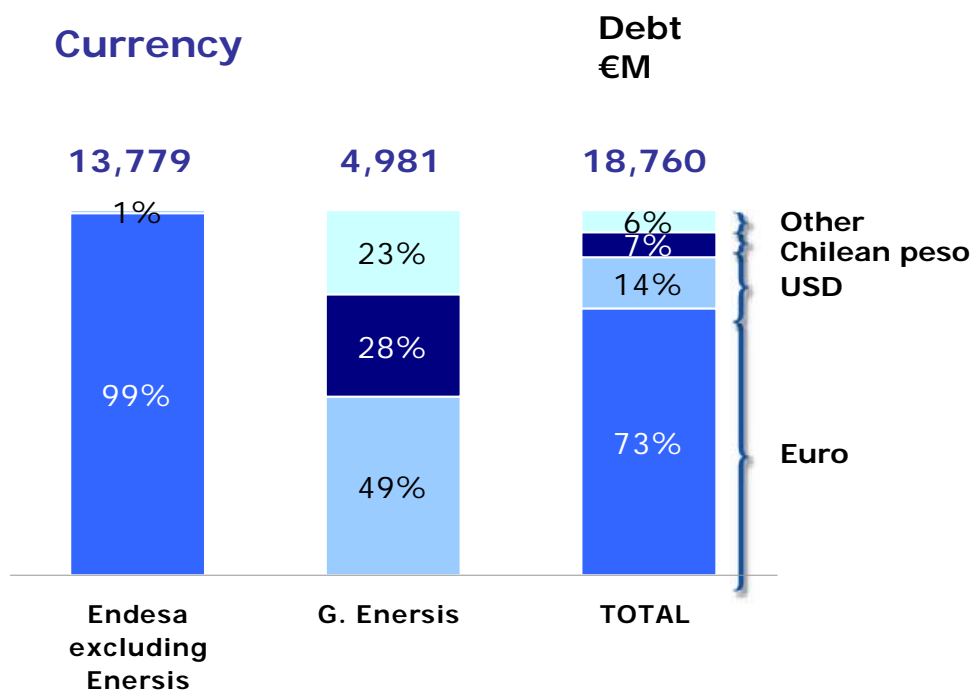
Value of assets for sale in 2006



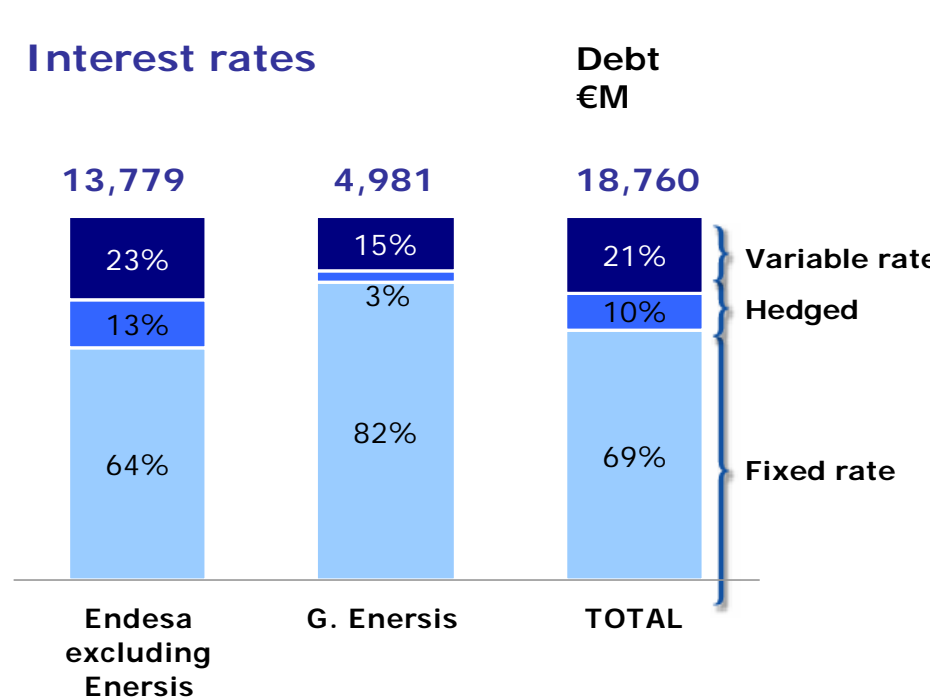
- Sale of real estate assets in Palma de Mallorca:
 - 75 interested investors
 - 22 non-binding offers
- The range of offers presented is substantially higher than the preliminary valuation

Debt structure aligned with needs and business risk

Currency hedging



Interest rate hedging

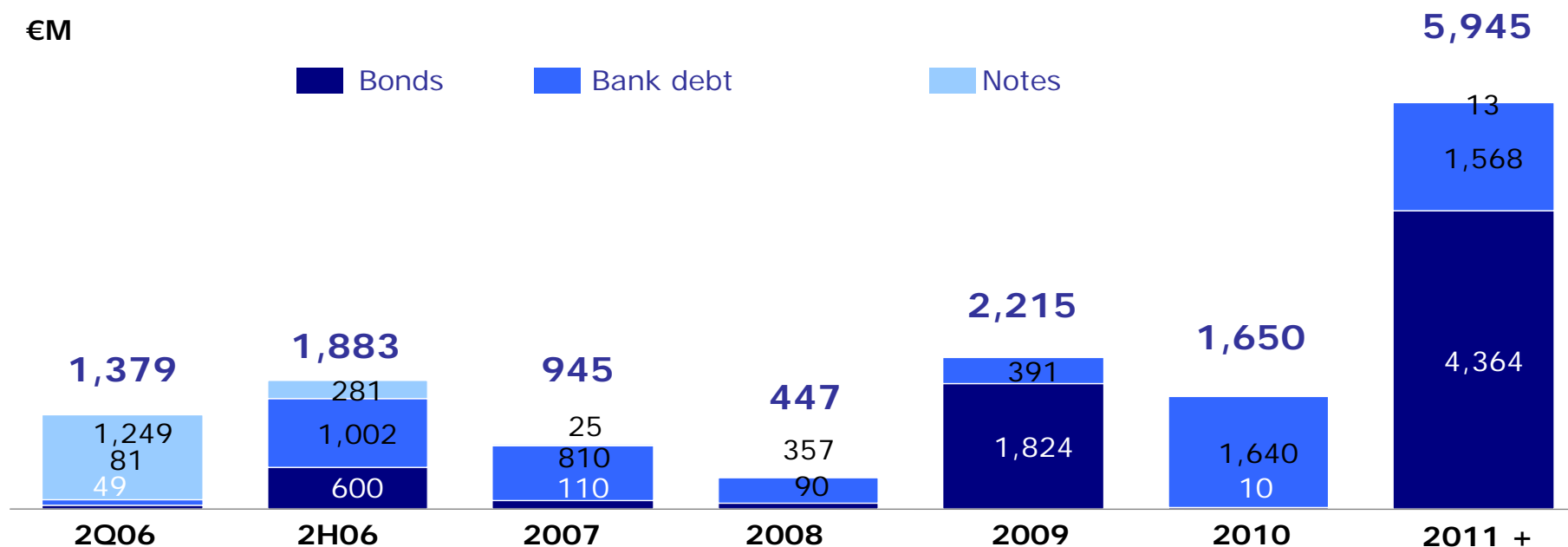


- Currency risk is limited by denominating debt in the same currency in which cash flow is generated
- The high percentage of interest-rate hedging reduces volatility in financial expenses

Endesa debt maturities excluding Enersis

Balance of debt maturities: €14,464M ⁽¹⁾

€M

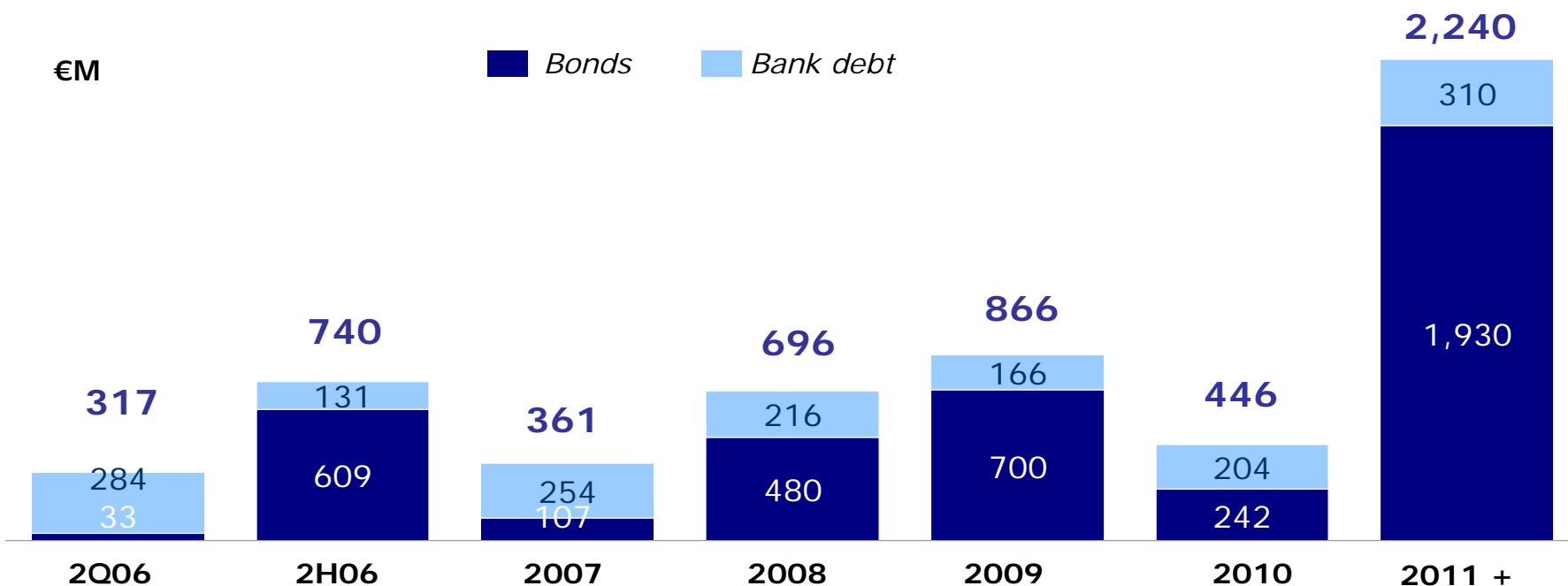


Endesa has liquidity (excluding Enersis) of €5,279M (€643M cash and €4,636M in undrawn credit lines) and covers debt maturities falling due in the next 34 months

(1) This gross balance differs from the total financial debt figure as it does not include outstanding execution costs or the market value of derivatives which do not involve any cash payment. The notes issued are backed by long-term credit lines, renewed on a regular basis.

Enersis' debt maturities

Balance of debt maturities: €5,666 M



Enersis has liquidity of €1,104M (€701M cash and €403M in undrawn credit lines) and covers debt maturities falling due in the next 10 months



Important Legal Information

Investors are urged to read Endesa's Solicitation/Recommendation Statement on Schedule 14D-9 when it is filed with the U.S. Securities and Exchange Commission (the "SEC"), as it will contain important information. The Solicitation/Recommendation Statement and other public filings made from time to time by Endesa with the SEC are available without charge from the SEC's website at www.sec.gov and at Endesa's principal executive offices in Madrid, Spain.

This presentation 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 are subject to material risks, uncertainties, changes and other factors which 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; expected asset disposals; estimated increases in capacity and output and changes in capacity mix; repowering of capacity and macroeconomic conditions. For example, the EBITDA and dividends targets for 2004 to 2009 included in this presentation are forward-looking statements and are based on certain assumptions which may or may not prove correct. The principal assumptions underlying these forecasts and targets relate to regulatory environment, exchange rates, divestments, increases in production and installed capacity in the various markets where Endesa operates, increases in demand in these markets, allocation of production among different technologies increased costs associated with higher activity levels not exceeding certain levels, the market price of electricity not falling below certain levels, the cost of CCGT and the availability and cost of gas, fuel, coal and emission rights necessary to operate our business at desired levels.

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

Economic and Industry Conditions: materially adverse changes in economic or industry conditions generally or in our markets; the effect of existing regulations and regulatory changes; tariff reductions; the impact of any fluctuations in interest rates; the impact of fluctuations in exchange rates; natural disasters; the impact of more stringent environmental regulations and the inherent environmental risks relating to our business operations; the 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. Any delays in or failure to obtain necessary regulatory approvals, including environmental to construct new facilities, repowering or enhancement of existing facilities; shortages or changes in the price of equipment, materials or labor; opposition of political and ethnic groups; adverse changes in the political and regulatory environment in the countries where we and our related companies operate; adverse weather conditions, which may delay the completion of power plants or substations, or natural disasters, accidents or other unforeseen events; and the inability to obtain financing at rates that are satisfactory to us.

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

Operating Factors: technical difficulties; changes in operating conditions and costs; the ability to implement cost reduction plans; the ability to maintain a stable supply of coal, fuel and gas and the impact of fluctuations on fuel and gas prices; acquisitions or restructurings; the ability to implement an international and diversification strategy successfully.

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

Further information about the reasons why actual results and developments may differ materially from the expectations disclosed or implied by our forward-looking statements can be found under "Risk Factors" in our annual report on Form 20-F for the year ended December 31, 2005.

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



1Q 2006 Results
Endesa's greater value



16 May 2006