



**ADAPTATION OF FY2004 FINANCIAL
STATEMENTS TO INTERNATIONAL
FINANCIAL REPORTING STANDARDS (IFRS)**

April 5th, 2005

1. General considerations

2. The effect of applying IFRS on financial statements at 31-12-04

3. Main criteria adopted

4. Main adjustments effect on Balance Sheet and Profit and Loss Account

5. Conclusions

Annex I: Balance Sheet and P&L Account by business lines

Annex II: Quarterly Balance Sheet and P&L

General Considerations

1

The consolidated Balance Sheet and Profit and Loss Account for 2004 restated in line with IFRS are proforma statements that shall use solely to compare with those of 2005, which will be the first year of presentations of accounts under IFRS.

2

According to the exemptions envisaged under IFRS 1 for "First-time Adoption of IFRS", in 2004 accounts IAS 32 and 39 (financial instruments) are not applied. Their first-time adoption will take place in 2005. The presentation includes information on the impact of these IAS on the opening balance of 2005.

3

Individual accounts of ENDESA, S.A. shall continue to be prepared in line with Spanish accounting criteria (PGC)

General Considerations

Main Changes

	PGC	IFRS	IMPACT
EQUITY	9,477	12,498	The increase in equity is a result of the inclusion of minority shareholders.
NET INCOME	1,379	1,253	The overall decline in net income under IFRS is attributable to the Latin America division and is due to the one-off reversal of the provision for Argentina. The profit on Endesa's business in Spain and Portugal and in Europe is higher under IFRS than under PGC.
Spain & Portugal	871	888	At 31 December 2003, ENDESA was over-provisioned under IFRS criteria (mainly risk provisions in Argentina for a net amount of €118 M). These provisions are adjusted against reserves in the first-time adoption of IFRS on 1 January 2004. Under PGC criteria, the bulk of these provisions were reversed in 2004. This income under PGC criteria is not recorded as income under IFRS as the provisions were eliminated on its first-time adoption.
Europe	145	169	
Latinamerica	270	127	
Other Business	93	69	

General Considerations

Main Changes

	PGC	IFRS	IMPACT
REVENUES	17,866	13,776	The decline in income is due to the netting under IFRS of distribution energy purchases with sales as energy purchases are a pass through. Also, generation sales and supply purchases made in the pool are offset when they correspond to the same time periods. The fall in revenues has no impact on net income.
EBITDA EBIT	4,885 3,242	4,521 2,846	The fall in EBITDA and EBIT is almost completely due to the reclassification of extraordinary results, as these disappear under IFRS. This decline therefore has no impact on net income.
NET DEBT	16,505	18,698	Net debt increases by 2,193 million euros, mainly due to preferred shares being booked as debt. This higher net debt implies an increase in leverage from 108.7% to 149.6%

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Reconciliation of Result and Equity

Euro Million	Net income	Capital stock, Reserves and FX translation diferences	Minority Interests	Total equity
BALANCE AT 31-12-04 UNDER PGC	1,379	8,098	(*)	9,477
Incorporation of minority shareholders			5,711	5,711
1. Accounting of Goodwill in local currency		(263)	(51)	(314)
2. Cancellation of Deferred charges	23	(247)	(9)	(233)
3. Goodwill amortization	215		52	267
4. Equity method adjustment	(26)	(189)		(215)
5. Inflationary Adjustment (Monetary correction)	(138)		(191)	(329)
6. Asset dismantling provision	3	(134)		(131)
7. Temporary Tax Diferences		(35)	(93)	(128)
8. Provision for extraordinary repairs	(15)	39		24
9. Foreign exchange gains	(35)	46		11
10. Other provisions adjustments to IFRS criteria	(157)	178	(10)	11
Other adjsuents	4	(18)	(4)	(18)
BALANCE AT 31-12-04 UNDER NIIF	1,253	7,475	5,405	14,133
Preferred shares			(1,500)	(1,500)
Derivative valuation		(137)	(7)	(144)
Effect of companies equity accounted		(18)		(18)
Market value of listed shares		27		27
BALANCE AT 01-01-05 UNDER NIIF	1,253	7,347	3,898	12,498

Reconciliation of Financial Debt

December, 31st 2004

Euro Million

Net debt reported at 31-12-04	16,505
Obligations with pension fund reported under the Other Creditors item under PGC	532
Long-term financial investments deducted from net debt reported on 31-12-04	156
Arrangement expenses on debt not yet accrued	(91)
Operating leases under PGC treated as financial leases under IFRS	65
Others	(89)
Net financial debt under IFRS at 31-12-04	17,078
Preferred shares	1,409
Impact of derivatives booked	211
Net financial debt under IFRS at 1-1-05	18,698

Profit and Loss Account

Year 2004

Euro Million	PGC 31-12-04	Adjustments and Reclassifications	Pro-forma IFRS 31-12-04
Revenues	17,866	(4,090)	13,776
Purchases and services	(10,214)	3,811	(6,403)
Gross Margin	7,652	(279)	7,373
Capitalized expenses	199	(38)	161
Personnel expenses	(1,288)	(105)	(1,393)
Other expenses	(1,678)	58	(1,620)
Gross Operating Income (EBITDA)	4,885	(364)	4,521
Depreciation and amortizations	(1,643)	(32)	(1,675)
Operating Income (EBIT)	3,242	(396)	2,846
Net Financial expenses	(1,138)	51	(1,087)
Foreign exchanges	8	(68)	(60)
Monetary correction	203	(203)	
Financial income	(927)	(220)	(1,147)
Income of companies by equity method	84	(5)	79
Income from other investments		40	40
Income from asset sales		195	195
Goodwill amortization	(312)	312	
Extraordinary results	146	(146)	
Income before taxes	2,233	(220)	2,013
Income taxes	(400)	48	(352)
Net Income	1,833	(172)	1,661
Attributable to the holders of the parent company	1,379	(126)	1,253
Minority interests	454	(46)	408

Balance Sheet

December, 31st 2004

Euro Million	PGC 31-12-04	Adjustments and Reclassifications	IFRS Pro-forma 31-12-04	Adjustments IAS 32 & 39	IFRS 01-01-05
ASSETS	48,031	(849)	47,182	3	47,185
Utility plant and intangible assets	29,545	(275)	29,270		29,270
Goodwill	4,413	(857)	3,556		3,556
Financial investment	2,965	522	3,487	23	3,510
Deferred taxes assets	2,619	371	2,990	76	3,066
Deferred charges	667	(667)	0		
Cash and cash equivalents	2,125	53	2,178		2,178
Other assets	5,697	4	5,701	(96)	5,605
EQUITY AND LIABILITIES	48,031	(849)	47,182	3	47,185
Equity of Parent Company	9,477	(749)	8,728	(128)	8,600
Minority interests	5,711	(306)	5,405	(1,507)	3,898
Total Equity	15,188 (*)	(1,055)	14,133	(1,635)	12,498
Deferred revenues	2,149	(614)	1,535		1,535
Long term provisions	4,369	25	4,394		4,394
Deferred tax liabilities	1,548	176	1,724	18	1,742
Financial debt	18,630	626	19,256	1,620	20,876
Other liabilities	6,147	(7)	6,140		6,140

Main effects of IFRS by Business Lines

	PGC 31-12-04	Adjustments and reclassifications	Pro-forma IFRS 31-12- 2004	Adjustments IAS 32 and 39	IFRS 1-1-2005
Net Income					
Spain and Portugal Electricity Business	871	17	888		
Europe Electricity Business	145	24	169		
Latin American Electricity Business	270	(143)	127		
Other Businesses	93	(24)	69		
Total Group	1,379	(126)	1,253		
Equity (*)					
Spain and Portugal Electricity Business	5,060	1,375	6,435	(1,597)	4,838
Europe Electricity Business	1,683	623	2,306	(4)	2,302
Latin American Electricity Business	2,617	2,874	5,491	(16)	5,475
Other Businesses	117	(216)	(99)	(18)	(117)
Total Group	9,477	4,656	14,133	(1,635)	12,498
Net Financial Debt					
Spain and Portugal Electricity Business	7,294	697	7,991	1,595	9,586
Europe Electricity Business	2,119	(2)	2,117	6	2,123
Latin American Electricity Business	5,453	(122)	5,331	19	5,350
Other Businesses	1,639		1,639		1,639
Total Group	16,505	573	17,078	1,620	18,698

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Exceptions allowed under first-time adoption

Use by Endesa

In the opening balance sheet for 2004 (first-time adoption), all assets and liabilities were recalculated according to the IFRS and IAS standards to be implemented in 2005. ENDESA has chosen to take advantage of the following exceptions under IFRS I:

REVALUATION OF ASSETS	The revaluation of assets restatements in Spain and the monetary corrections in Chile, Colombia and Peru carried out up until 31 December 2003 are maintained and these revaluations incorporated into the historical cost of assets
BUSINESS COMBINATIONS	No changes are made to the value of business combinations prior to 31 December 2003
PENSIONS	All pension liabilities are booked, largely coinciding with the figures recorded under PGC, while the option of deferring past actuarial variations is not applied.
TRANSLATION DIFFERENCES	All translation differences accumulated through to 31 December 2003 are written off against reserves, with translation differences in the future being those accumulated since 1 January 2004
IAS 32 AND 39 (Financial instruments)	IAS 32 and 39 (Financial Instruments) are not applied in 2004, and will be adopted for the first time on 1 January 2005, their effect being booked against reserves.

Main Options Chosen

In some circumstances IFRS allows companies to choose between different options. The main options chosen by ENDESA are:

VALUATION OF ASSETS	By their acquisition cost instead of their fair value
JOINTLY-CONTROLLED COMPANIES	Carried under the equity method. This mainly affects Auna, Nuclenor and the nuclear plants' economic interest groupings (not the assets)
PENSION PROVISIONS	All variations in pension provisions are booked, without taking advantage of the fluctuation band (corridor) option. Actuarial gains and losses are deferred over the remaining working life of the employees affected
SUBSIDIES CONNECTION RIGHTS	Subsidies and connection rights are still carried as liabilities, not as a reduction in assets

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Reconciliation of 2004 Consolidated P&L Account

Spanish GAAP (PGC) – IFRS (2004)

Euro Million	PGC		ADJUSTMENTS (*)											IFRS
	31-12-04	1	2	3	4	5	6	7	8	9	10	11	13	31-12-04
Revenues	17,866					(12)					(6)	(4,228)	156	13,776
Purchases and services	(10,214)					10			(2)			4,228	(425)	(6,403)
Gross margin	7,652					(2)			(2)		(6)		(269)	7,373
Capitalized expenses	199												(38)	161
Personnel expenses	(1,288)					1					(17)		(89)	(1,393)
Other expenses	(1,678)		(1)				1		(18)		(5)		81	(1,620)
Gross operating income	4,885		(1)			(1)	1		(20)		(28)		(315)	4,521
Depreciation and amortizations	(1,643)		23			2	(1)						(56)	(1,675)
Operating income	3,242		22			1			(20)		(28)		(371)	2,846
Net Financial expenses	(1,138)					(4)	(11)				6		60	(1,087)
Foreign exchanges	8		2			(23)				(52)			5	(60)
Monetary correction	203					(203)								
Financial income	(927)		2			(230)	(11)			(52)	6		65	(1,147)
Equity income	84				(22)								17	79
Income from other investments													40	40
Income from asset sales													195	195
Goodwill amortization	(312)			312										
Extraordinary results	146		12		(4)		15		(2)		(248)		81	
Income before taxes	2,233		36	312	(26)	(229)	4		(22)	(52)	(270)		27	2,013
Income taxes	(400)		(13)	(45)		8	(1)		7	17	94		(19)	(352)
Income for the period	1,833		23	267	(26)	(221)	3		(15)	(35)	(176)		8	1,661
Net income attributable to the parent company	1,379		23	215	(26)	(138)	3		(15)	(35)	(157)		4	1,253
Minority interests	454			52		(83)					(19)		4	408

Reconciliation of Consolidated Balance Sheet

Spanish GAAP (PGC) – IFRS (2004)

Euro Million	PGC		Adjustments (*)										IFRS	Adjust.	IFRS	
	31-12-04	1	2	3	4	5	6	7	8	9	10	12	13	31-12-04	IAS 32&39	01-01-05
ASSETS	48,031	(387)	(381)	236	(213)	(296)	81	122	(10)	(1)	37		(37)	47,182	3	47,185
Utility plant and intangible assets	29,545		50			(276)	22		(1)		38		(108)	29,270		29,270
Goodwill	4,413	(400)		214	(571)	(51)	(24)	(6)	(5)		(6)		(8)	3,556		3,309
Financial investments	2,965	(17)	53	36	359	(6)					13		84	3,487	23	3,510
Deferred taxes	2,619	30	71	(13)		40	83	130	(4)	(1)	(8)		43	2,990	76	3,066
Deferred charges	667		(667)													
Cash and cash equivalents	2,125												53	2,178		2,178
Other assets	5,697		112	(1)	(1)	(3)		(2)					(101)	5,701	(96)	5,605
EQUITY AND LIABILITIES	48,031	(387)	(381)	236	(213)	(296)	81	122	(10)	(1)	37		(37)	47,182	3	47,185
Equity	9,477	(263)	(224)	215	(215)	(138)	(131)	(35)	24	11	21		(14)	8,728	(128)	8,600
Minority interests	5,711	(51)	(9)	52		(191)		(93)			(10)		(4)	5,405	(1,507)	3,898
Total Equity (**)	15,188	(314)	(233)	267	(215)	(329)	(131)	(128)	24	11	11		(18)	14,133	(1,635)	12,498
Deferred revenues	2,149		(2)							(24)		(511)	(77)	1,535		1,535
Long term provisions	4,369		(7)				201		(46)		6		(129)	4,394		4,394
Deferred tax liabilities	1,548	(73)	(48)	(32)		32	11	247	12	12			15	1,724	18	1,742
Financial debt	18,630		(92)										718	19,256	1,620	20,876
Other liabilities	6,147		1	1	2	1		3			20	511	(546)	6,140		6,140

Main adjustments in conversion to IFRS

EFFECTS IN 2004

1	Goodwill is accounted for in local currency since the outset and is therefore reduced by devaluations in Latin American currencies.
2	Cancellation of deferred expenses deriving basically from pensions and staff cutbacks to be recovered through CTCs and debt emission expenses.
3	Goodwill is no longer amortised from 1-1-04.
4	Adjust the balance sheets of equity-accounted affiliates to IFRS and no longer equity-account stakes in listed companies with a holding below 20%.
5	No longer account for inflation adjustments (monetary correction) in Chile, Colombia and Peru since 1-1-04
6	Amortisation of the cost of dismantling fixed assets from the start of the useful life of facilities
7	Calculation of temporary tax differences in line with IFRS criteria
8	Cancellation of the provision for major repairs
9	Accrual accounting of exchange gains
10	Other provisions adjustments to IFRS criteria
11	Netting of energy sales and purchases in Distribution and between Generation and Marketing
12	Transfer of pending accrued revenues from Snet's contract with EdF from deferred revenues to other liabilities

Main Adjustments in Conversion to IFRS

EFFECT OF THE APPLICATION OF IAS 32 AND 39 (FINANCIAL INSTRUMENTS) AS OF JANUARY 1ST 2005

- ✓ Accounting of preferred shares as debt
- ✓ Valuation of derivatives
- ✓ Application of IAS 32 and 39 at AUNA
- ✓ Valuation at market value of Red Eléctrica

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✓ The application of IFRS is a very positive step towards greater clarity, harmonisation and transparency of financial information

✓ In the future, under IFRS ENDESA's consolidated net profit is expected to be slightly higher than it is under current Spanish accounting criteria

✓ The application of IFRS will therefore not affect the dividend policy already in place

✓ Consolidated accounts are not affected by tax issues, therefore, IFRS should not affect the taxes paid by the group

✓ As it only results in accounting changes, the adoption of IFRS has no impact on cash flow generation or on the value of the company

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2004 Profit and Loss Account

Spain and Portugal

Euro Million	PGC	Adjustments	IFRS 31-12-04
Revenues	11,161	(4,331)	6,830
Purchases and services	(6,740)	4,262	(2,478)
Gross margin	4,421	(69)	4,352
Capitalized expenses	138	(5)	133
Personnel expenses	(888)	(97)	(985)
Other expenses	(945)	(183)	(1,028)
Gross operating income	2,726	(254)	2,472
Depreciation and amortizations	(1,054)	14	(1,040)
Operating income	1,672	(240)	1,432
Net Financial expenses	(499)	(2)	(501)
Foreign exchanges	(26)	36	10
Correction	0		
Financial income	(525)	34	(491)
Equity income	33	13	46
Income from other investments		23	23
Income from asset sales		71	71
Goodwill amortization			
Extraordinary results	(131)	131	
Income before taxes	1,049	32	1,081
Income taxes	(109)	(15)	(124)
Income for the period	940	17	957
Net income attributable to the parent company	871	17	888
Minority interests	69		69

Balance Sheet December, 31st 2004

Spain and Portugal

Euro Million			IFRS	Adjustments	IFRS
	PGC	Adjustments	31-12-04	IFRS 32&39	01-01-05
ASSETS	24,900	(22)	24,878	16	24,894
Utility plant and intangible assets	16,883	25	16,908		16,908
Goodwill					
Financial investment	996	109	1,105	41	1,146
Deferred taxes	1,930	276	2,206	71	2,277
Deferred charges	491	(491)			
Cash and cash equivalents	1,257	49	1,306		1,306
Other assets	3,343	10	3,353	(96)	3,257
EQUITY AND LIABILITIES	24,900	(22)	24,878	16	24,894
Equity	5,060	(241)	4,819	(97)	4,722
Minority interests	1,617	(1)	1,616	(1,500)	116
Total Equity	6,677^(*)	(242)	6,435	(1,597)	4,838
Deferred revenues	1,522	(76)	1,446		1,446
Long term provisions	3,468	(17)	3,451		3,451
Deferred tax liabilities	320	138	458	18	476
Financial debt	8,551	746	9,297	1,595	10,892
Other liabilities	4,362	(571)	3,791		3,791

2004 Profit and Loss Account

Europe

Euro Million	PGC	Adjustments	IFRS 31-12-04
Revenues	2,584	(8)	2,576
Purchases and services	(1,740)	(6)	(1,746)
Gross margin	844	(14)	830
Capitalized expenses	21	(11)	10
Personnel expenses	(115)		(115)
Other expenses	(193)	3	(190)
Gross operating income	557	(22)	535
Depreciation and amortizations	(163)	(2)	(165)
Operating income	394	(24)	370
Net Financial expenses	(74)	11	(63)
Foreign exchanges	1		1
Monetary correction			
Financial income	(73)	11	(62)
Equity income	10		10
Income from other investments			
Income from asset sales			
Goodwill amortization	(90)	90	
Extraordinary results	41	(41)	
Income before taxes	282	36	318
Income taxes	(104)	(10)	(114)
Income for the period	178	26	204
Net income attributable to the parent company	145	24	169
Minority interests	33	2	35

Balance Sheet December, 31st 2004

Europe

Euro Million			IFRS	Adjustments	IFRS
	PGC	Adjustments	31-12-05	IAS 32&39	01-01-05
ASSETS	6,218	(20)	6,198	2	6,200
Utility plant and intangible assets	3,538	8	3,546		3,546
Goodwill	1,535	(28)	1,507		1,507
Financial investment	118	35	153		153
Deferred taxes	157	2	159	2	161
Deferred charges	37	(37)			
Cash and cash equivalents	61		61		61
Other assets	772		772		772
EQUITY AND LIABILITIES	6,218	(20)	6,198	2	6,200
Equity	1,683	(16)	1,667	(3)	1,664
Minority interests	630	9	639	(1)	638
Total Equity	2,313^(*)	(7)	2,306	(4)	2,302
Deferred revenues	520	(511)	9		9
Long term provisions	258	(4)	254		254
Deferred tax liabilities	297	(29)	268		268
Financial debt	2,180	(2)	2,178	6	2,184
Other liabilities	650	533	1,183		1,183

2004 Profit and Loss Account

Latam

Euro Million	PGC	Adjustments	IFRS 31-12-04
Revenues	4,100	257	4,357
Purchases and services	(1,732)	(445)	(2,177)
Gross margin	2,368	(188)	2,180
Capitalized expenses	40	(22)	18
Personnel expenses	(277)	(8)	(285)
Other expenses	(531)	140	(391)
Gross operating income	1,600	(78)	1,522
Depreciation and amortizations	(419)	(49)	(468)
Operating income	1,181	(127)	1,054
Net Financial expenses	(497)	44	(453)
Foreign exchanges	(32)	(55)	(87)
Monetary correction	203	(203)	
Financial income	(326)	(214)	(540)
Equity income	16		16
Income from other investments			
Income from asset sales		2	2
Goodwill amortization	(186)	186	
Extraordinary results	108	(108)	
Income before taxes	793	(261)	532
Income taxes	(173)	72	(101)
Income for the period	620	(189)	431
Net income attributable to the parent company	270	(143)	127
Minority interests	350	(46)	304

Balance Sheet December, 31st 2004

Latam

Euro Million			IFRS	Adjustments	IFRS
	PGC	Adjustments	31-12-04	IAS 32&39	01-01-05
ASSETS	14,870	(586)	14,284	3	14,287
Utility plant and intangible as:	9,110	(300)	8,810		8,810
Goodwill	2,322	(273)	2,049		2,049
Financial investment	642	40	682		682
Deferred taxes	323	88	411	3	414
Deferred charges	139	(139)			
Cash and cash equivalents	807	4	811		811
Other assets	1,527	(6)	1,521		1,521
EQUITY AND LIABILITIES	14,870	(586)	14,284	3	14,287
Equity	2,617	(276)	2,341	(10)	2,331
Minority interests	3,464	(314)	3,150	(6)	3,144
Total Equity	6,081 (*)	(590)	5,491	(16)	5,475
Deferred revenues	97	(17)	80		80
Long term provisions	625	46	671		671
Deferred tax liabilities	760	63	823		823
Financial debt	6,260	(118)	6,142	19	6,161
Other liabilities	1,047	30	1,077		1,077

2004 Profit and Loss Account

Other Business

Euro Million	PGC	Adjustments	IFRS 31-12-04
Revenues	21	(8)	13
Purchases and services	(2)		(2)
Gross margin	19	(8)	11
Capitalized expenses			
Personnel expenses	(8)		(8)
Other expenses	(9)	(2)	(11)
Gross operating income	2	(10)	(8)
Depreciation and amortizations	(7)	5	(2)
Operating income	(5)	(5)	(10)
Net Financial expenses	(68)	(2)	(70)
Foreign exchanges	65	(49)	16
Monetary correction			0
Financial income	(3)	(51)	(54)
Equity income	25	(18)	7
Income from other investments		17	17
Income from asset sales		122	122
Goodwill amortization	(36)	36	
Extraordinary results	128	(128)	
Income before taxes	109	(27)	82
Income taxes	(14)	1	(13)
Income for the period	95	(26)	69
Net income attributable to the parent company	93	(24)	69
Minority interests	2	(2)	

Balance Sheet December, 31st 2004

Other Business

Euro Million			IFRS	Adjustment	IFRS
	PGC	Adjustment	31-12-05	IAS 32&39	01-01-05
ASSETS	2,043	(221)	1,822	(18)	1,804
Utility plant and intangible asset:	14	(8)	6		6
Goodwill	556	(556)			
Financial investment	1,209	338	1,547	(18)	1,529
Deferred taxes	209	5	214		214
Deferred charges					
Cash and cash equivalents					
Other assets	55		55		55
EQUITY AND LIABILITIES	2,043	(221)	1,822	(18)	1,804
Equity	117	(216)	(99)	(18)	(117)
Minority interests					
Total Equity	117 (*)	(216)	(99)	(18)	(117)
Deferred revenues	10	(10)			
Long term provisions	18		18		18
Deferred tax liabilities	171	4	175		175
Financial debt	1,639		1,639		1,639
Other liabilities	88	1	89		89

1.General considerations

2.The effect of applying IFRS on financial statements at 31-12-04

3.Main criteria adopted

4.Main effect on Balance Sheet and Profit and Loss Account

5.Conclusions

Annex I: Balance Sheet and P&L Account by business lines

Annex II: Quarterly Balance Sheet and P&L

See attached excel file

Cautionary Statement for Purposes of the “Safe Harbor” Provisions of the United States Private Securities Litigation Reform Act of 1995. The U.S. Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements.

This presentation contains certain forward-looking statements regarding anticipated financial and operating results and statistics that are subject to risks and uncertainties. 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 could 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 all of these forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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.

The financial information presented in this document has been prepared on the basis of all International Financial Reporting Standards (IFRSs) and Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) effective for the year ended 31 December 2005 and it has not been audited. In this respect, all of the following should be noted:

- This information has been prepared on the assumption that current IFRSs will all be timely endorsed by the European Commission (EC). The failure of the EC to endorse some of these standards and interpretations could result in the need to make changes to the information presented in this document.
- Standards currently in issue and adopted by the European Union are subject to interpretations issued from time to time by the IFRIC. Also, further standards might be issued by the IASB that may be applicable for financial years beginning on or after 1 January 2005.
- IFRSs have recently undergone a significant revision process and are currently being applied in the European Union and in a large number of countries simultaneously for the first time. Accordingly, there is not yet a significant body of well established practice and detailed regulation on which to base the resolution of certain technical issues occasionally arising during the application of these standards to fact patterns not specifically addressed by IFRSs.
- Changes arising from any of the above listed items or from the evolution of industry practice might also impact certain decisions and interpretations currently adopted by the Endesa Group for the preparation of the information contained in this document.
- As a result of all of the above, it is possible that further changes might be required to this information before it is published as comparative financial information in the 2005 Annual Report of the Endesa Group.



**ADAPTATION OF FY2004 FINANCIAL
STATEMENTS TO INTERNATIONAL
FINANCIAL REPORTING STANDARDS (IFRS)**

April 5th, 2005