



1H 2006 results
Endesa's greater value



25 July 2006







Excellent 1H 2006 results

- Sharp increases across income statement
- Strong growth in all business lines
- Sustained performance clearly above targets

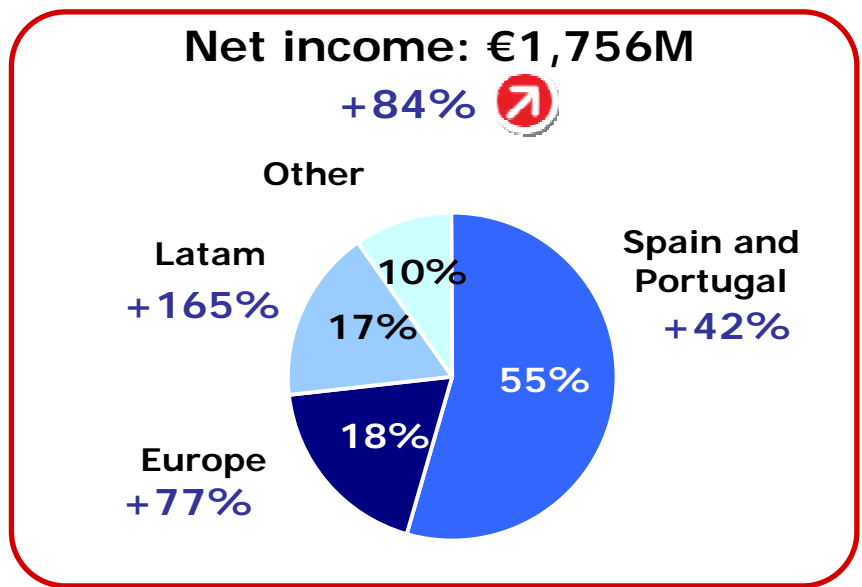
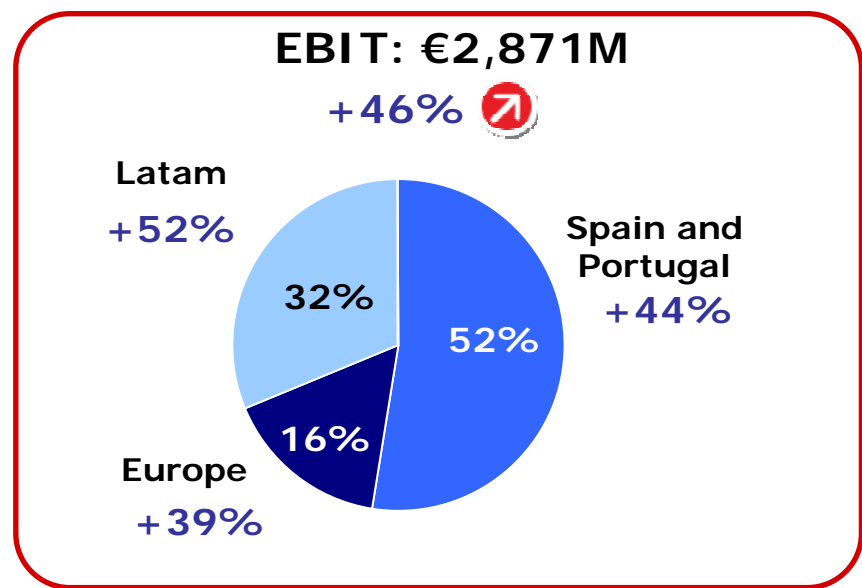
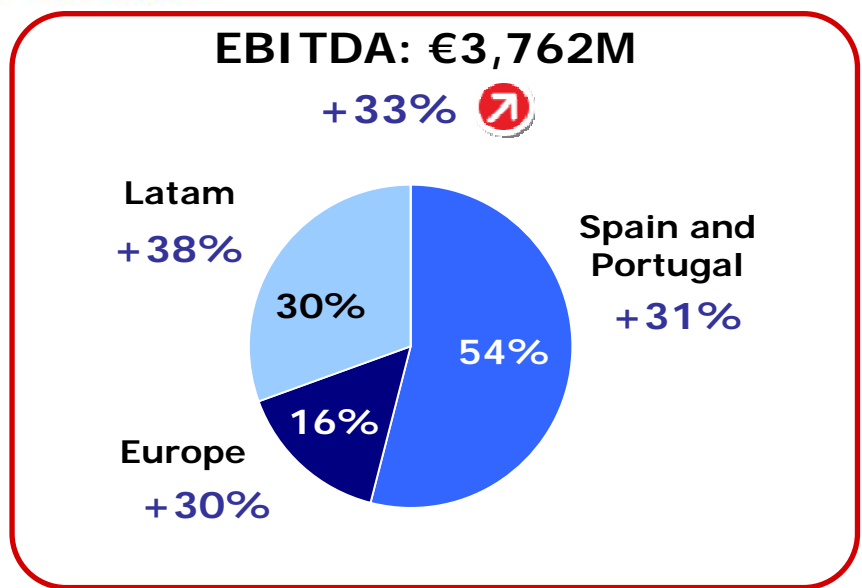
New commitments to future growth

- Higher EBITDA and Net Income in 2006 and 2009
- €2,900 M of higher dividends up to 2009

Excellent 1H 2006 results

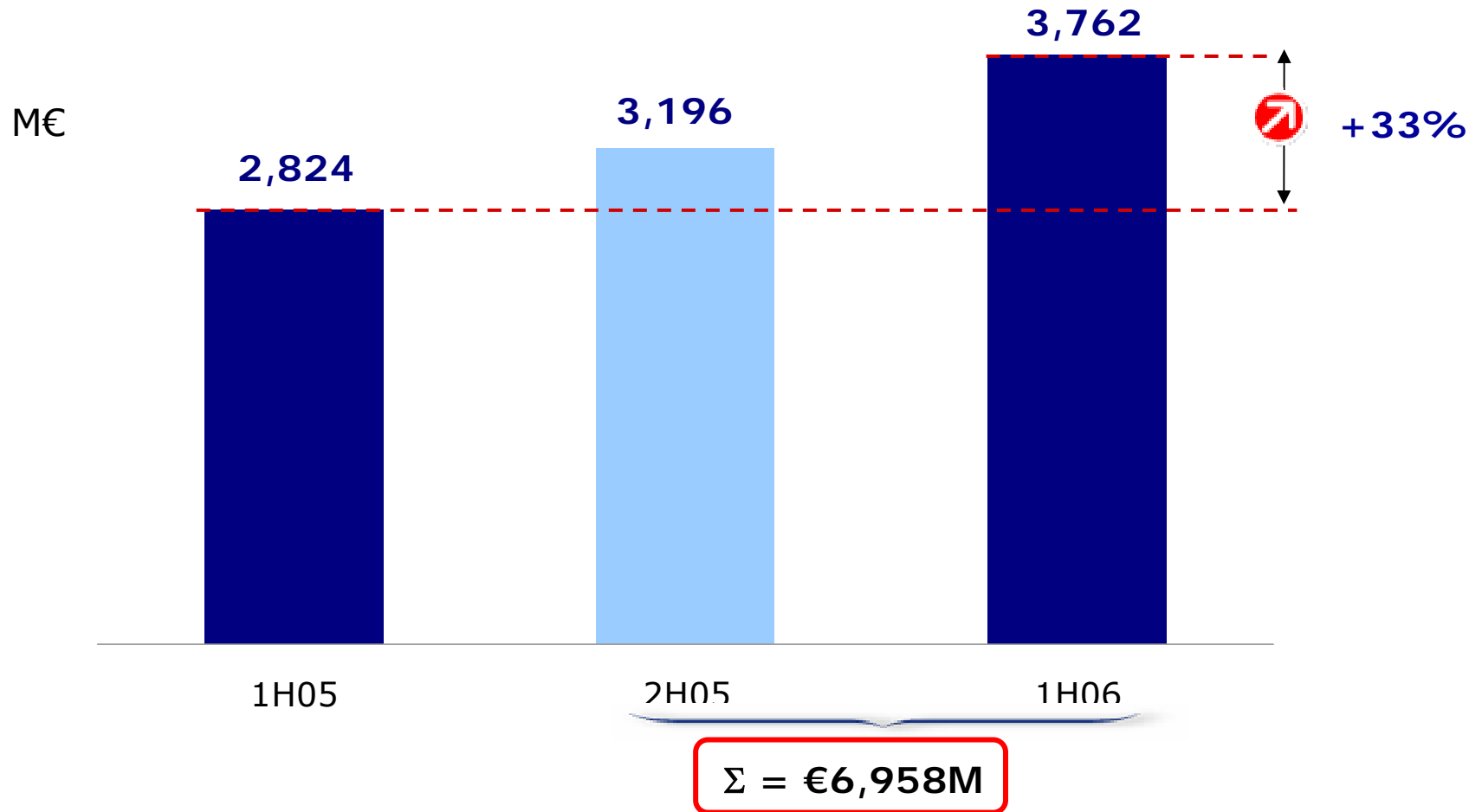
€M	1H 2005	1H 2006	% chg
Sales	8,256	9,946	+20% 
Gross margin	4,220	5,299	+26% 
EBITDA	2,824	3,762	+33% 
EBIT	1,969	2,871	+46% 
Net financial expenses	-536	-480	-10% 
Net income	956	1.756	+84% 
	31.12.05	30.06.06	% chg
Leverage	1.12x	1.25x	+0.13p

Strong growth in all business lines



Results beating targets

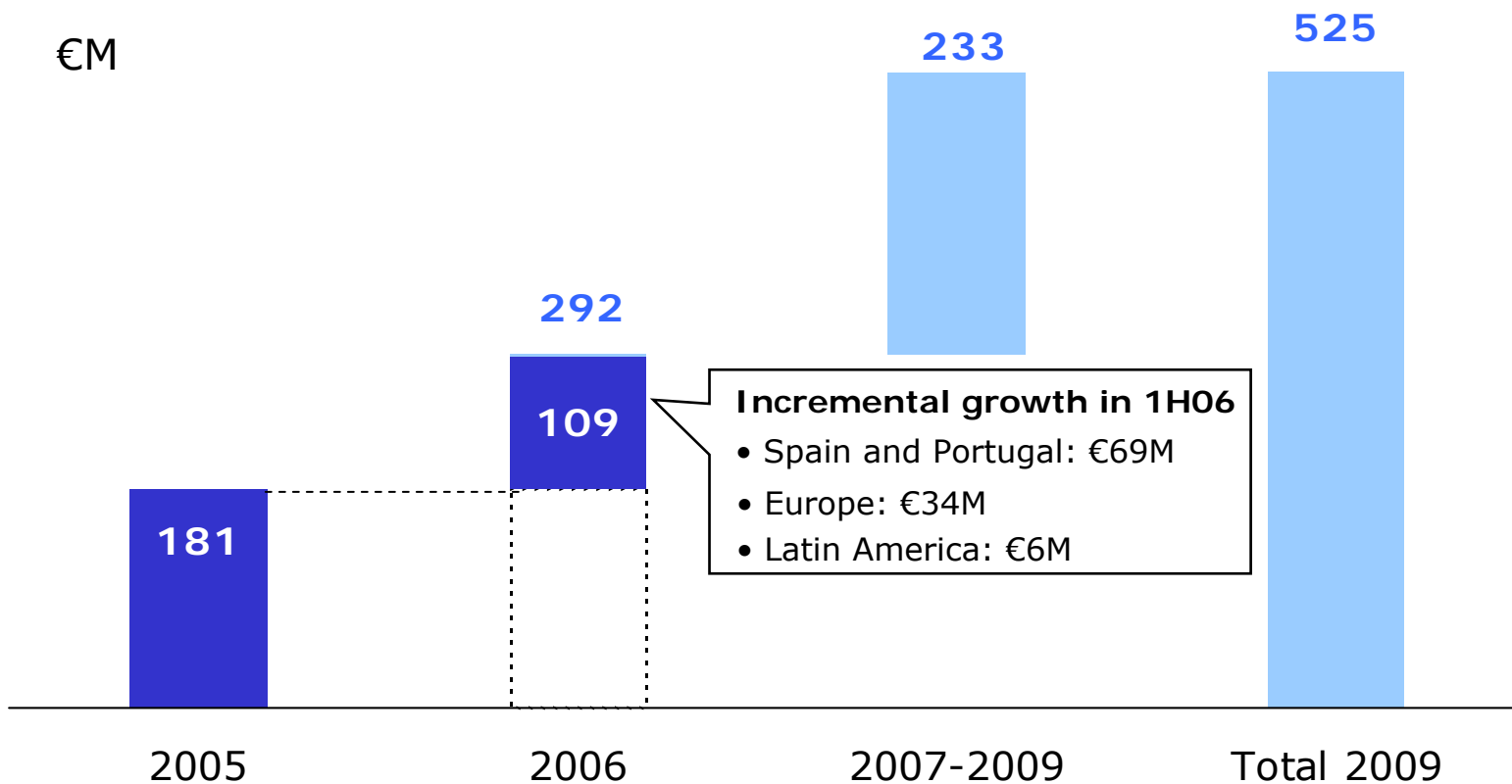
EBITDA performance



EBITDA in the last 12 months above target for full year 2006

Efficiency Improvement Plan ahead of schedule

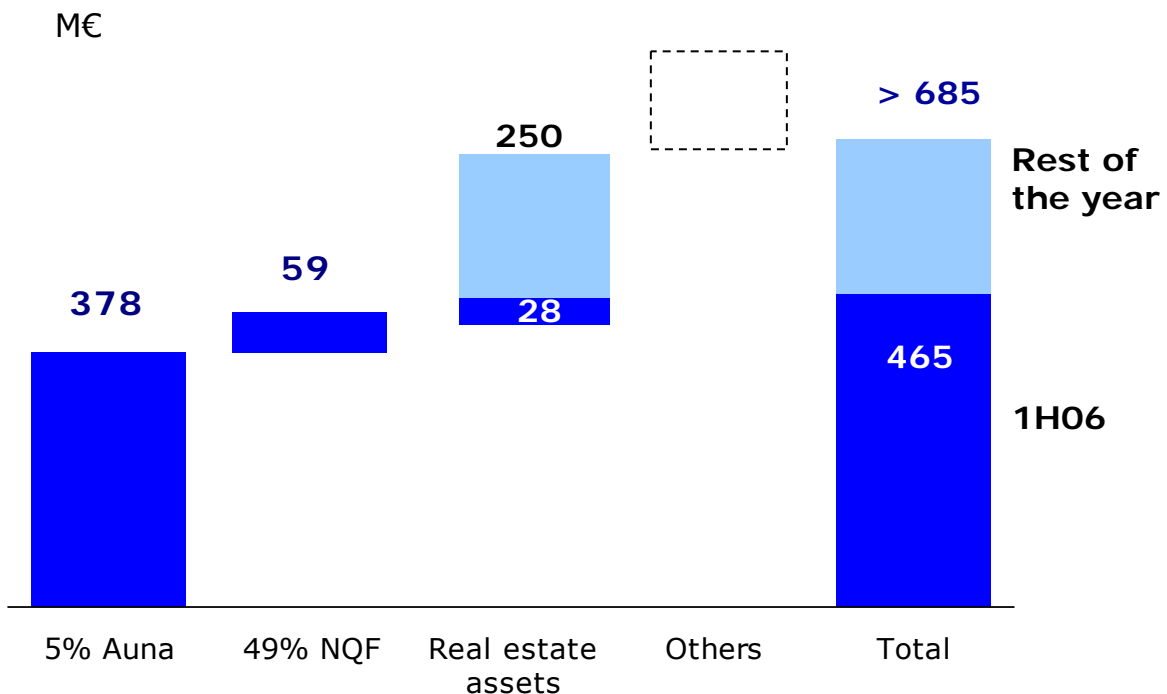
EBITDA improvement due to Efficiency Plan



Nearly 100% of the incremental growth target for full year 2006 achieved in 1H06 (€290M)

Significant progress in asset disposal plan

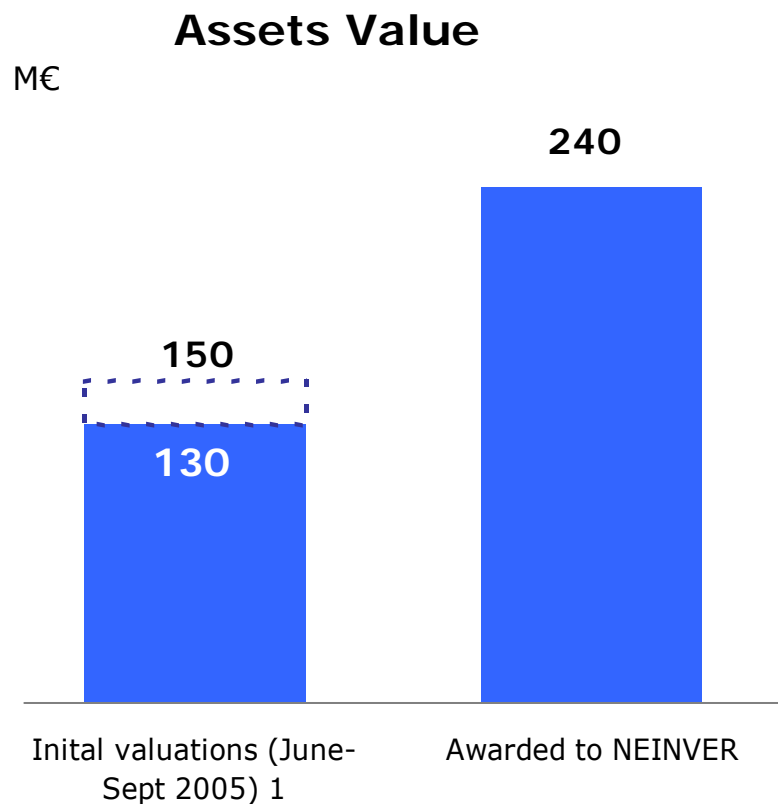
Non-core asset disposal plan for 2006



Foreseeable exceed of the target set:

- Sale of real estate assets in 2H 06 of Palma for €240M
- Sales from other real estate assets: €80 M in 2006 (€28M in 1H06)

Sale of Palma de Mallorca Real Estate assets well in excess of planned values



Impact in Endesa:

- Net cash received: €213 M
- High capital gains due to low book value of the real estate assets
- Participation in 45% of further upside
- Increased dividends from disposals of non-core assets







1H 2006 results



Spain and Portugal

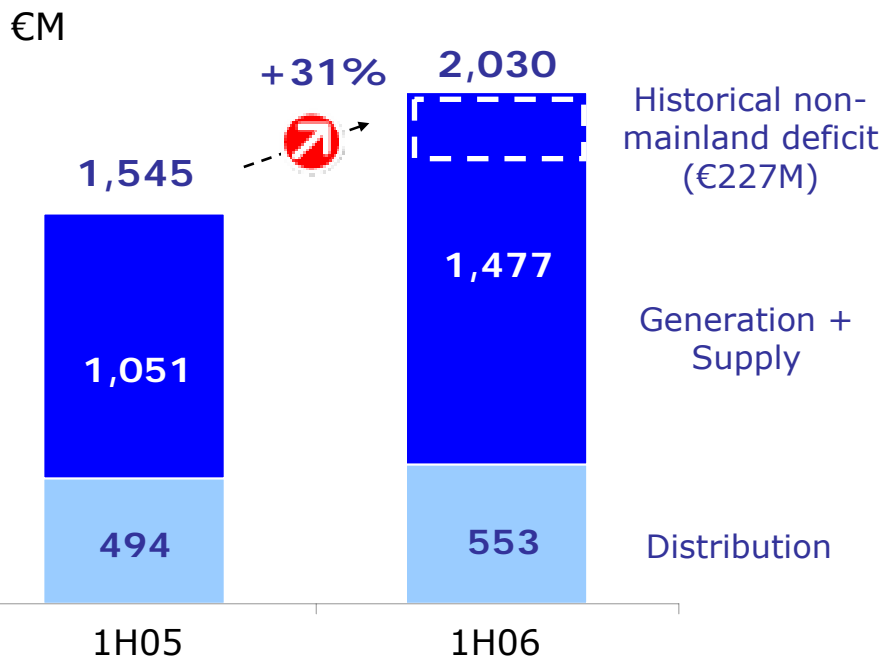


Strong growth in results

M€	1H 2005	1H 2006	% chg	
Sales	4,040	4,826	+19%	
Gross margin	2,411	2,953	+22%	
EBITDA	1,545	2,030	+31%	
EBIT	1,045	1,503	+44%	
Net financial expenses	-229	-192	-16%	
Net income	679	961	+42%	

Strong growth in EBITDA

EBITDA



Highlights

- Positive regulatory development in 1H06 and upbeat prospects
- Operational improvements in distribution
- Competitive mainland fuel costs
- Active emission cost management
- Optimizing the value of the customer portfolio

Positive regulatory development in 1H06

	Regulatory milestones	Implications
Tariff	<ul style="list-style-type: none"> • Total increase in 2006: 9.1% • Removal of 2% cap • Recognition and monetisation of the tariff deficit • Removal of the tariff in 2007-2011 	Transition to an additive and sufficient tariff
Wholesale market	<ul style="list-style-type: none"> • Promotion of bilateral contracts (distributors) • Start-up of the OMIP (MIBEL forward market) 	Basis for an objective and transparent wholesale price reference
Non-mainland	<ul style="list-style-type: none"> • Approval of methodology for recognising costs and investments 	Improvement on the assumptions of the Strategic Plan
Domestic coal	<ul style="list-style-type: none"> • Approval of the new Mining Plan and incentives for consumption (€10/MWh) • NAP: Improvement on the assumptions of the Strategic Plan 	Guaranteed competitiveness of domestic coal

Positive regulatory outlook

	Progress expected	Implications
Distribution	<ul style="list-style-type: none"> • Existing grid: Remuneration on book value and costs standardization • Recognition of new investments 	No changes to the assumptions of the Strategic Plan
Wholesale market	<ul style="list-style-type: none"> • Forward contracts, capacity auctions 	No limits on wholesale market prices: improvement on the Strategic Plan
Renewables	<ul style="list-style-type: none"> • Exclusion of renewable/CHP prices in the tariff • New mechanism of premiums for generation sales to the market 	Attractive remuneration and less pressure on the tariff
Large customers	<ul style="list-style-type: none"> • Gradual increase in price for large customers (+6% in July 2006) • Introduction of long-term contracting schemes 	Elimination of relevant tariff distortion

Publication of 2008-2012 NAP

Allocation to electricity sector:

- Total allocation to regulated sectors: 145 MtCO₂/year
- Allocation to electricity sector: 55 MtCO₂/year
- Additional reserve for new players: 8 MtCO₂/year

Criteria for allocation to plants:

- Priority given to energy linked to domestic coal consumption guaranteed in the 2006-2012 Mining Development Plan
- Priority given to energy linked to 4,500h of operation by plants that have made LCF investments, all of Endesa's plants.
- Allocation based on estimated output in the Infrastructure Plan:
 - Coal: 4,374 hours
 - CCGT: 2,669 hours
- Adjustments via a uniform percentage reduction for all technologies

Allocation to Endesa higher than envisaged in the Strategic Plan

Provisional impact of RDL 3/2006

January-February

March - June

			M€
	Deduction of the value of the assigned emission rights for the period		-121
	23,683 ⁽¹⁾		
	10,230	Generation matched with distribution <ul style="list-style-type: none"> • <u>56%</u> of distribution purchases • <u>Provisional price</u>: €42.35/MWh • Final price adjustable during the year according to market prices 	-194
	1,708 ⁽²⁾	Sales to pool	0
	11,745	Bilateral agreements with supplier	0
Generator Sales			

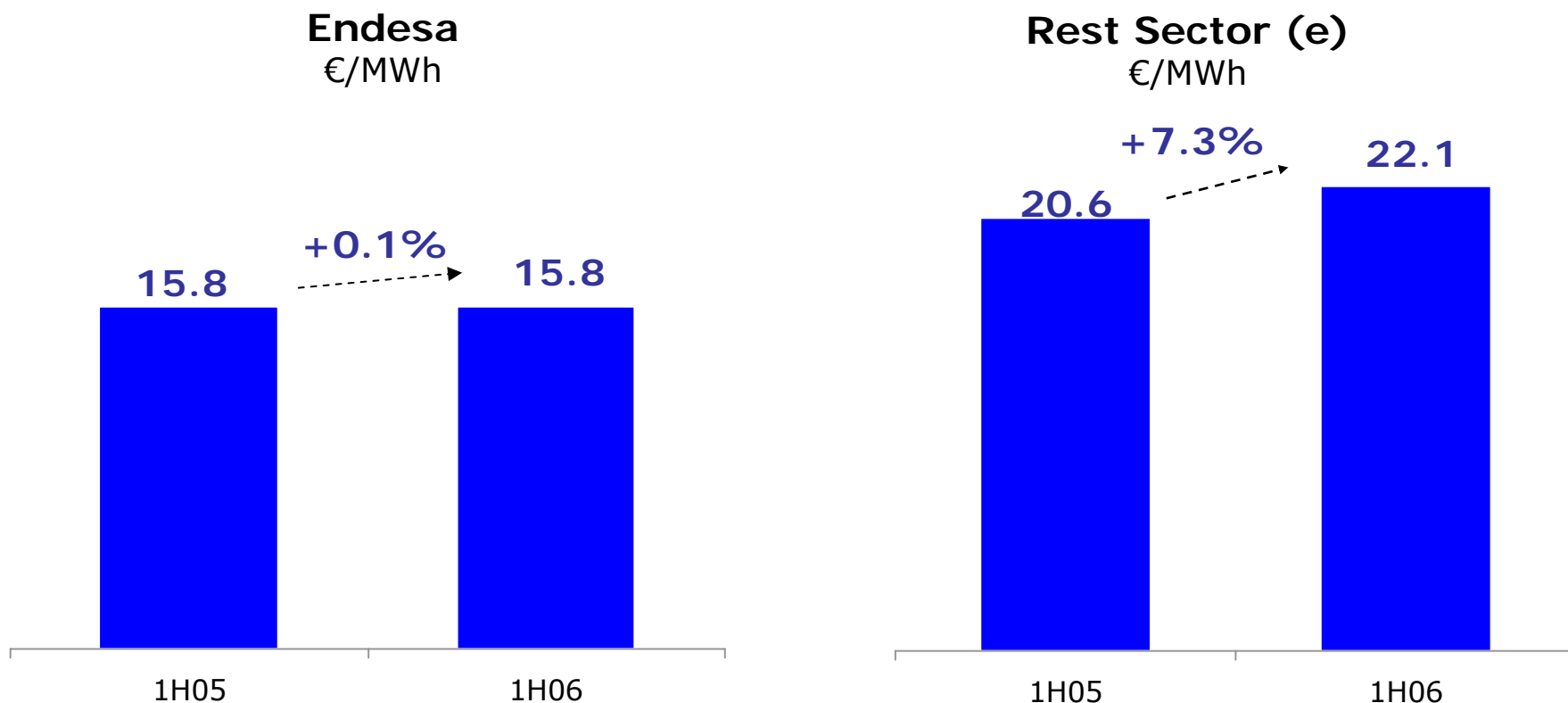
Provisional impact: -€315 M

Upward revision of 1H 2006 results by ~€200M when the final price according to RDL 3/2006 is set

(1) Ordinary regime sales from 3.3.06

(2) Unmatched daily and intraday sales + sales to rest of markets

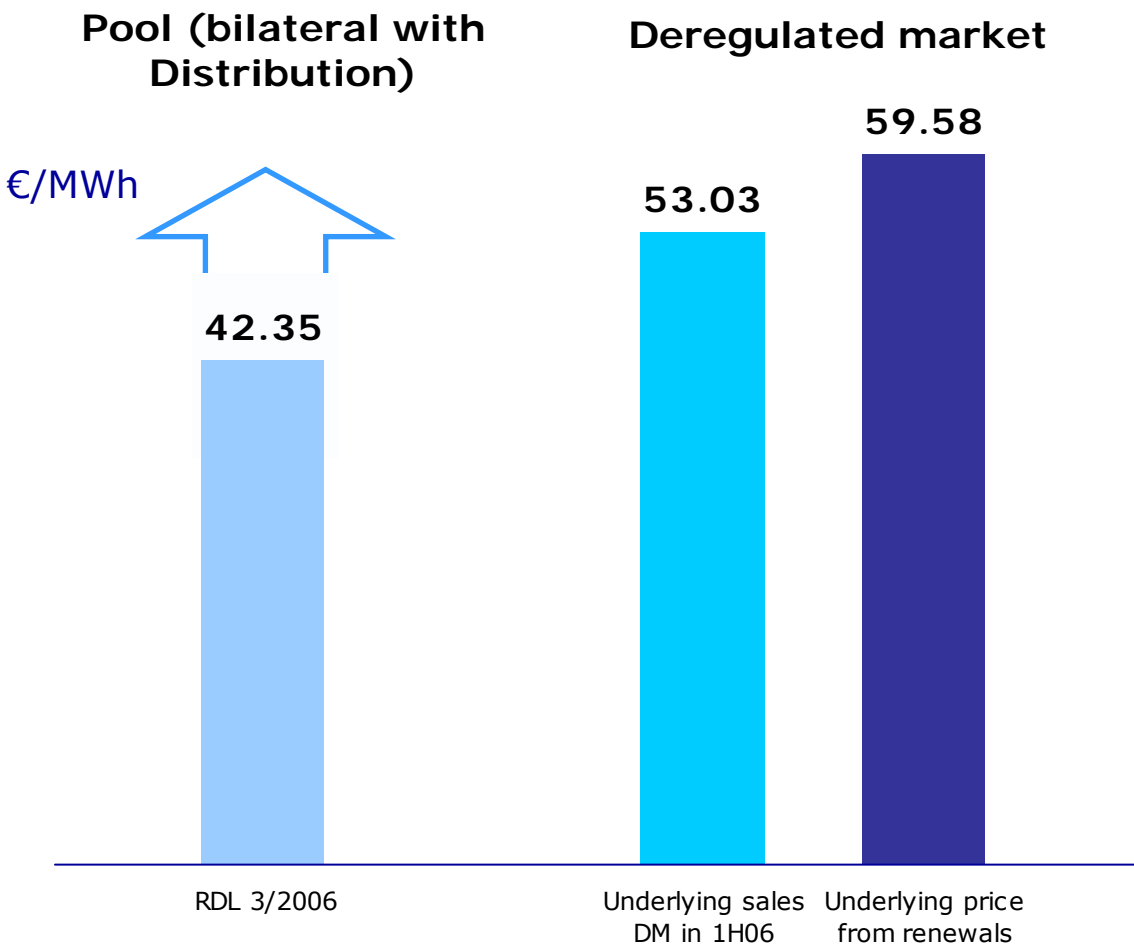
Competitive mainland fuel costs



- ENDESA enjoys the sector's most competitive and efficient generation portfolio
- Good evolution of fuel costs despite rise in market prices
- Stronger competitive position in terms of both price and mix

Customer portfolio with intrinsic value and as hedge against wholesale price volatility

Generation revenues from sales to:



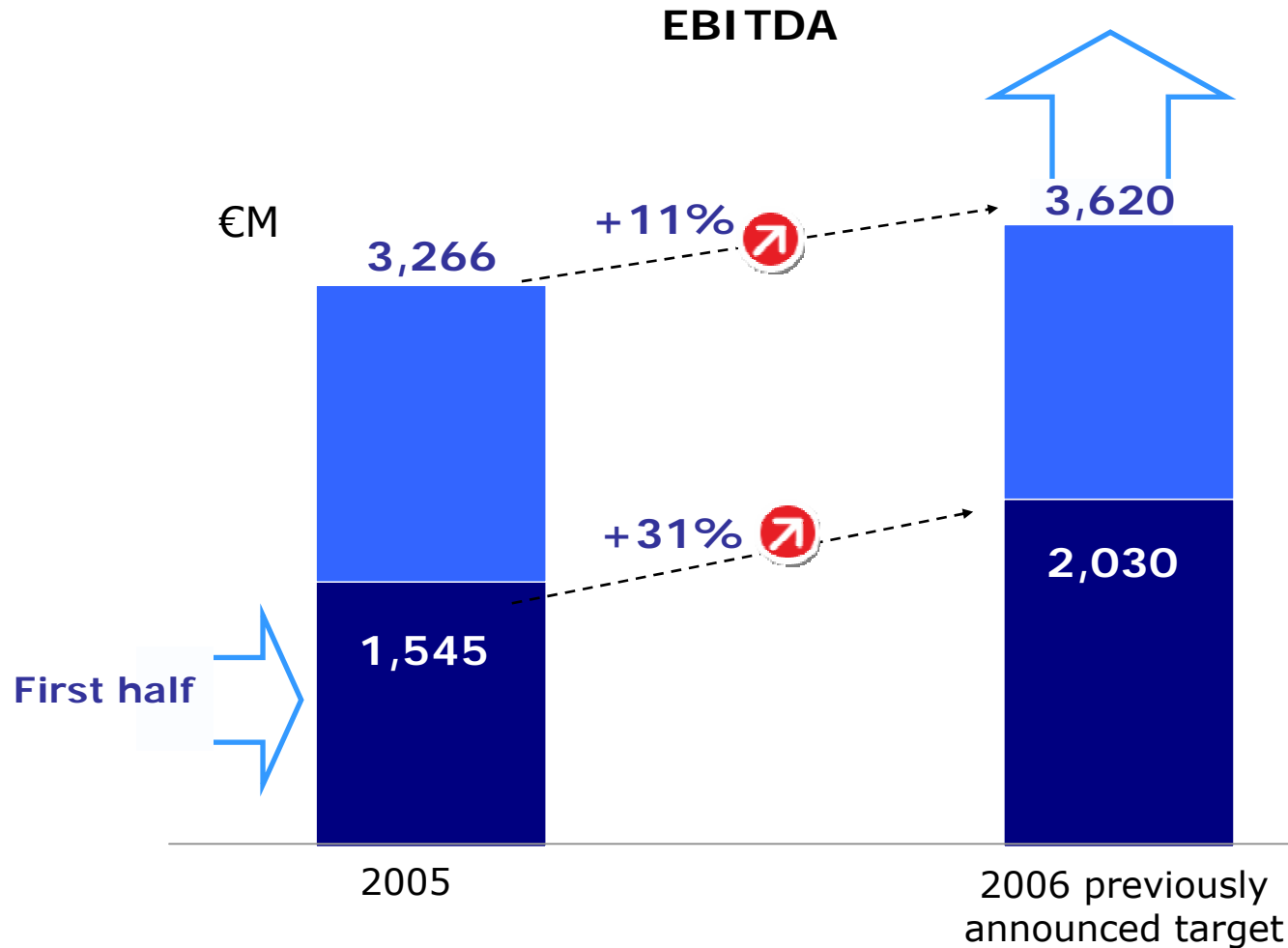
Value of Supply:

- Strategy to hedge regulatory and market risks
- Long-term value of customer portfolio

1H06 Performance:

- Average sale price DM: +12%
- Sales in DM: +8%

Performance clearly exceeding 2006 targets



1H 2006 results



Europe



Results underscore strength of European business

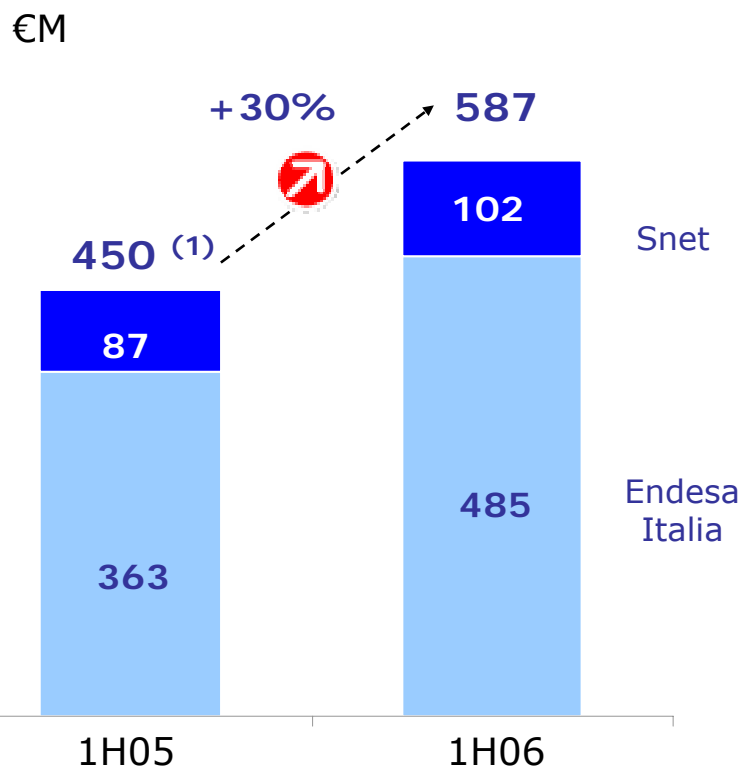
€M	1H 2005	1H 2006	% chg	
Sales	1,885	2,087	+11%	↗
Gross margin	614	759	+24%	↗
EBITDA	453	587	+30%	↗
EBIT	331	459	+39%	↗
Net financial expenses	-29	-25	-14%	↗
Net income excl. asset disposals	146 ⁽¹⁾	322	+121%	↗
Net income	182	322 ⁽²⁾	+77%	↗

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

(2) Includes €118M from the asset tax revaluation in 2006

Strong growth in EBITDA

EBITDA



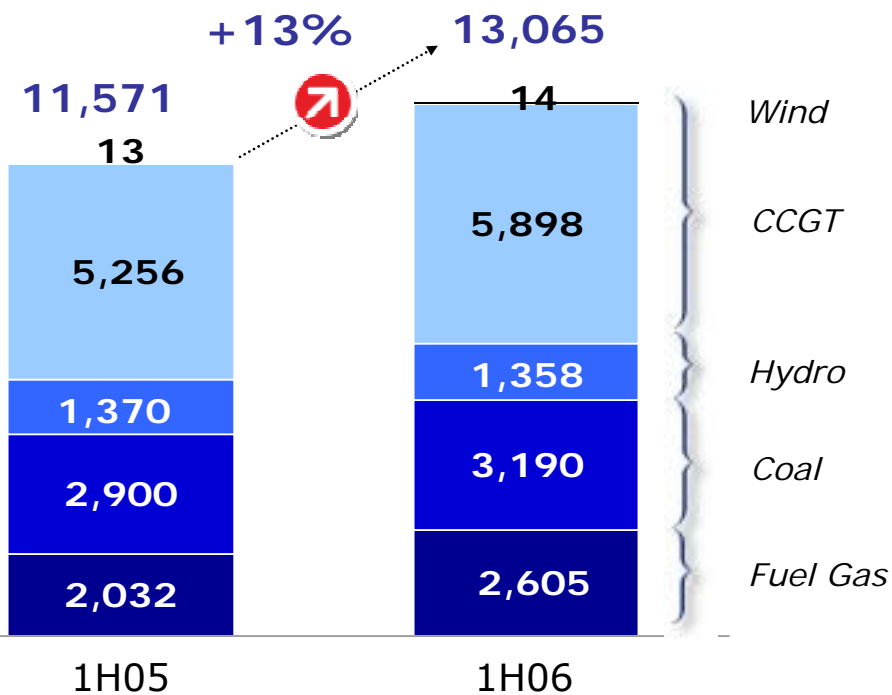
Highlights

- **Italy:**
 - Increased output and wider margins
 - Tax optimisation
 - Progress made on regasification projects, renewables and new capacity
- **France:**
 - Progress in Snet's industrial plan
- **Endesa Trading:**
 - Sharp growth in activity and EBITDA
- Slowdown in government privatisation programme in Poland

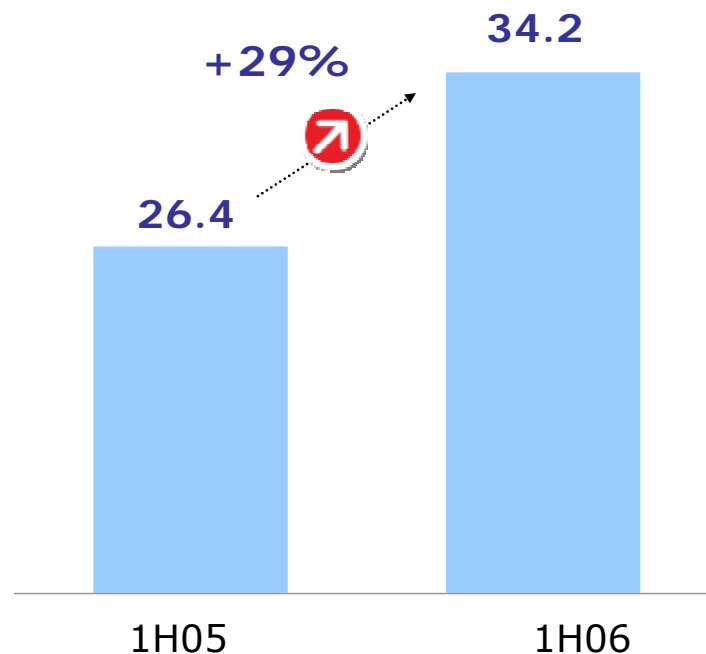
(1) EBITDA 1H05: €453 M including Trading and Others

Italy: Increased output and higher margins

Output (GWh)



Unit margin (€/MWh)



- New CCGTs coming on-stream (800 MW)
- Increased use of fuel-gas due to gas emergency

Sales (GWh)

+6% ↗

EBITDA (€M)

+34% ↗

Italy: Progress in executing the Strategic Plan

Access to competitive gas

- Progress on the Livorno regasification project (4 bcm):
 - All authorisations have been obtained
 - 25.5% share and 2 bcm 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 renewable energies

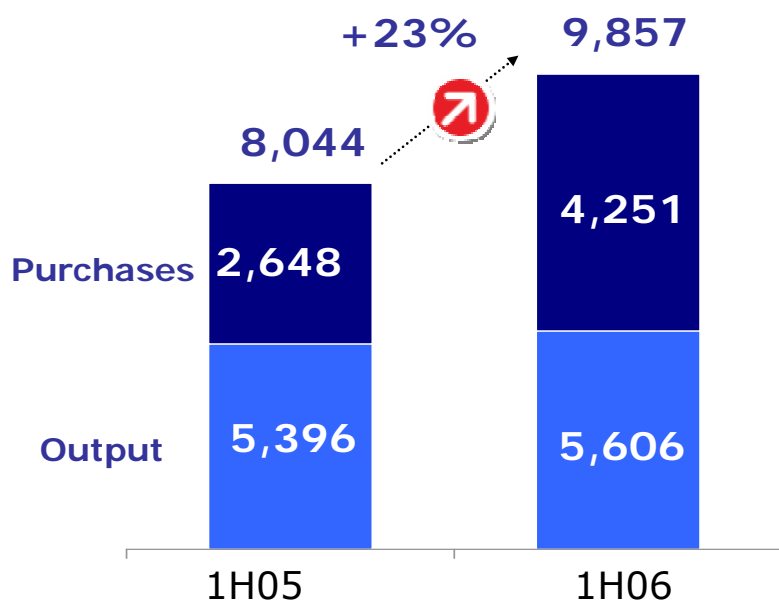
- Acquisition of Iardino wind farm (14 MW)
- Start up of Idas (56 MW) and Montecute (42 MW) wind farms at the end of October 2006
- Projects for more than 400 MW in 2006-2009

Capacity Plan

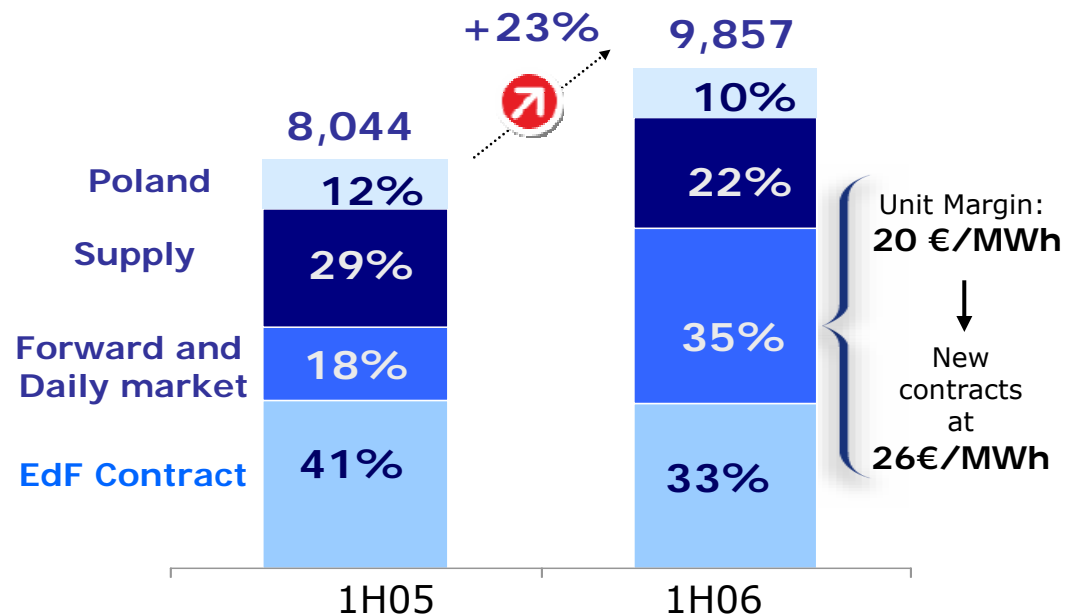
- Scandale (800MW, 50% Endesa Europa): work in progress, expected to be finalised in 2008

France: Increased output and margins

Snet sales (GWh)






Destination of Snet sales (GWh)

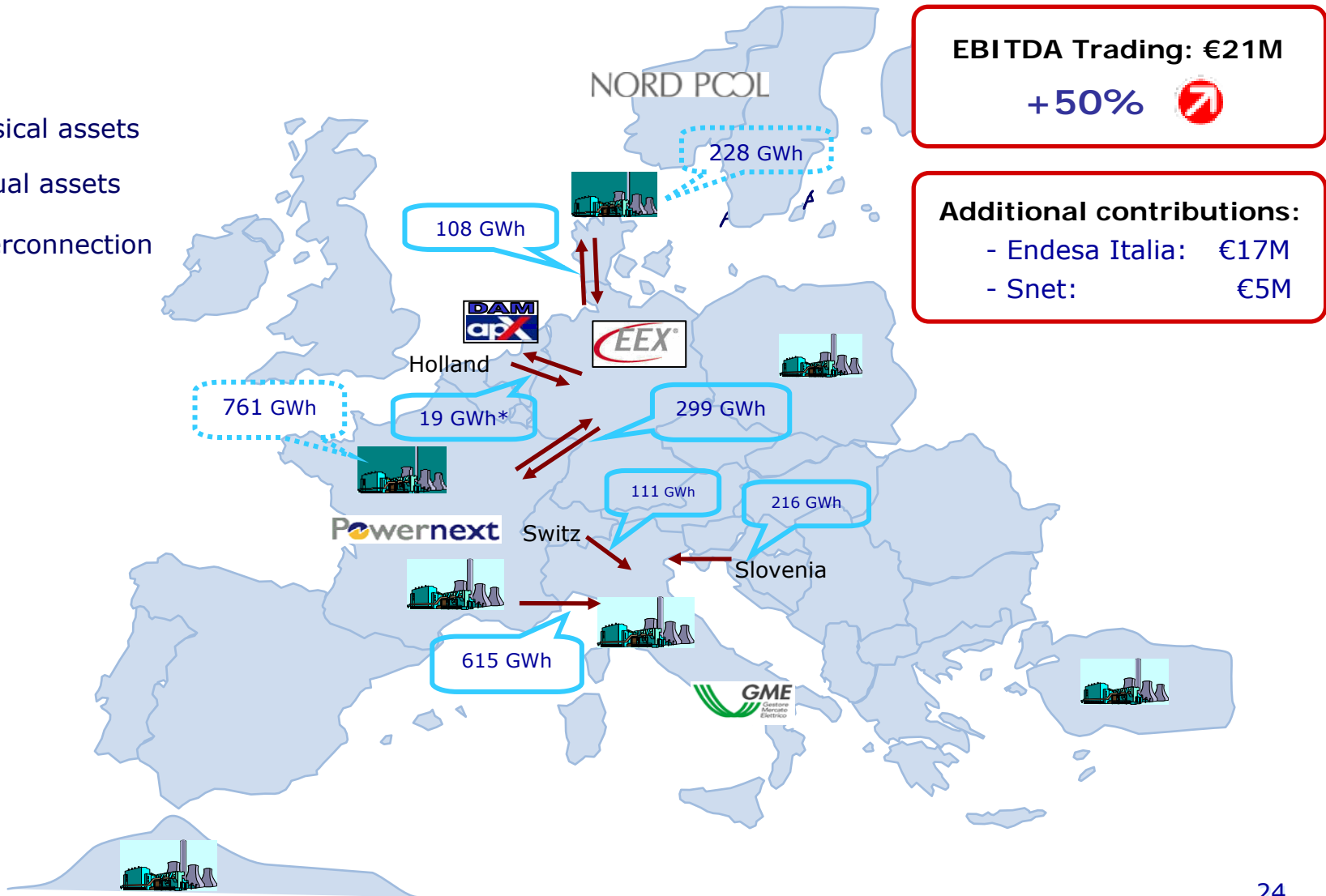


- Significant developments on the supply side:
 - Auchan (400 GWh in 2006)
 - SNCF (6,600 GWh in 2007-2011)
- Significant progress in executing Industrial Plan

EBITDA (€M)
+17%

Trading: Increase in activity

-  Physical assets
-  Virtual assets
-  Interconnection

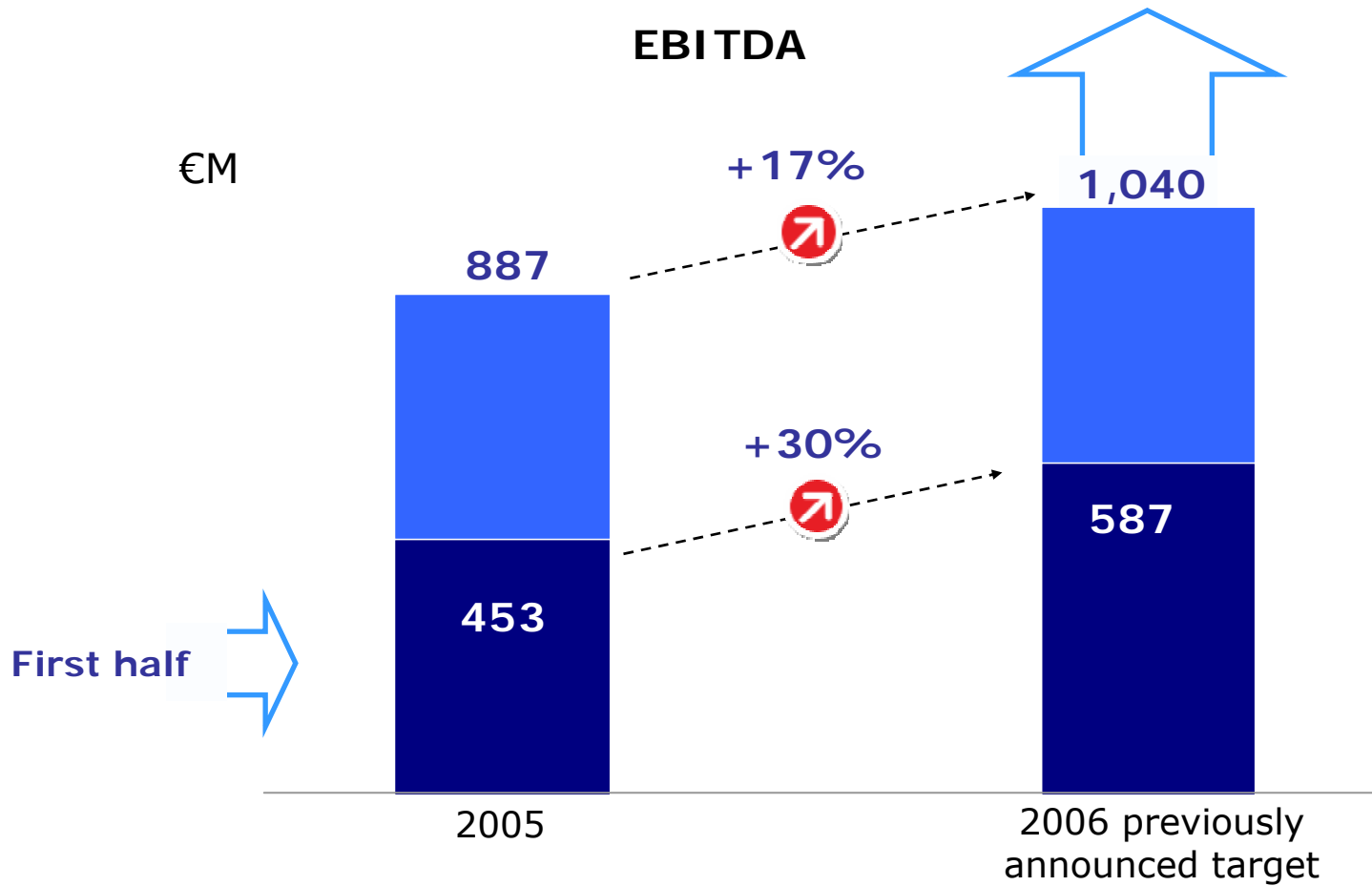


EBITDA Trading: €21M
+50% 

Additional contributions:

- Endesa Italia: €17M
- Snet: €5M

Performance clearly exceeding 2006 targets










1H 2006 results



Latin America



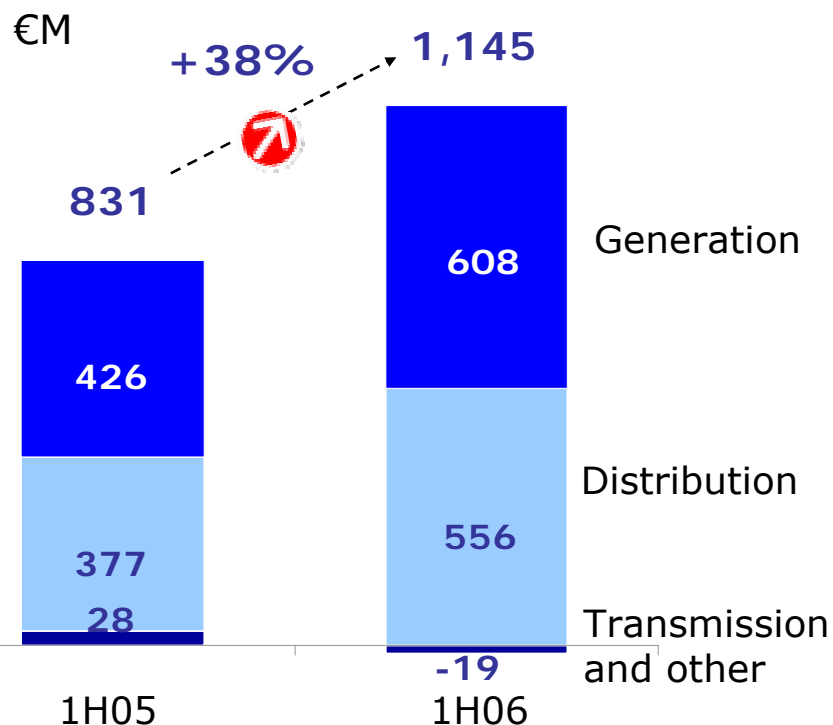
Strong growth in results

€M	1H 2005	1H 2006	% chg	
Sales	2,331	3,033	+30%	
Gross margin	1,194	1,587	+33%	
EBITDA	831	1,145	+38%	
EBIT	598	909	+52%	
Net financial expenses	-241	-263	+9%	
Net income before minorities	304	692	+128%	
Net income ⁽¹⁾	114	302	+165%	

(1) Includes impact of €101M for the tax credit from the Chilectra-Elesur merger (+76% excl. this effect). Includes €12M of net capital gains for the sale of the Ampla generation business (60 MW). Gross capital gains: €30M

Sustained and profitable organic growth

EBITDA

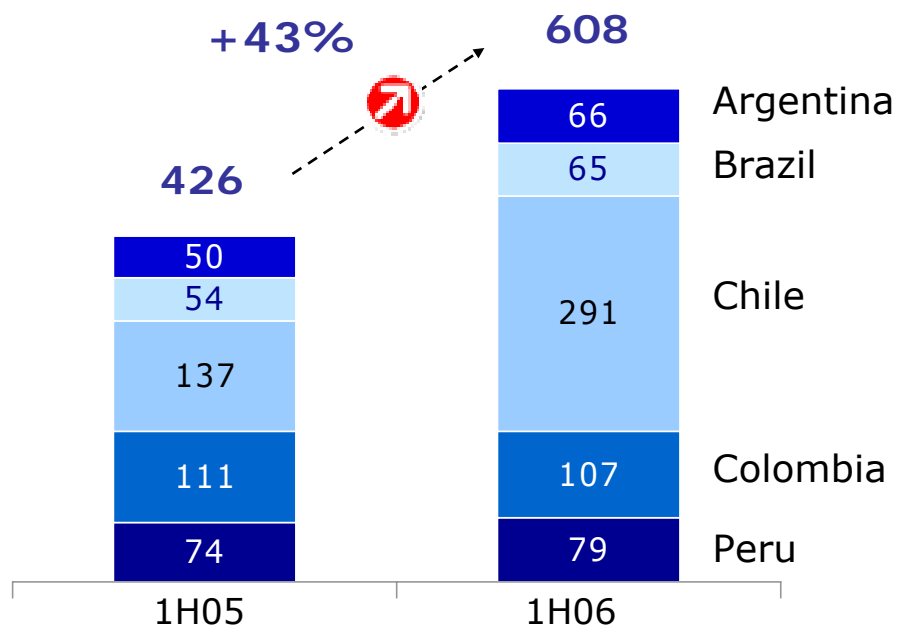


Highlights

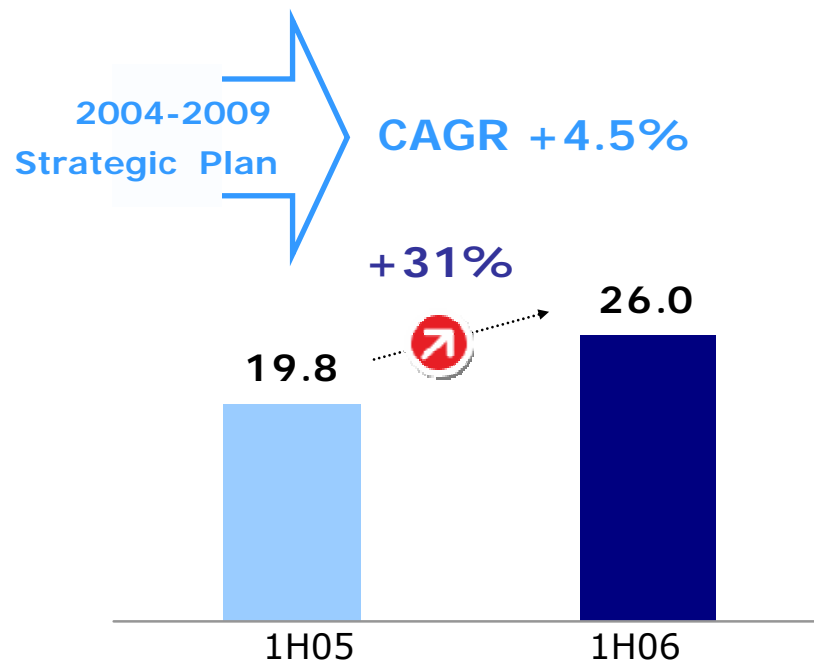
- Output (+4.6%) and sales (+5.3%) rising in all countries and stable exchange rates
- Improved generation margins, mainly in Chile
- High EBITDA growth in distribution, especially in Brazil
- Advances in Capacity Plan
- Advances in optimising organisational structure
- Cash returns in line with Strategic Plan

Improved generation margins, mainly in Chile

EBITDA Generation (€M)



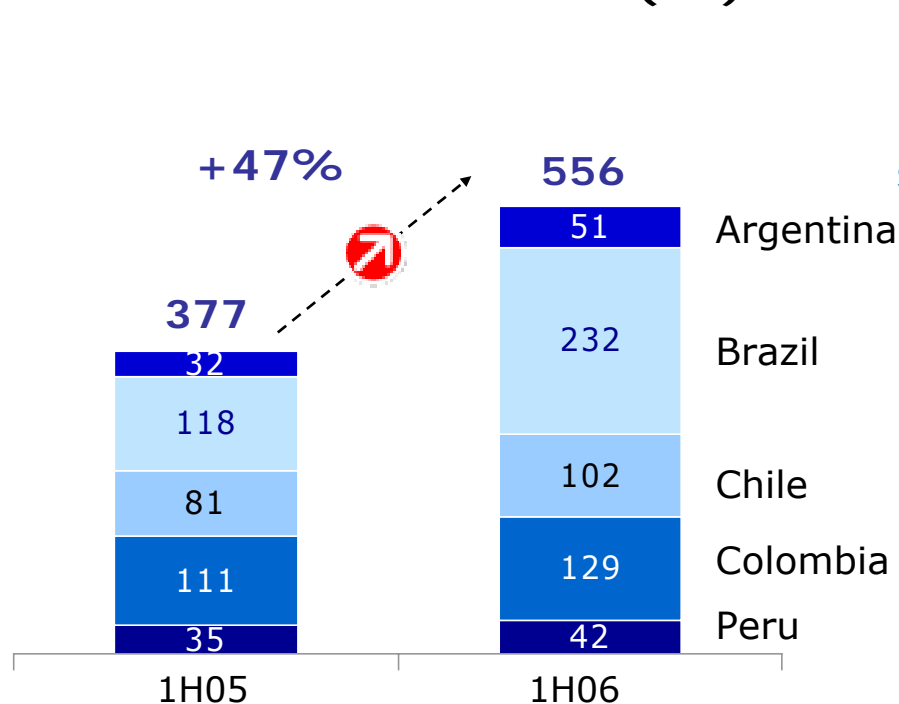
Generation margin US\$/MWh



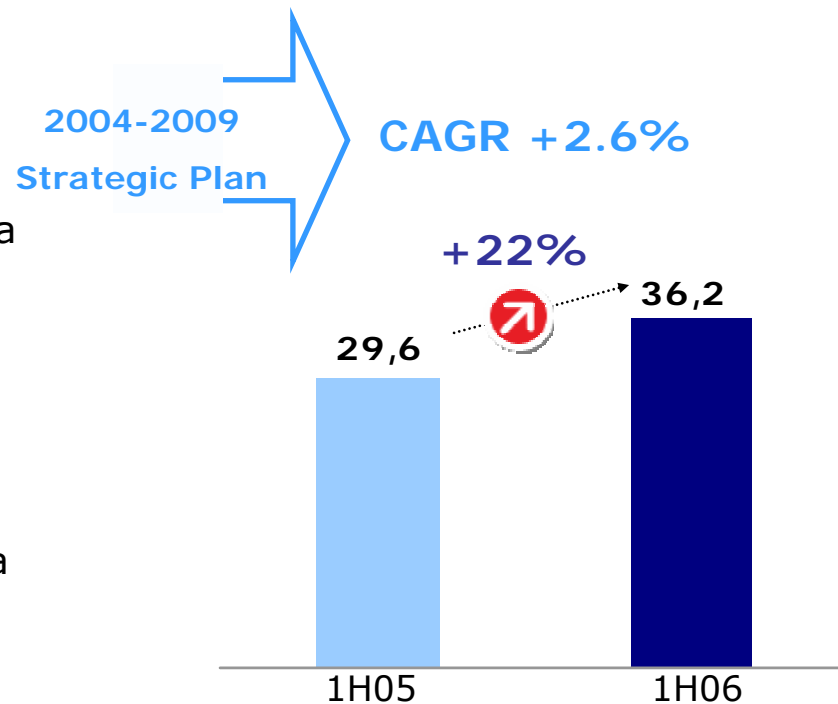
- Output rose +4.6%
- Increased wholesale prices in Chile due to:
 - Scant gas supply and high crude oil prices
 - Tight reserve margins
- Lower fuel costs due to better output mix

High EBITDA growth in distribution, especially in Brazil

EBITDA Distribution (€M)



Distribution margin US\$/MWh



- Sales rose +5.3%
- Better distribution unit margin due to:
 - Increased demand and better pass-through in Brazil
 - Advances in reducing losses in all countries: 11.4% in 1H06 vs. 11.9% in 1H05

Advances in Capacity Plan

Chile	San Isidro (2007)	<ul style="list-style-type: none"> Second CCGT 377 MW 	<ul style="list-style-type: none"> Under construction Generator in gas turbine undergoing final tests
	Palmucho (2007)	<ul style="list-style-type: none"> Hydro Plan (Ralco ecological flow) 32 MW 	<ul style="list-style-type: none"> Under construction, equipment being bought
	Endesa Eco (2006-07)	<ul style="list-style-type: none"> Renewables 24MW 	<p>Projects begun:</p> <ul style="list-style-type: none"> Wind power: Canela Project 9MW Mini Hydro: Ojos de Agua 9 MW
	Aysén (2010-)	<ul style="list-style-type: none"> Hydro project 2,430 MW 	<ul style="list-style-type: none"> MOU with Colbún signed Undergoing environmental studies and obtaining government approval
Peru	Etevensa (2006)	<ul style="list-style-type: none"> Closing down CCGT additional 2x86 MW 	<ul style="list-style-type: none"> First boiler in commercial operation since July 2006 Second boiler under construction
Colombia	Termo Cartagena (Mar 06)	<ul style="list-style-type: none"> Thermal plant 186 MW 	<ul style="list-style-type: none"> Awarded to Emgesa 2x60 MW – 1x 66 MW gas-steam units

Advances in optimising organisational structure

**Creation of
Brazilian holding**



**Carried out
October 2005**

**IFC acquired
stake (2.7%)
in Endesa
Brasil**

**Chilectra - Elesur
merger**



**Carried out
March 2006**

**Etevensa - Edegel
merger**



**Carried out
June 2006**

**Emgesa -
Betania
merger**

In progress

Planned for 2007

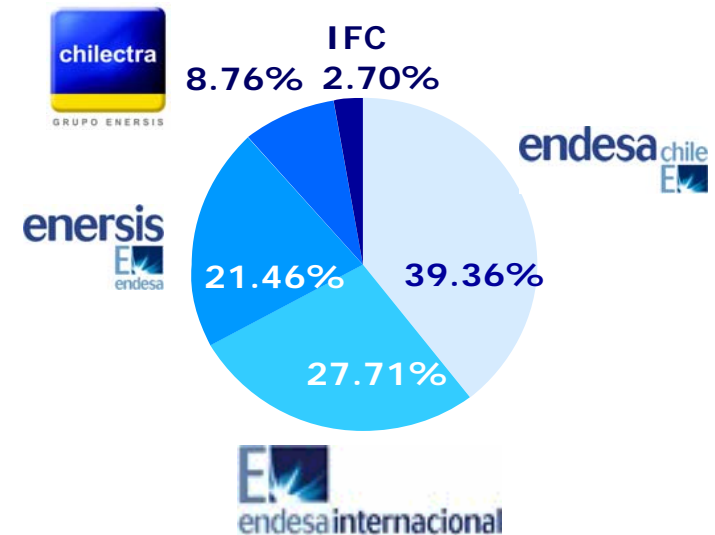
- More balanced generation mix: Less volatility due to rainfall
- Improved financial structure

IFC acquires stake in Endesa Brasil

Transaction conditions

- Subscription by IFC in a capital increase of US\$50M for 2.7% of Endesa Brasil capital
- Public offering planned in next three years, and exit clause for IFC at market prices otherwise
- First non-Group shareholder to join Endesa Brasil

Endesa Brasil Structure



- Implied equity valuation for Endesa Brasil: US\$1,800M
- EV/EBITDA 05: 6.7x, higher than the average of other listed Brazilian peers

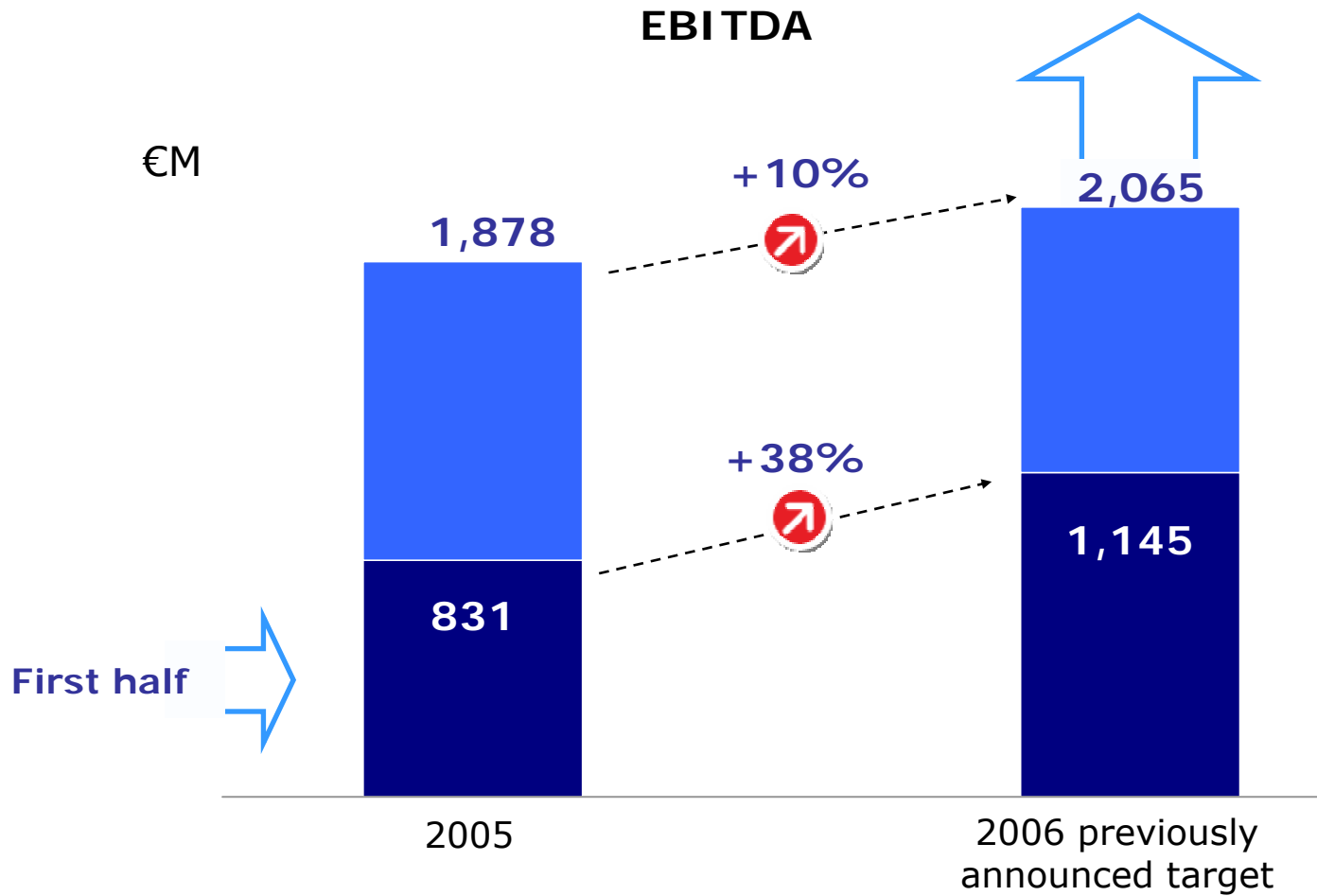
Cash returns in line with the Strategic Plan targets

US\$ Million

	2005	1H06	Total
Dividends and interest	86	57	143
Capital reductions	195	50	245
Asset disposals	27		27
Total	308	107	415

- 42% of Strategic Plan's targets met (US\$1,000M)
- Initiating capital reduction in Colombia for US\$145M (approx. US\$39M cash return to Endesa Internacional)

Performance clearly exceeding 2006 targets





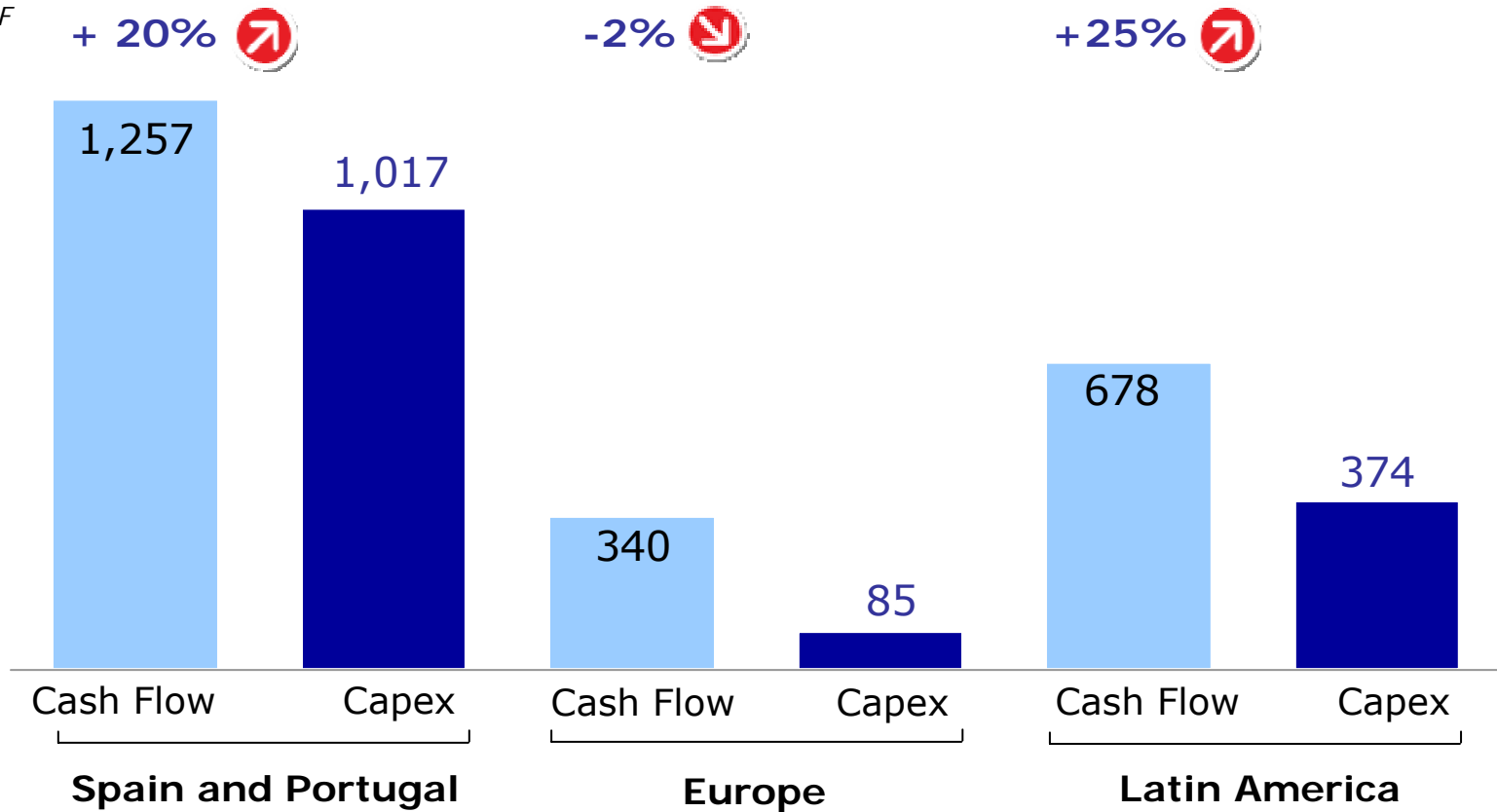
Financial analysis



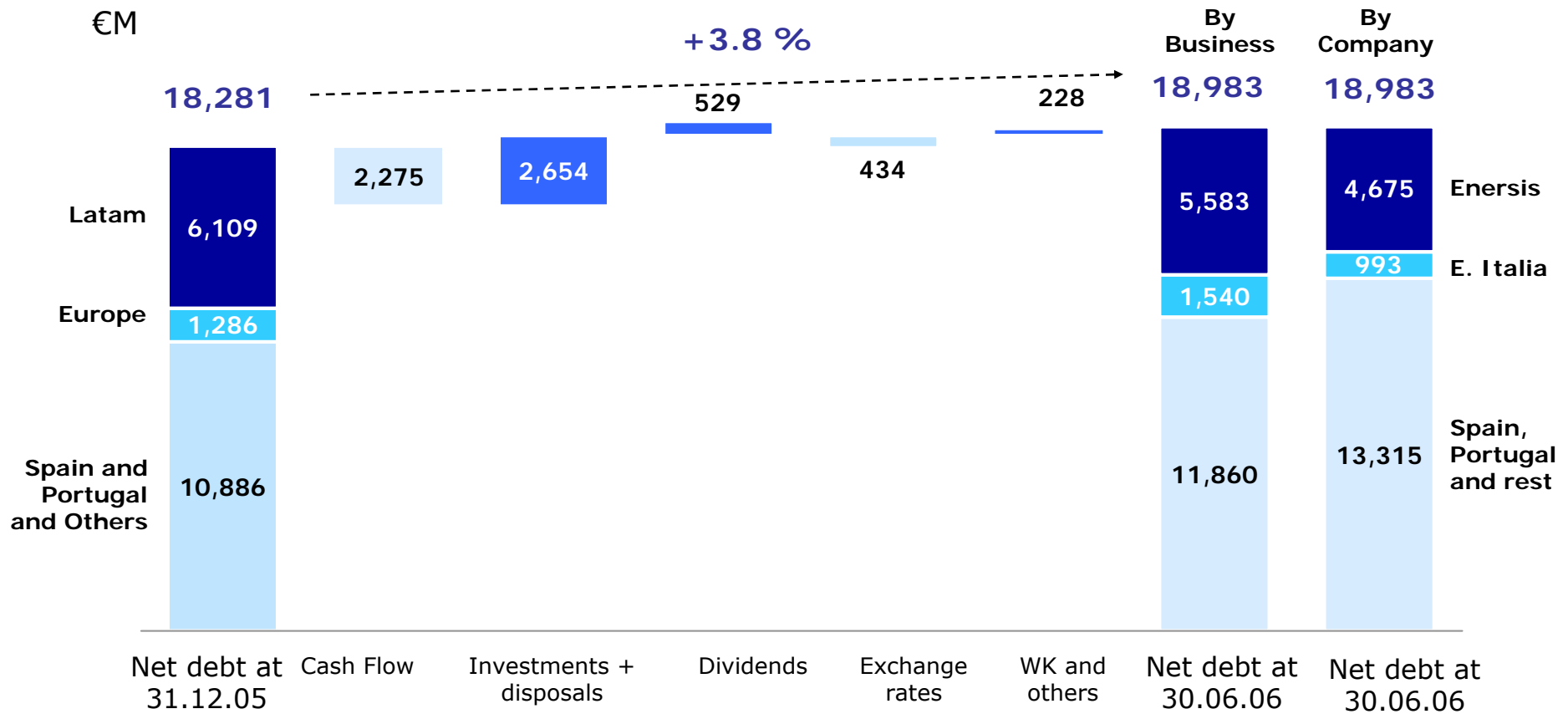
Positive cash flow in all businesses

€M

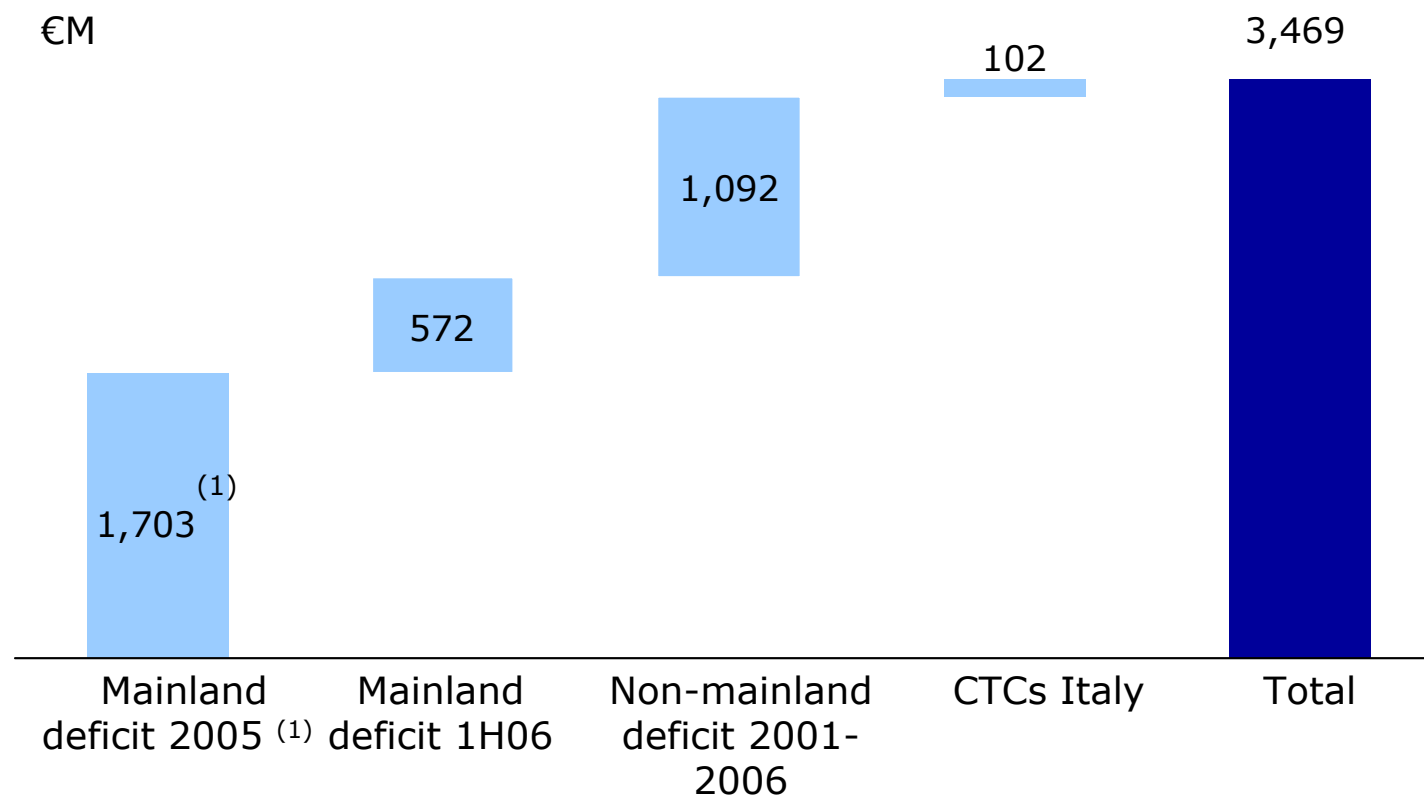
Change in CF
vs. 1H05



Debt stability



Recognised regulatory receivables of more than €3,400M



- Net debt of regulatory items: €15,514M
- RD approved allowing securitisation of €1,703M of 2005 mainland deficit

(1) According to RD 809/2006 as of June 30th

Favourable debt structure in a rising interest rates environment

Structure of debt:

- Fixed rate or hedged debt: 79%
- Debt denominated in currency in which cash flow is generated

Average cost of debt: 5.59%

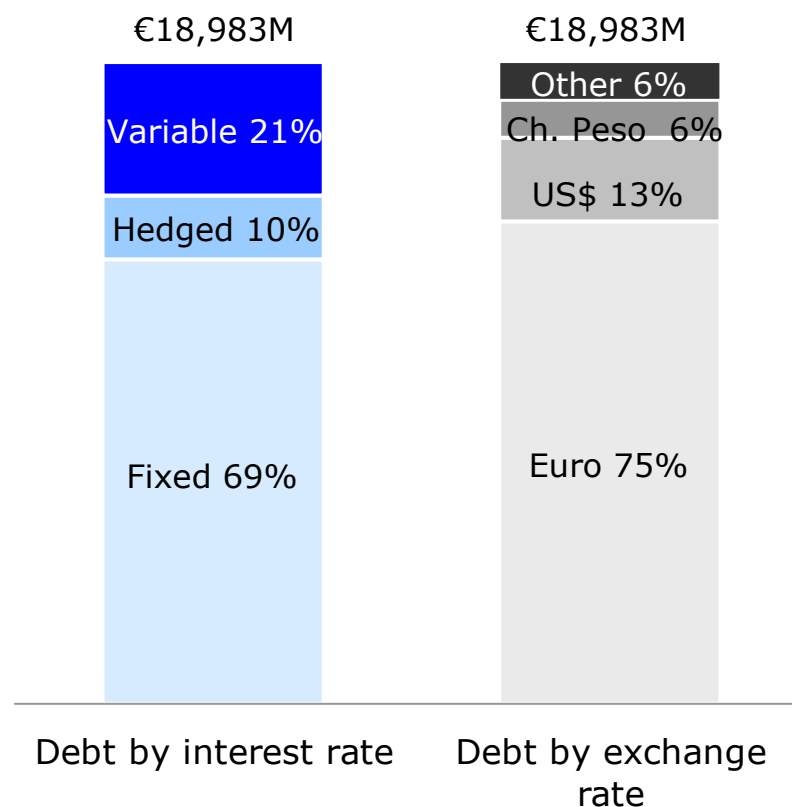
- Endesa excl. Enersis: 4.18%
- Enersis: 9.39%

Average life of debt: 5.2 years

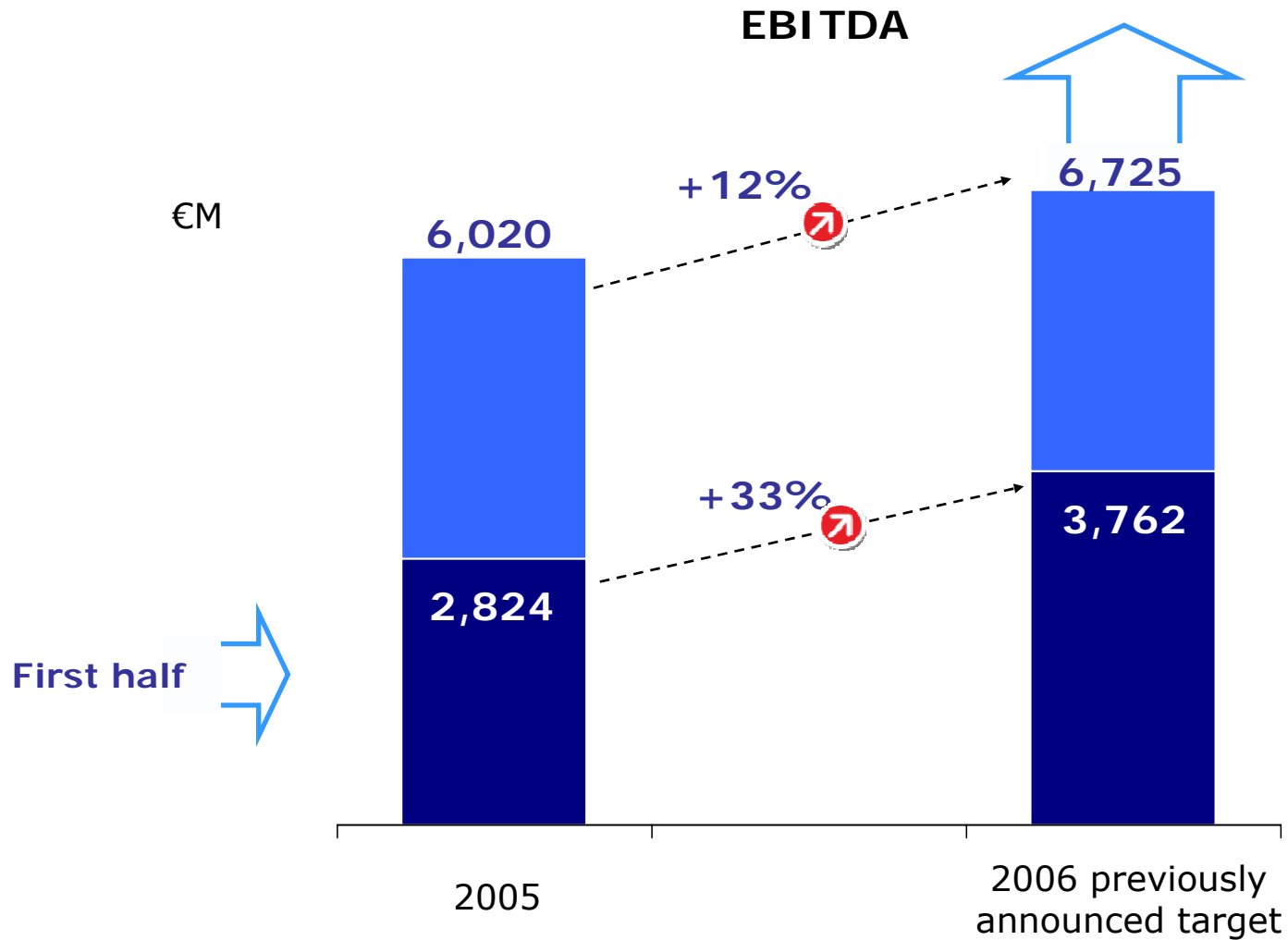
Liquidity:

- Endesa excl. Enersis: €7,433M
- Enersis: €1,227M

Debt structure



Performance clearly exceeding 2006 targets



Excellent 1H 2006 results

- Sharp increases across income statement
- Strong growth in all business lines
- Sustained performance clearly above targets

New commitments to future growth

- Higher EBITDA and Net Income in 2006 and 2009
- €2,900 M of higher dividends up to 2009

New commitments to future growth

Performance clearly exceeding targets

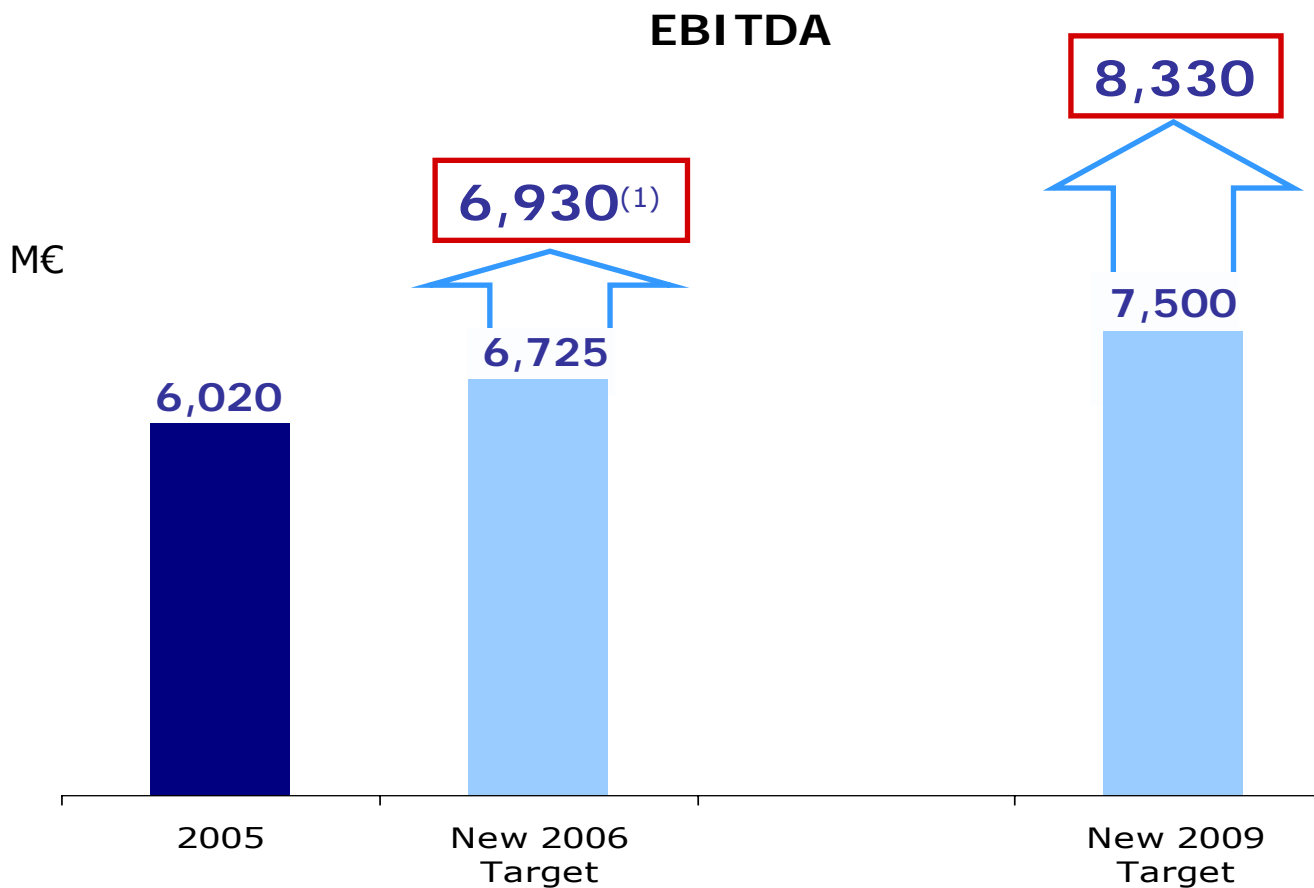
- EBITDA and net income growth above targets
- Dividends of over €4,200M (60% of previous target) in first two years of the plan

Positive performance of the environment

- Regulatory advances in Spain, good outlook
- Forecast higher energy prices in Europe
- Operating growth in Latin America consolidated

New commitments to results and shareholder remuneration in 2006-2009

Committed to higher results throughout the period

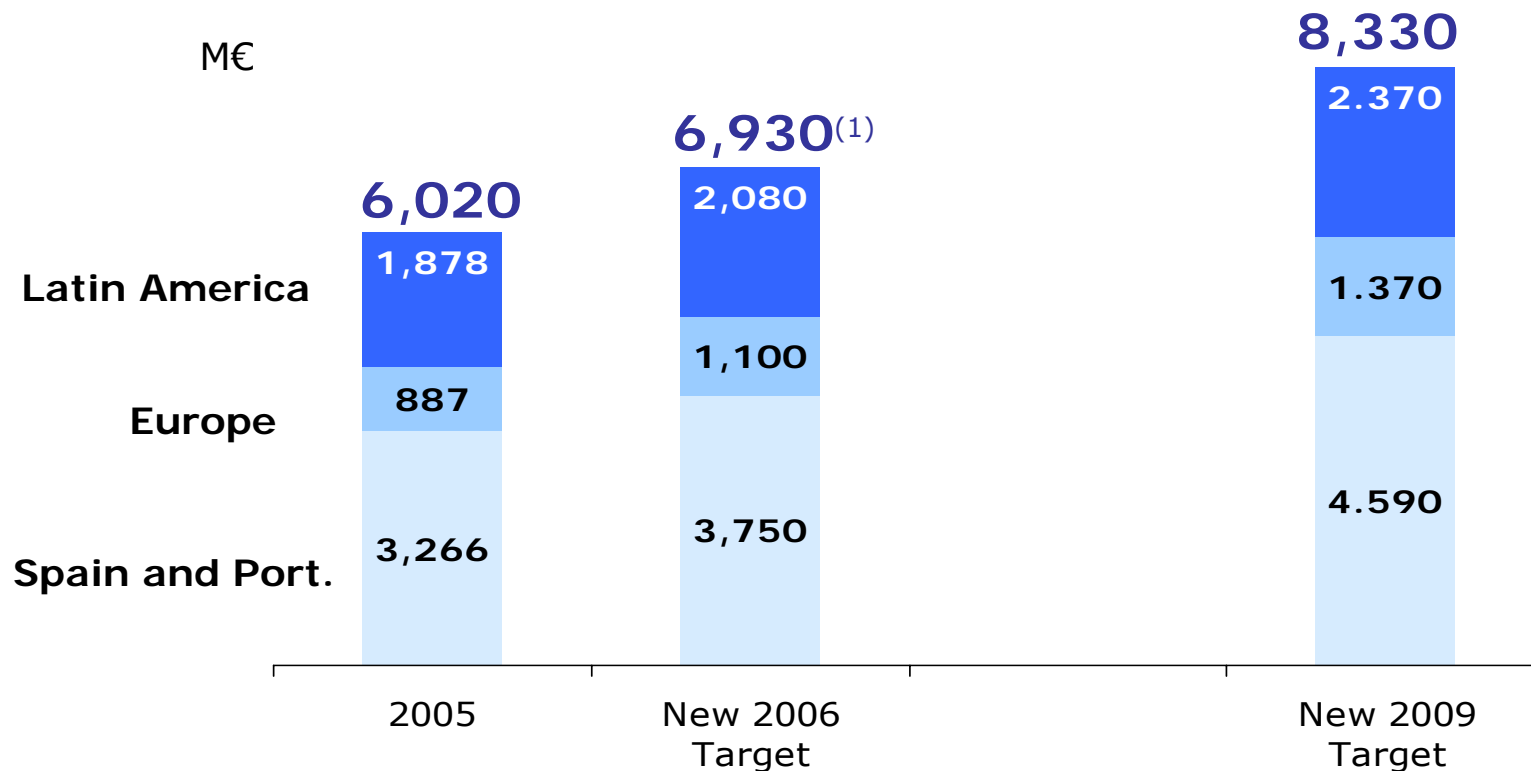


Higher EBITDA target in 2006 and 2009

(1) Based on a final price in Spain of 54.5 €/MWh according to RDL 3/2006 (-350 M€ with provisional price of 42,35 €/MWh)

Committed to higher results in all businesses

EBITDA



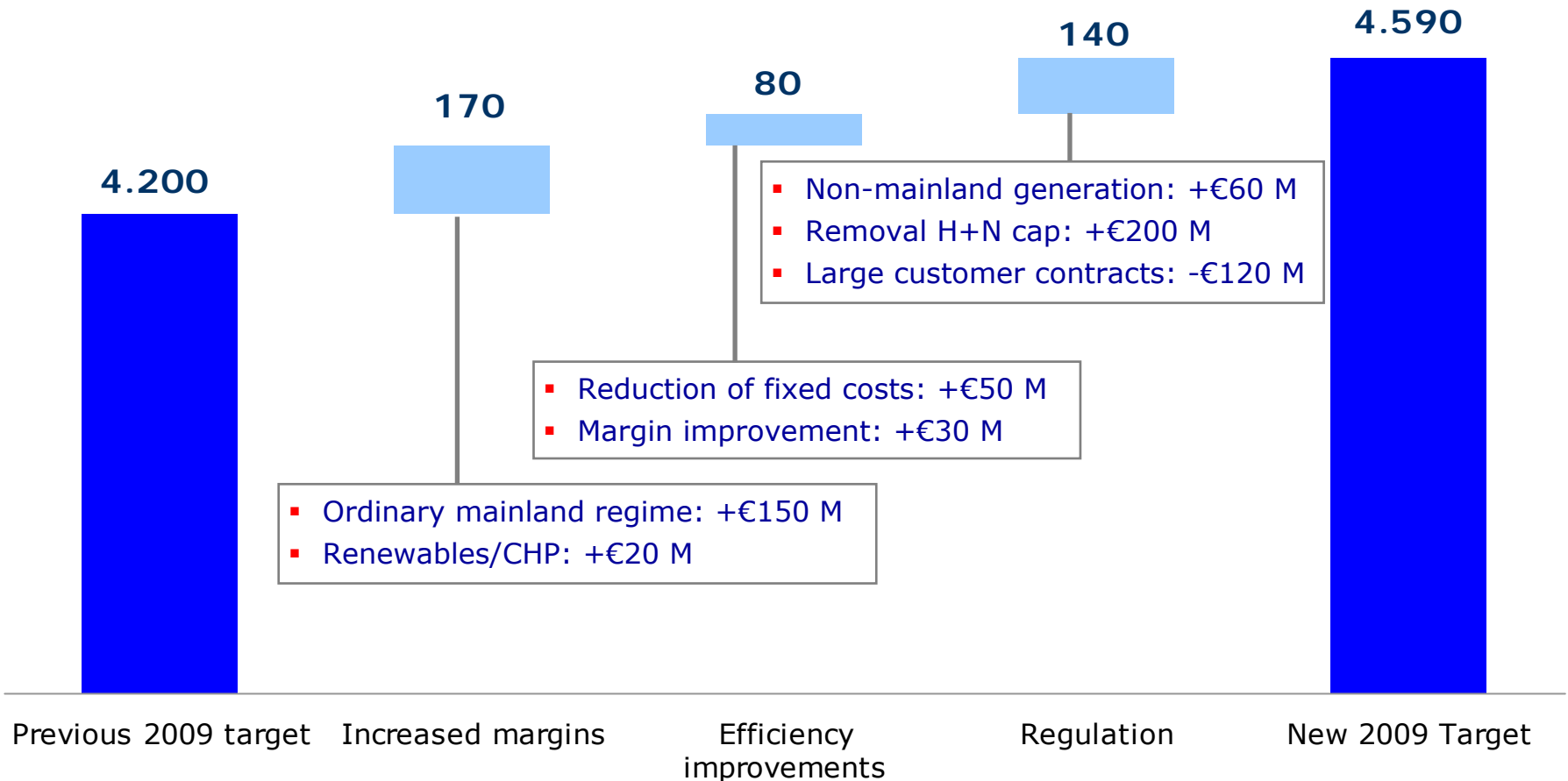
Higher EBITDA target in all businesses

(1) Based on a final price in Spain of 54.5 €/MWh according to RDL 3/2006 (-350 M€ with provisional price of 42,35 €/MWh)

Spain and Portugal: increased margins, improved efficiency and regulation

EBITDA 2009

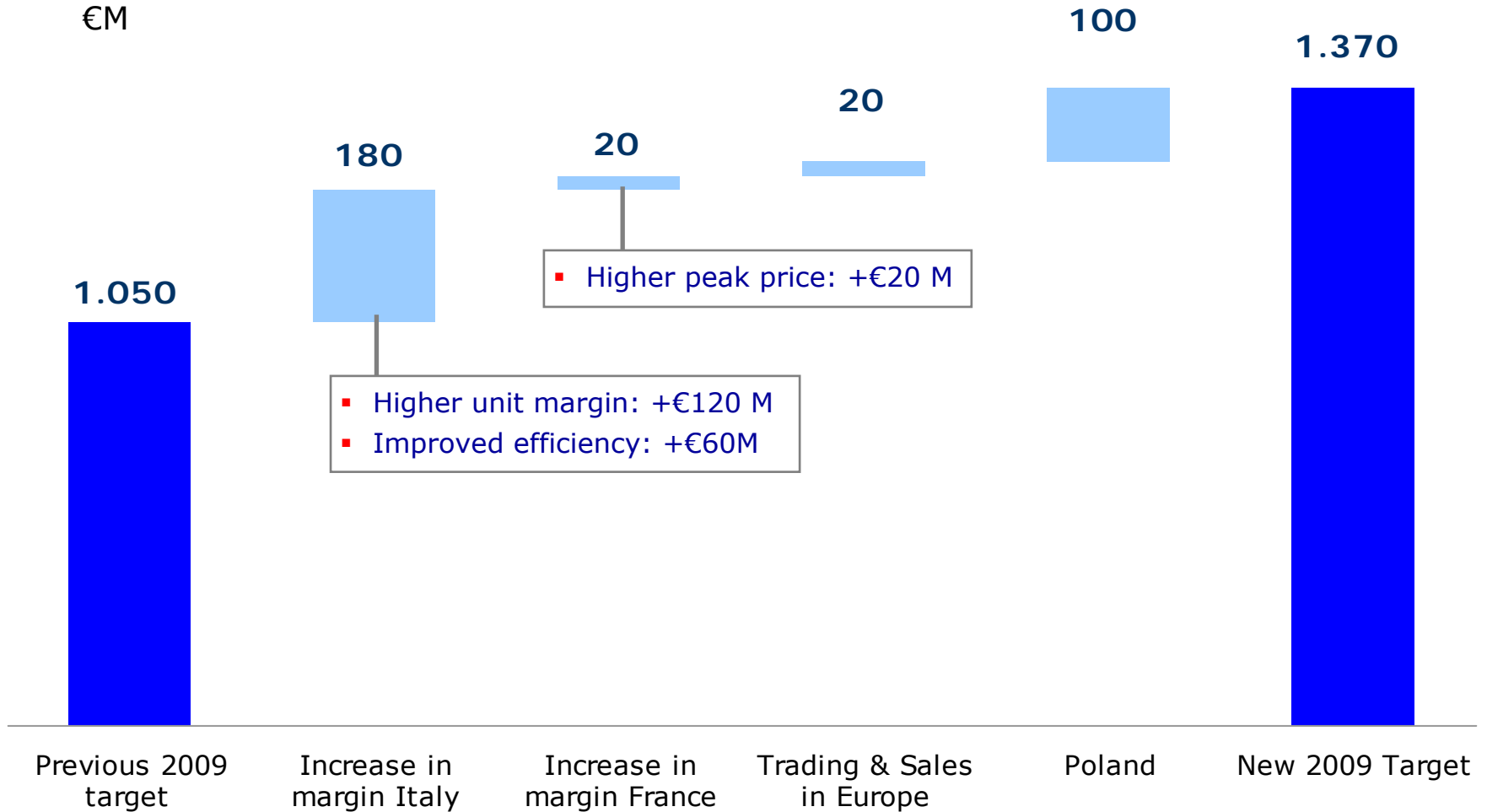
€M



Europe: increased margins and efficiency improvements

EBITDA 2009

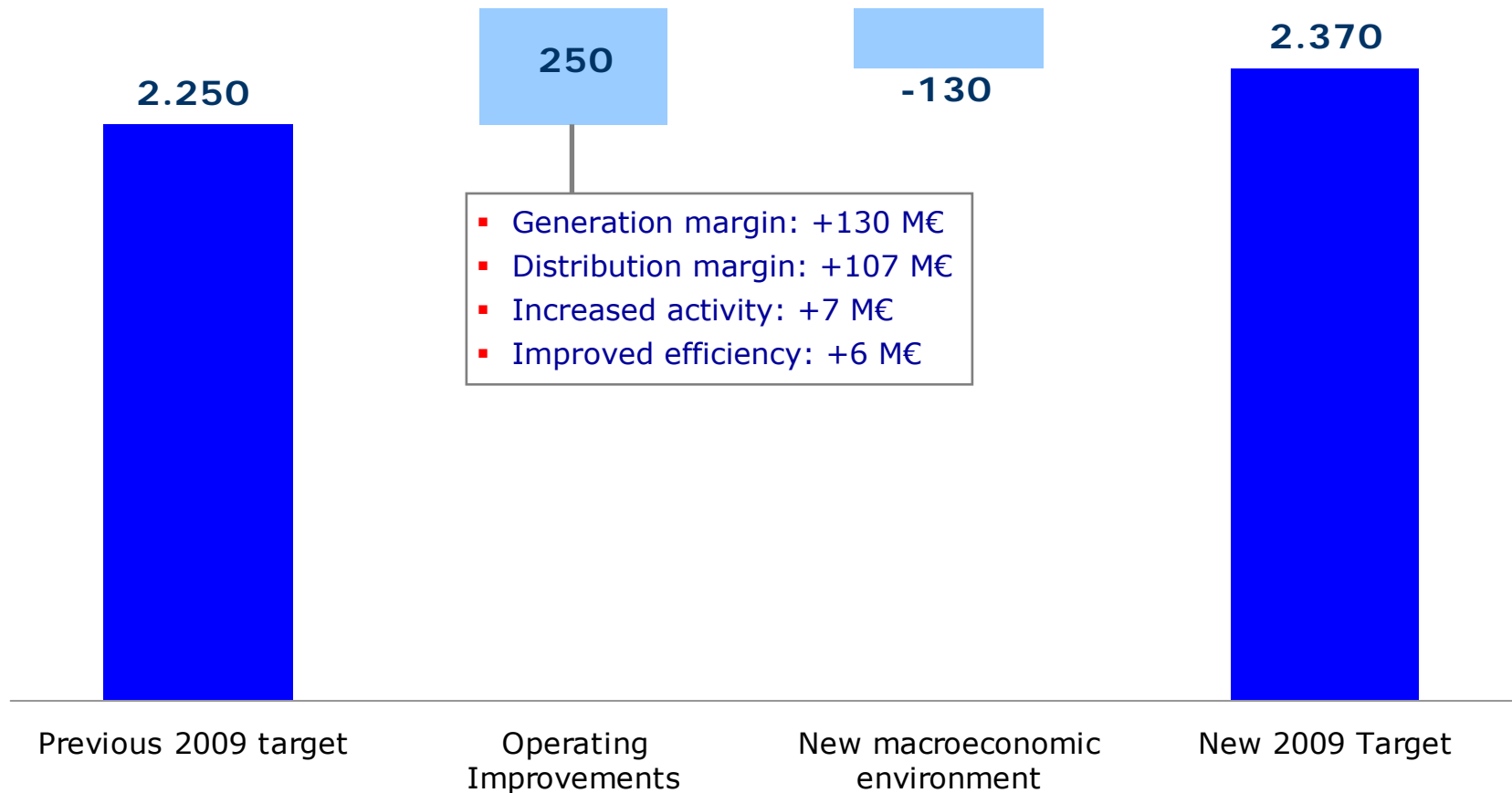
€M



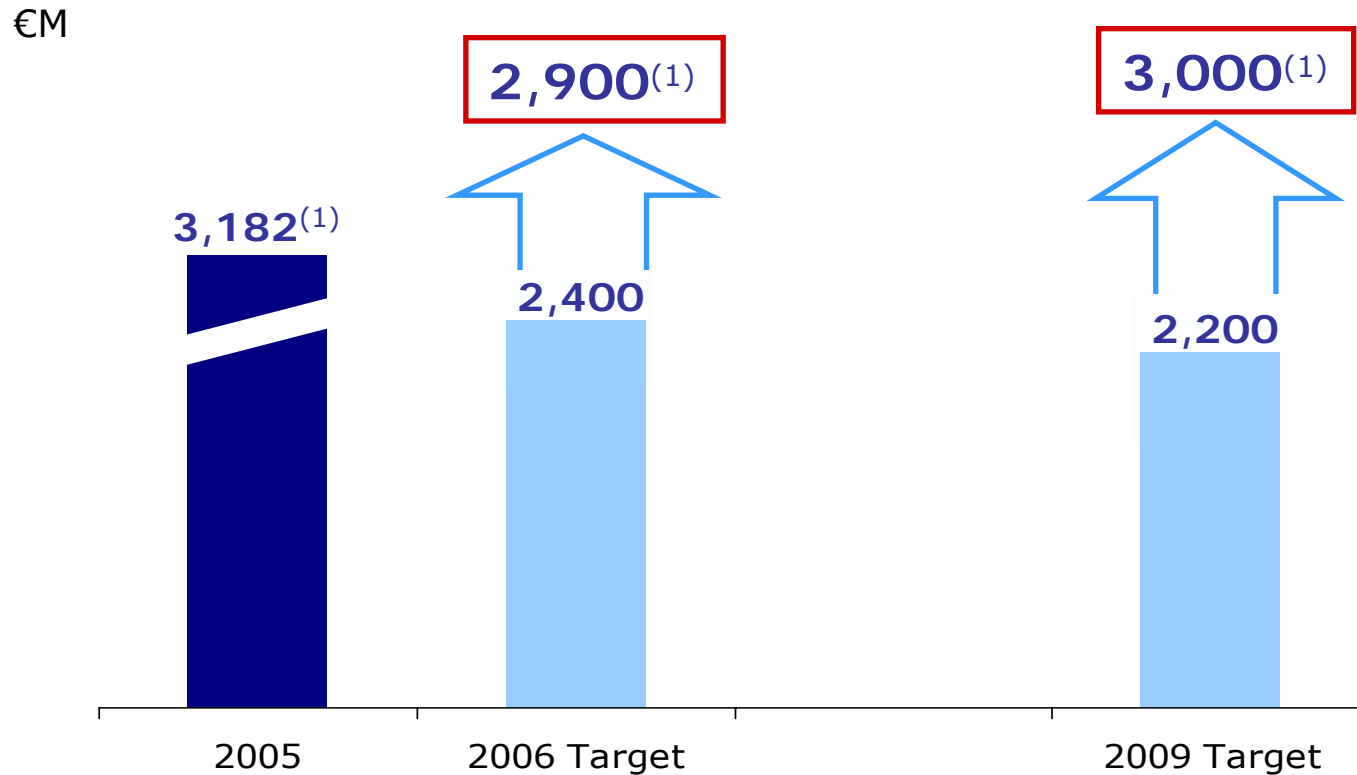
Latin America: operational improvements

EBITDA 2009

€M



Committed to higher Net Income throughout the period



Higher Net Income target in 2006 and 2009

(1) Net income from asset sales: €1,341 M in 2005, ~ €480 M in 2006, ~ €120 M in 2009

Committed to higher dividends throughout the period

Dividend from ordinary activities

CAGR > 12%

~€7,600M in dividends from ordinary activities in 2005-2009

+

Dividends from disposals

100% pay-out of capital gains

~€2,300M in capital gains from disposal of non-core assets

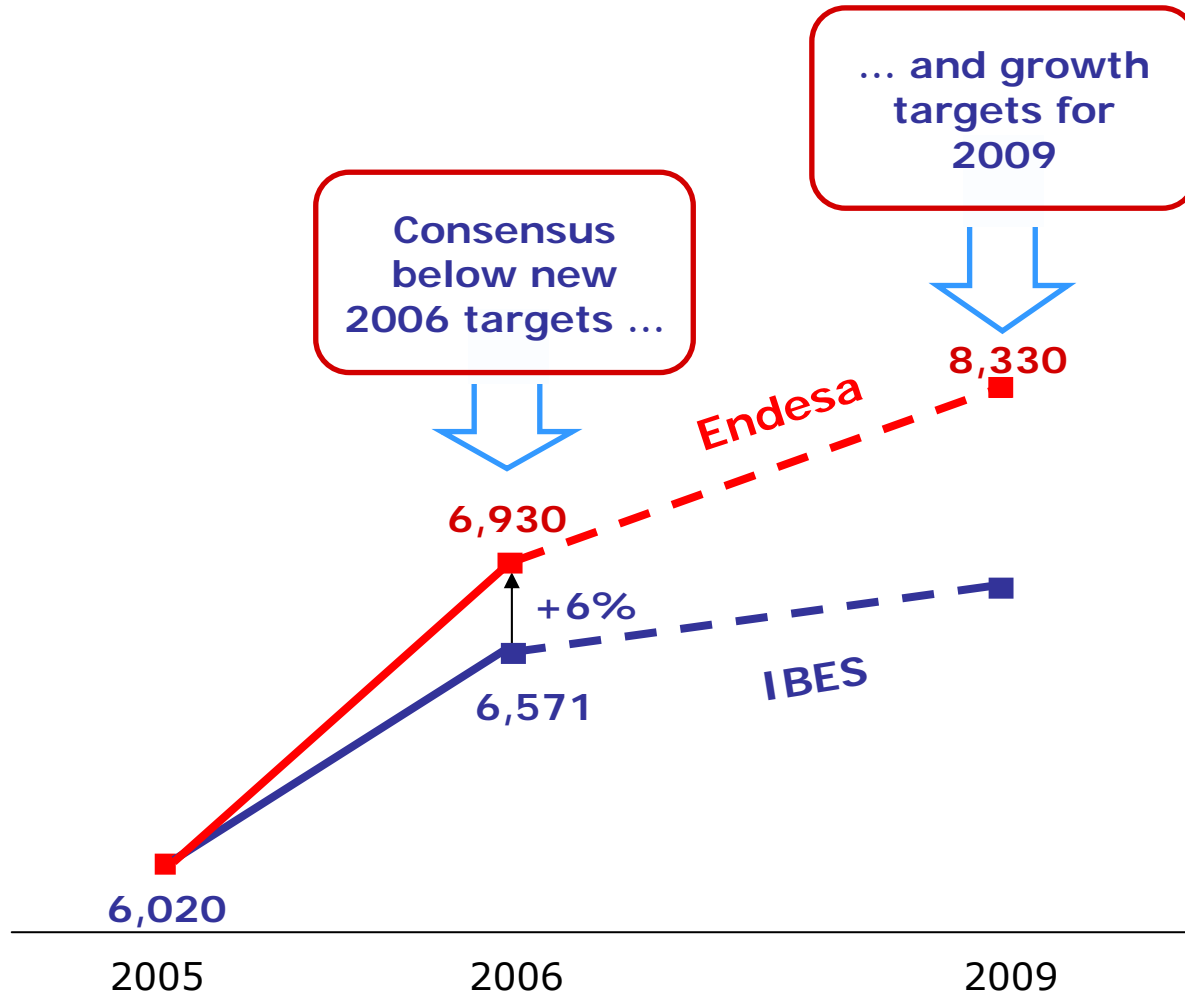
Additional dividend of €2,900M in application of current dividend policy

Reinforced commitments to shareholders throughout the period

	Commitment previously announced	New commitment
2006 EBITDA target	€6,725M	€6,930M
2006 Net Income target	€2,400M	€2,900M
2009 EBITDA target	€7,500M	€8,330M
2009 Net Income target	€2,200M	€3,000M
Dividend from ordinary activities (2005-09)	~€5,000M	~€7,600M
Dividends from asset disposals (2005-09)	~€2,000M	~€2,300M
Total shareholder remuneration (2005-09)	€7,000M	€9,900M
Leverage	<1.4x	<1.4x

Endesa's greater value

EBITDA (€M)



Conclusions

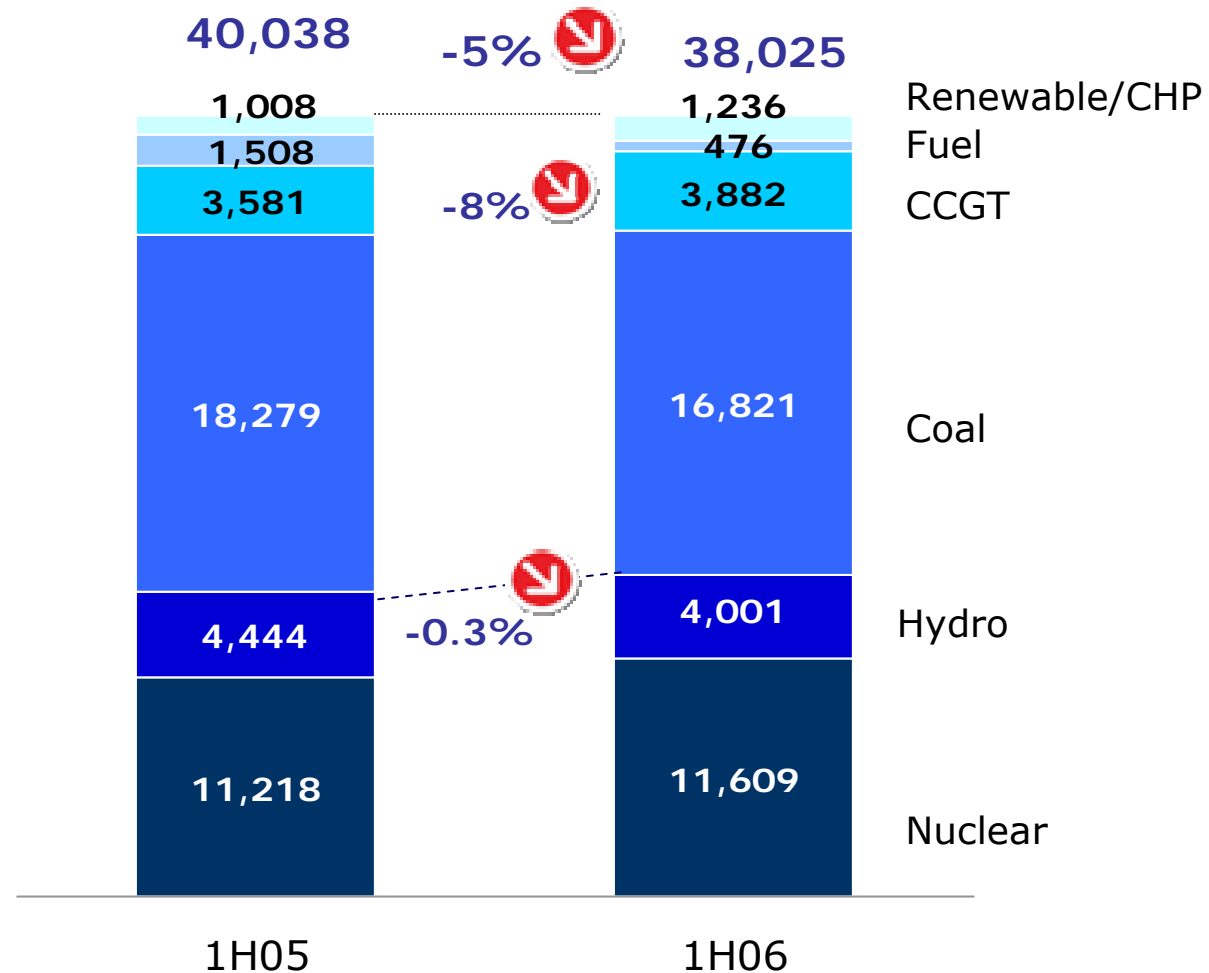
- **Excellent 1H06 results**
- **Strong growth in all business lines**
- **Commitment to higher results in 2006-2009**
- **€9,900M to be paid in dividends in 2005-2009**

**Endesa's
greater
value**

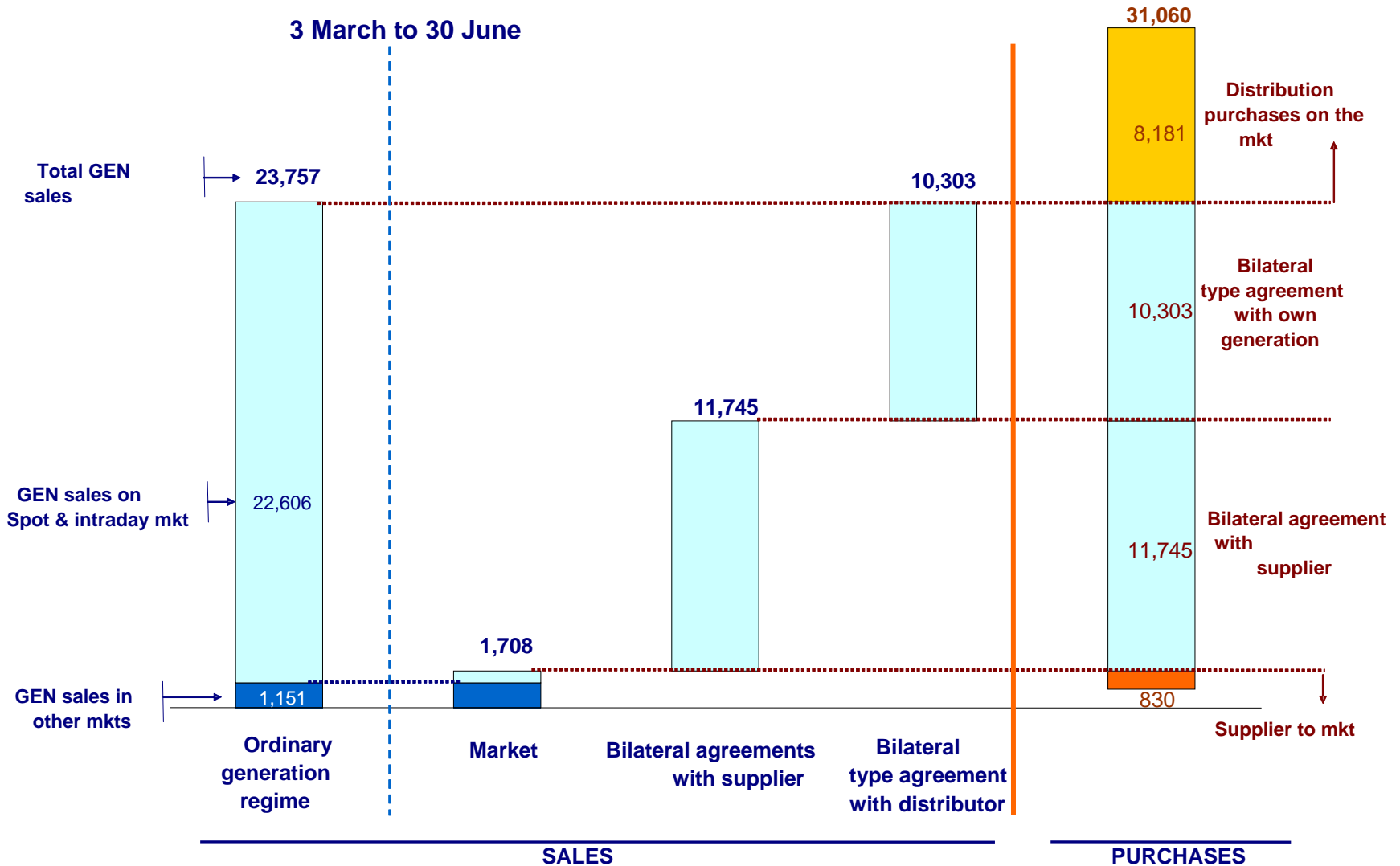
Back Up

Generation business in Spain and Portugal

Endesa's mainland generation business (GWh)



Provisional impact of RDL 3/2006

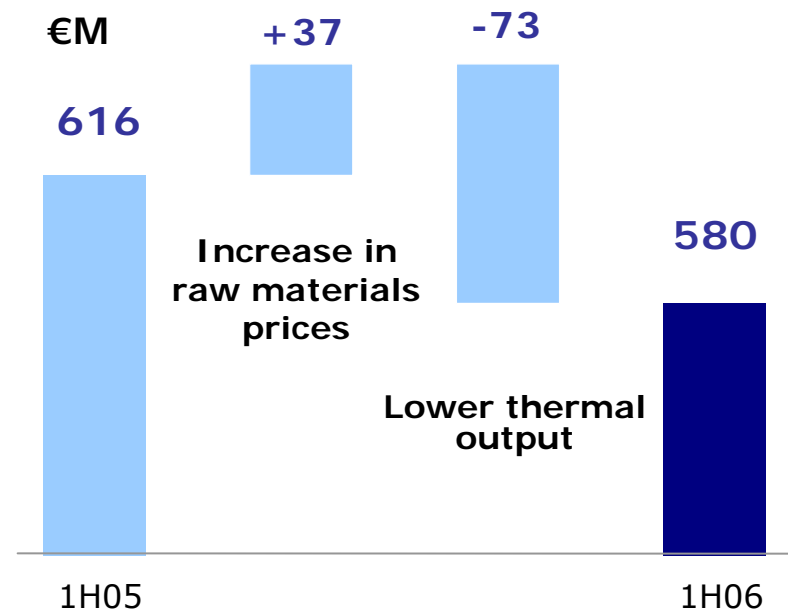


Competitive mainland fuel costs

Breakdown of mainland unit fuel costs

€/MWh	1H05	1H06	% chg.
CCGT	27.2	32.3 ⁽²⁾	18.9%
Domestic coal ⁽¹⁾	22.4	22.0	-1.8%
Imported coal	19.0	19.8	4.2%
Fuel	49.1	76.4	55.7%
Avg. conventional thermal output	24.7	25.4	3.2%
Total average	15.8	15.8	0.1%

Breakdown of impact on fuel cost



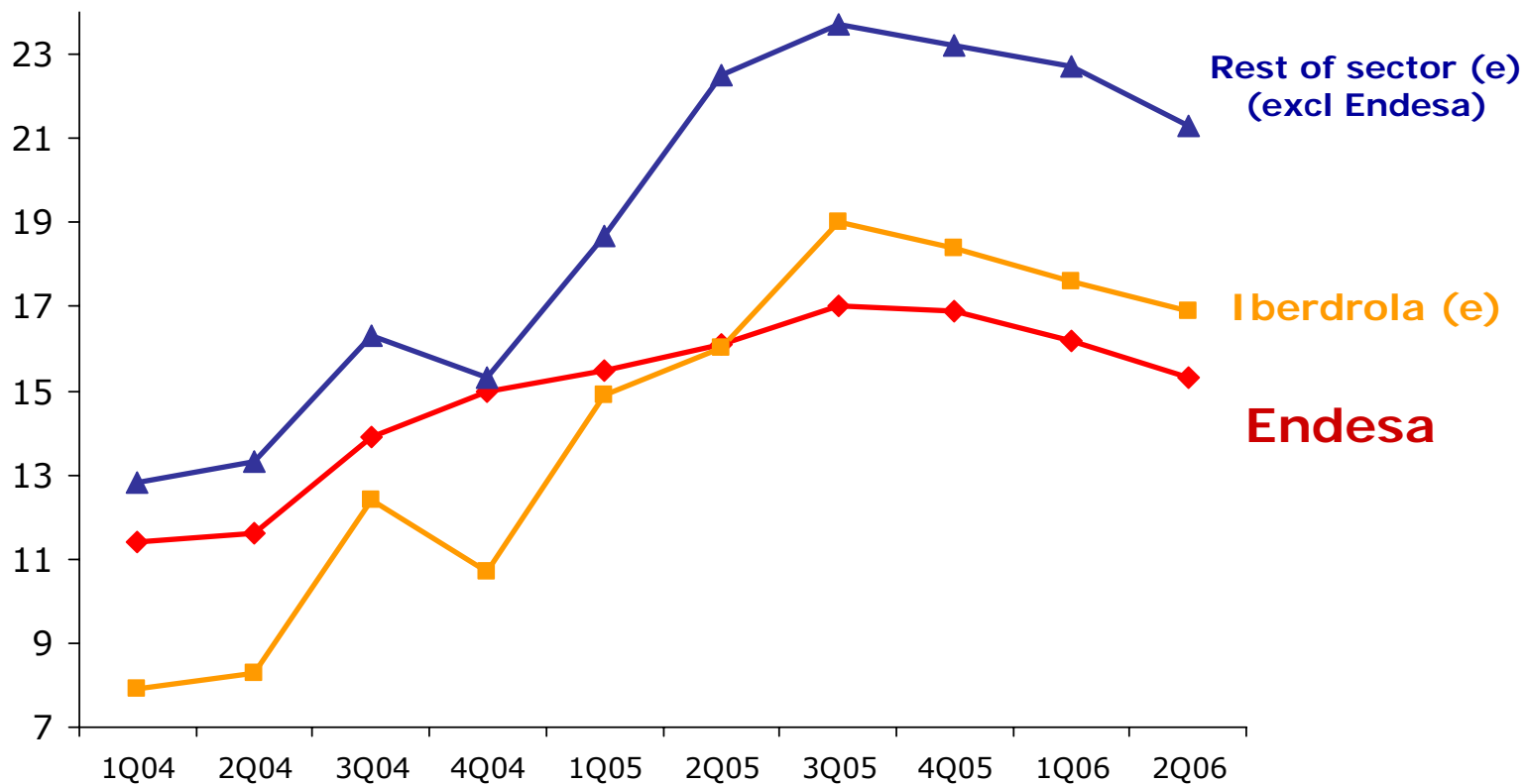
More moderate fuel costs despite the performance of international prices

(1) Net of coal premiums. In 2005 and in 2006, the gross fuel cost has been €23.6/MWh. Includes imported coal consumed by domestic coal plants.

(2) €28.8/MWh excl. ATR.

Competitive ordinary regime mainland fuel costs

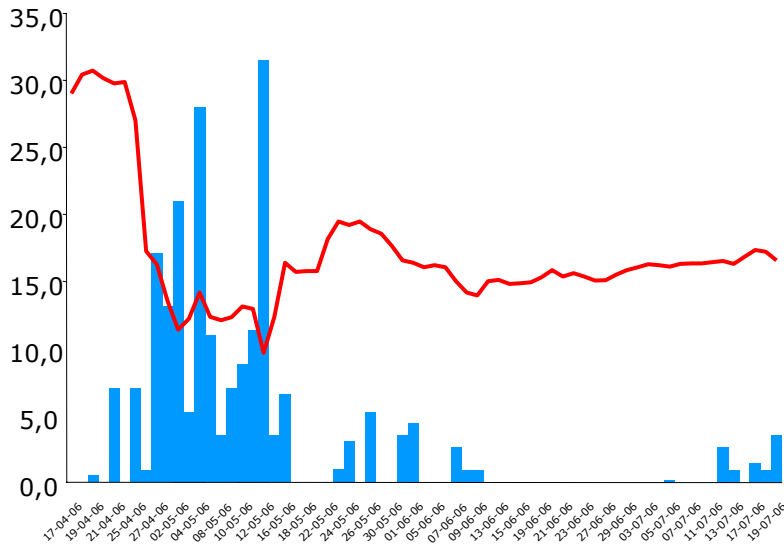
Fuel costs - quarterly performance (€/MWh)



- Most competitive and efficient generation portfolio in the sector
- Diversified generation mix
- Raw material price management

Emission cost management

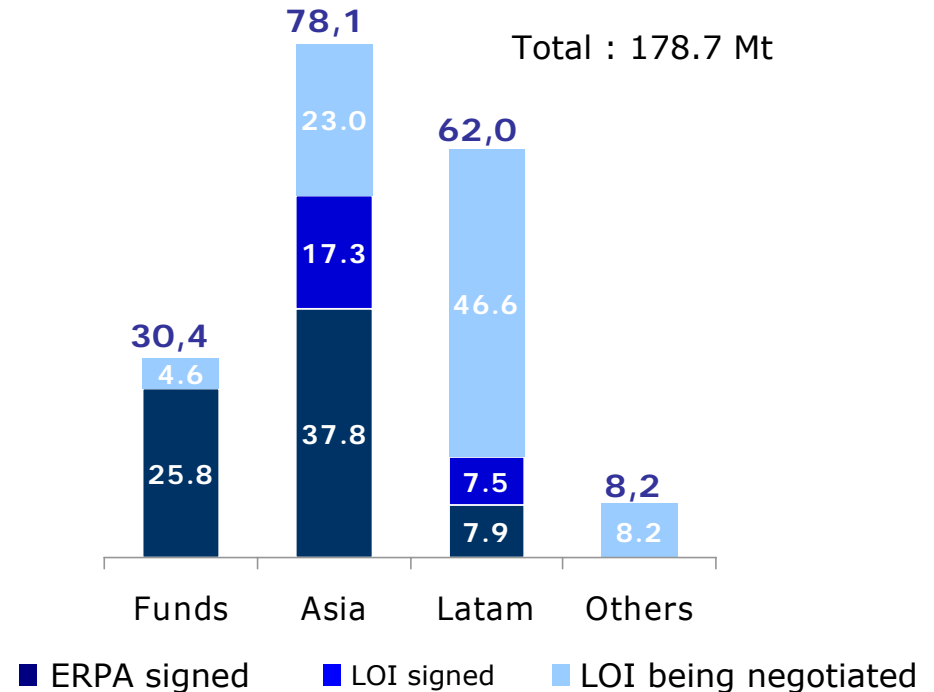
Key player in the CO2 market



— CO2 prices ■ Endesa purchases

- Mainly to ensure demand is met (purchases made when the need arises)
- Some active management when prices are low

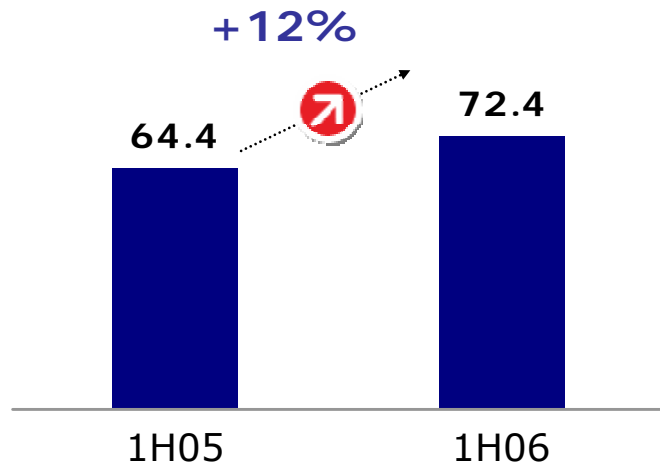
Key player in development of CDM projects



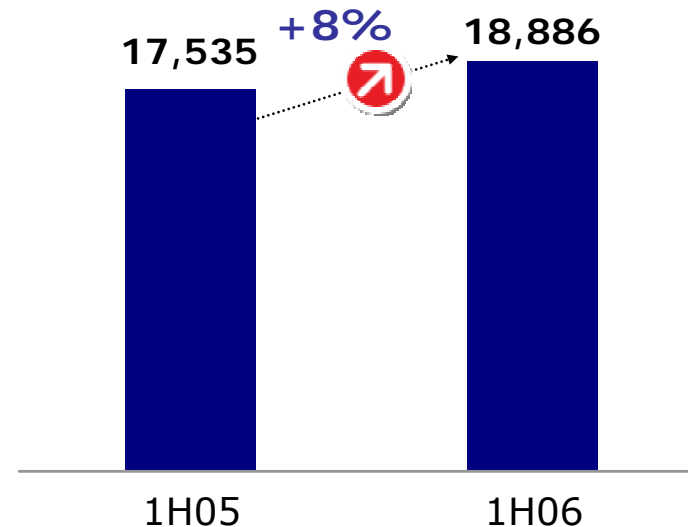
- The Group participates in 42 projects via the Endesa Climate Initiative through which it expects to cover between 30 and 50% of its needs in phase I and II, respectively.

Unlocking the value of its customer portfolio

Average sales price increase (€/MWh)



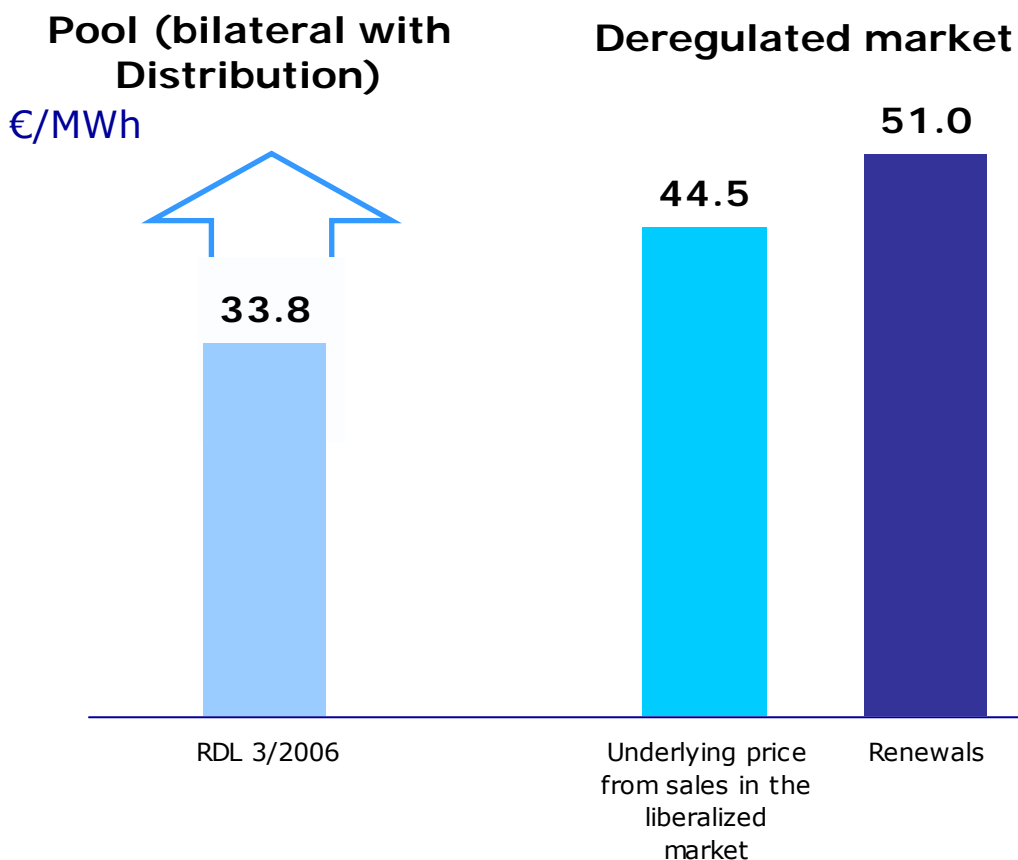
Increase in sales on the deregulated market (GWh)



- Value of customer portfolio as a hedge against wholesale price volatility
- Renewal and signing of new contracts at a price equivalent to €59.6/MWh (+€18.2/MWh higher than RDL 3/2006)

Underlying wholesale power prices

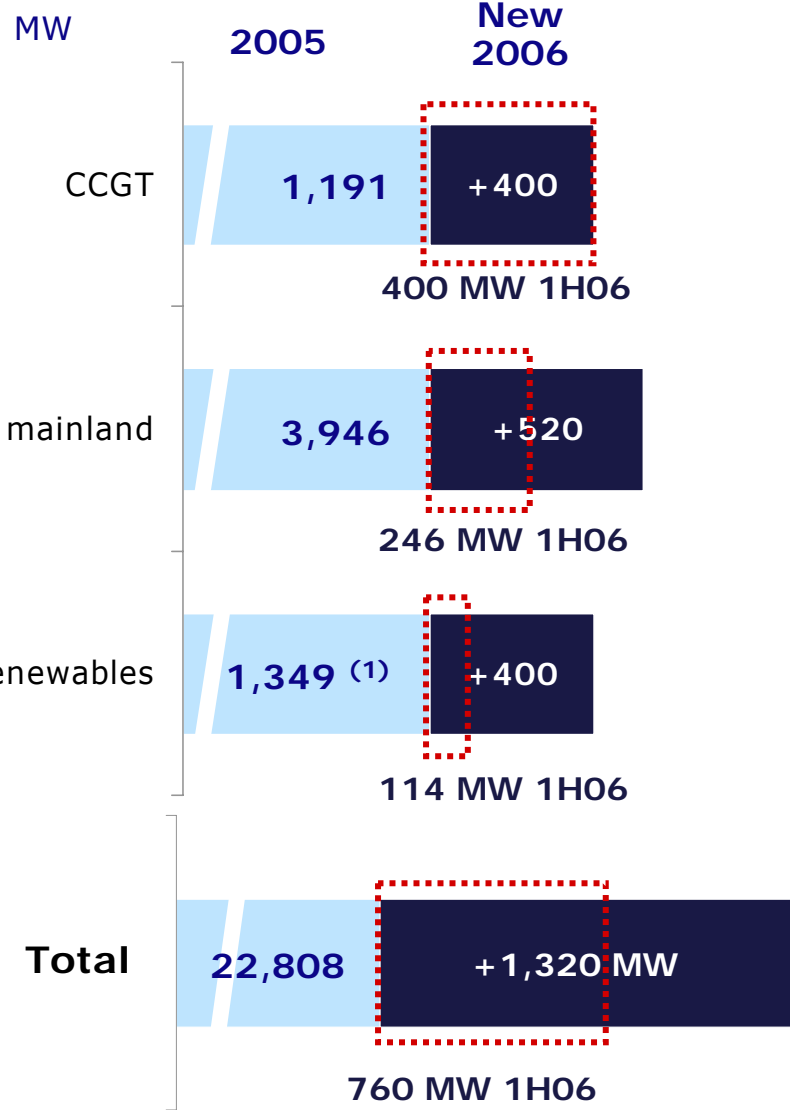
Generation revenues from sales to:



- The difference in prices between the energy sold under the RDL 3/2006 and the average underlying price of energy sold to the liberalized market is 10.7 €/MWh
- The average underlying price of renewals in 1S06 is 6.5 €/MWh greater

Significant Progress in Capacity Plan

Capacity plan 2006



- Colón plant operational
- 2009 target: 4,400 MW capacity installed

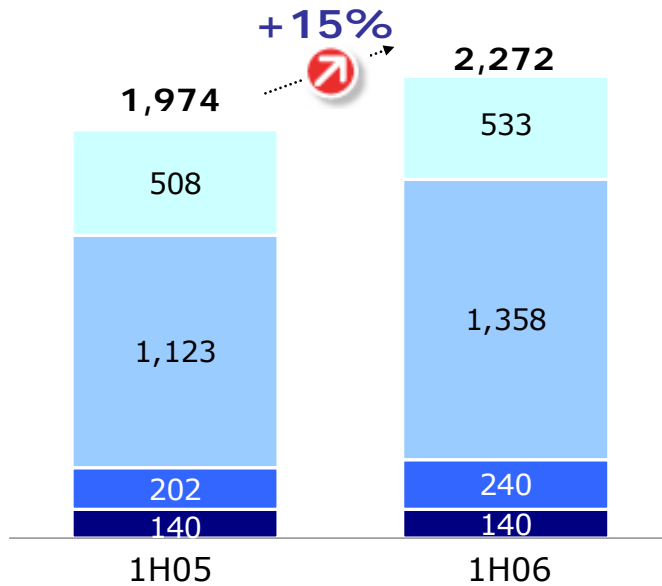
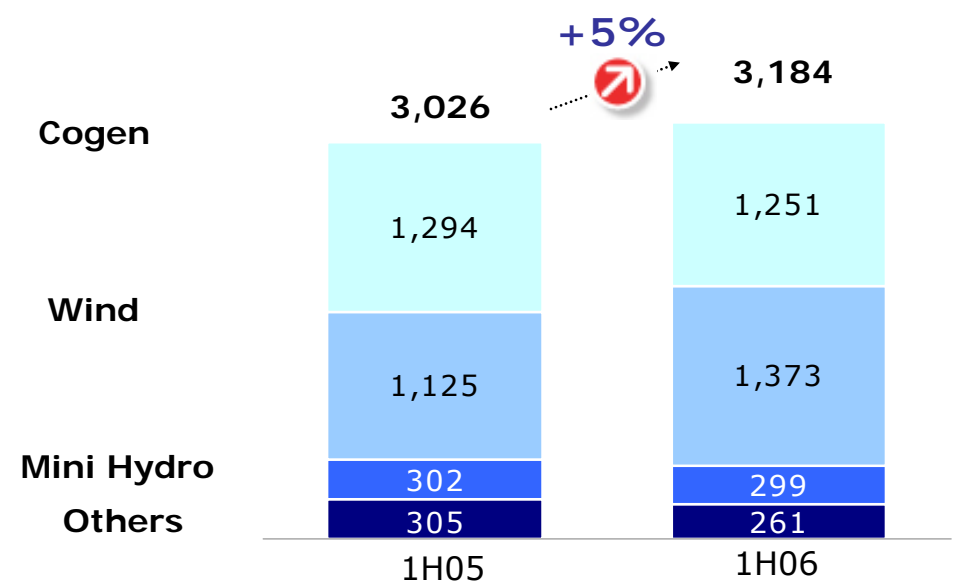
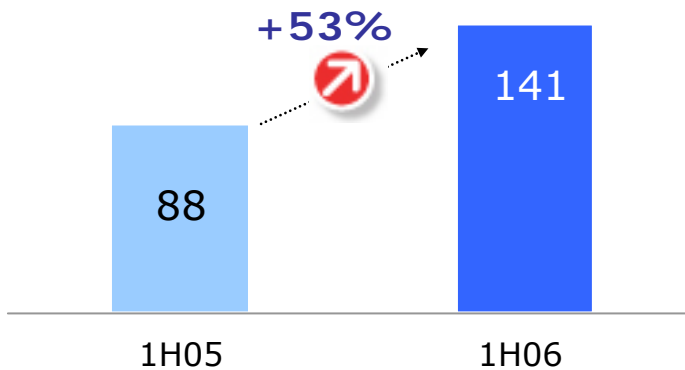
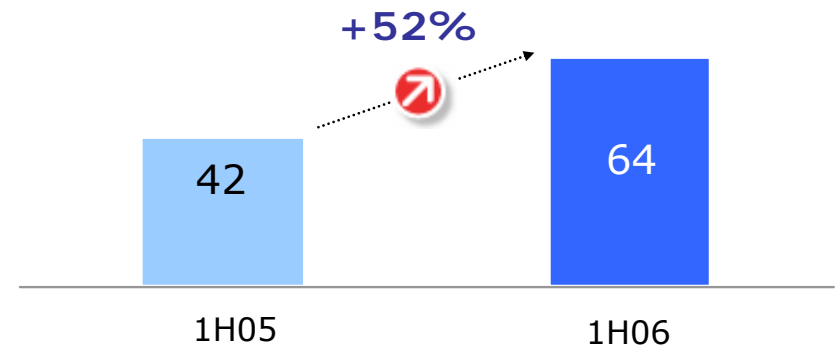
- 520 MW slated to come onstream in 2006
- 2009 target: 5,000 MW capacity installed

- 28% increase in renewable installed capacity in 2006
- Tender for 1,000MW in Portugal Preliminary results satisfactory
- 2009 target: 3,000MW capacity installed

- A further 1,320 MW slated to come on-stream in 2006

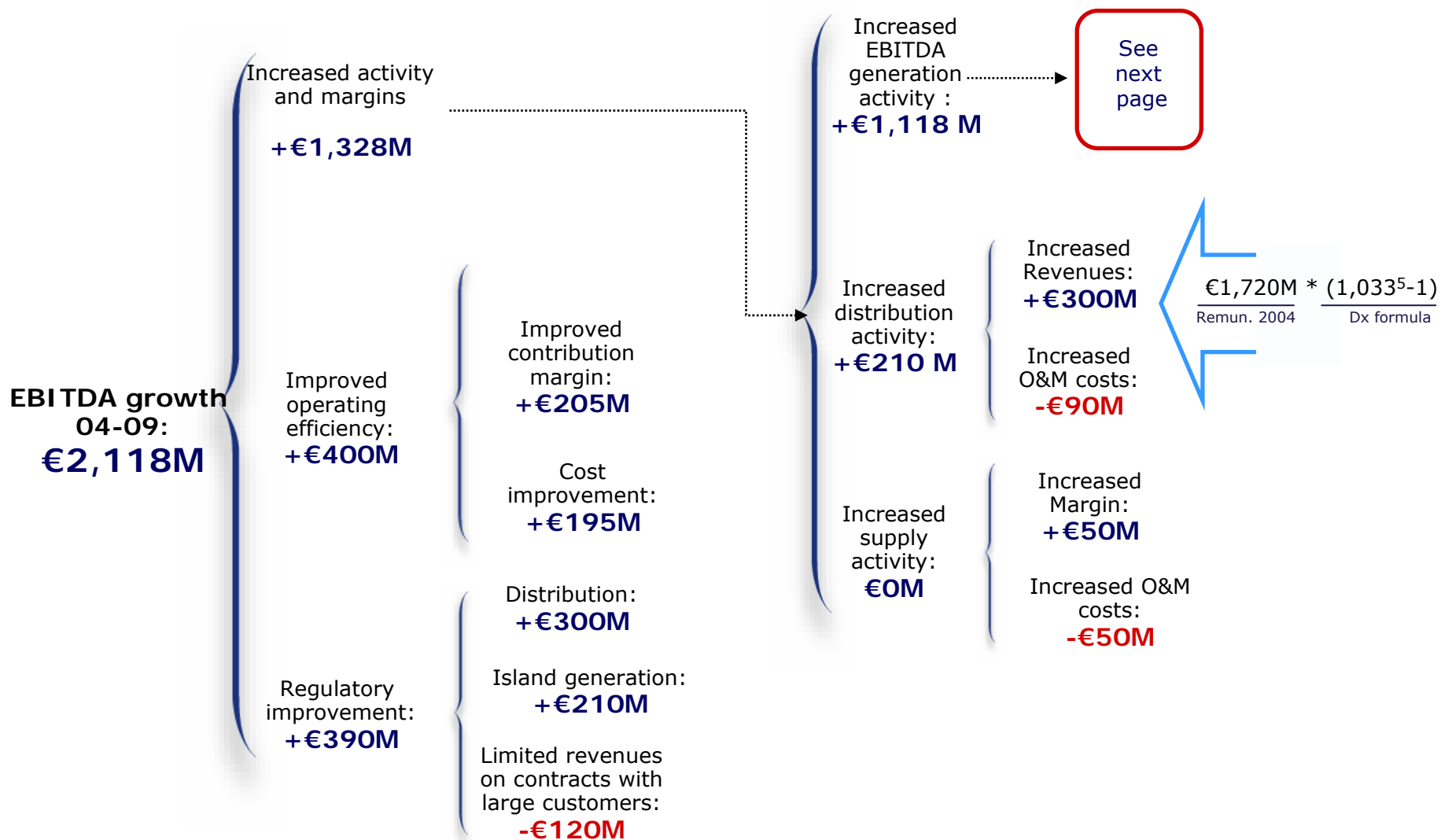
(1) Net power. Booked capacity 1,007 MW.

Growth in renewables/CHP

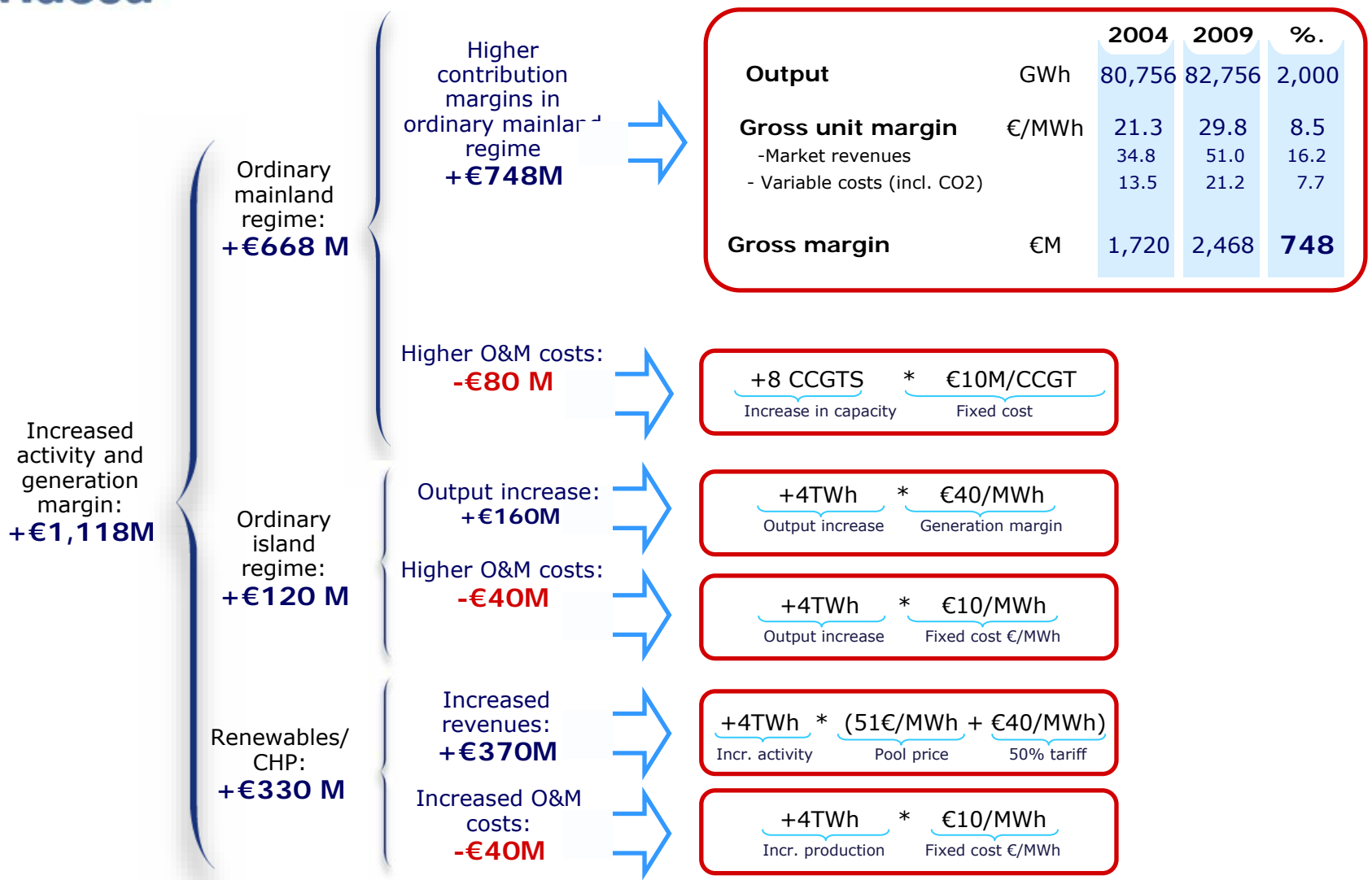
Power (MW) ⁽¹⁾

Output (GWh) ⁽¹⁾

Sales (€M)

EBIT (€M)


(1) 100% of projects in which Endesa participates

Spain: EBITDA growth 2004-2009



Spain: EBITDA growth 2004-2009



The main assumptions used to calculate EBITDA growth are "conservative"

Activity growth assumptions

- Increase in mainland ordinary regime output of **only 2,000 GWh** with 3,200 MW of new capacity installed:
 - ✓ 16,000 GWh* increase in CCGT
 - ✓ 14,000 GWh* reduction in coal and fuel-gas
- Increased production in the islands based on growth demand (6% annual)
- 2,200 hours of utilization of new renewables/CHP plant (output of 4,000 GWh per 1,800MW installed)
- Demand growth 2004-2009: CAGR 4%
- Higher O&M costs linked to increased activity: **€300M**

Market assumptions for commodities in 2009

- Average electricity market price €51/MWh
 - ✓ In line with European forward curves
 - ✓ New entrant cost or long term marginal cost
 - ✓ Spark spread: €16/MWh
 - ✓ Clean spark spread: €10/MWh
- Fuel costs for thermal technologies (excl CO2)

✓ CCGT	€38/MWh
✓ Coal	€21/MWh
- The NAP assigns ENDESA 21 million tons a year, just over 50% of its needs. Cost of acquiring emissions rights: €18/tonne

(*) Output based on the equal utilisation of coal and CCGT plants in 2009 (5,000 hours), despite higher expected competition in coal (conservative scenario)

Gross margin increase in ordinary mainland generation

Output, fuel costs and CO2

Gross margin performance

2004

	Output (GWh)	Fuel Cost (€/MWh)
Hydro	10,310	3.6
Nuclear	25,567	3.5
Thermal	44,879	21.4
TOTAL	80,756	13.5

- **Unit gross margin:** €21.3/MWh
 - Mkt revenue: €34.8/MWh
 - Variable cost: -€13.5/MWh
- **Output:** 80,756 GWh
- **Gross margin:** €1,720M

2009

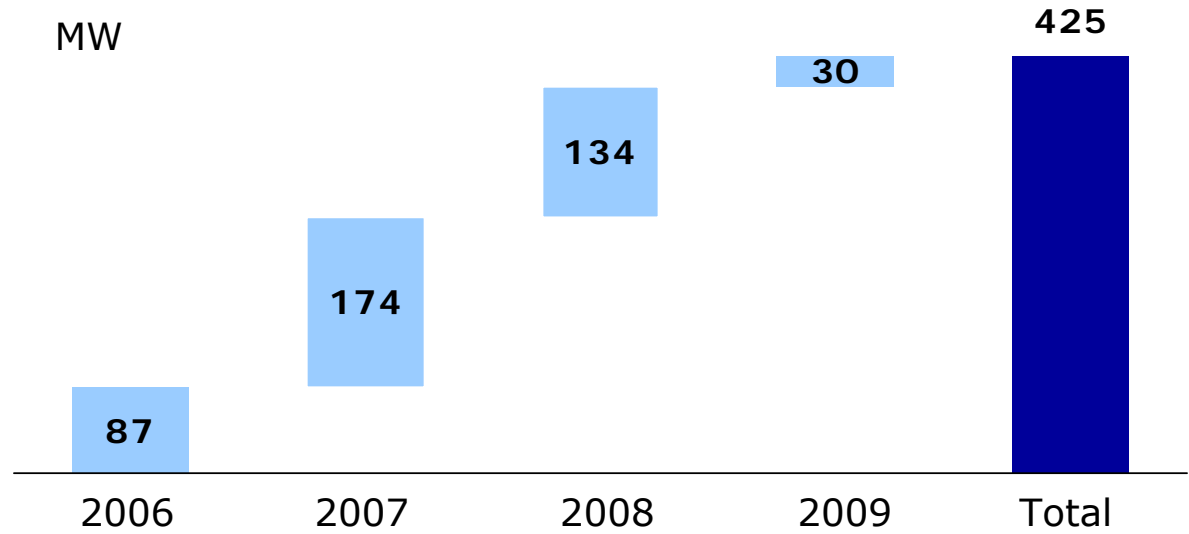
	Output (GWh)	Fuel cost (€/MWh)	CO2 cost (€/MWh)
Hydro	10,310	6.9	0.0
Nuclear	25,567	6.5	0.0
Thermal	46,879	27.1	5.4
TOTAL	82,756	18.2	3.0

- **Unit gross margin:** €29.8/MWh
 - Mkt revenue: €51.0/MWh
 - Variable cost: -€21.2/MWh
- **Output:** 82,756 GWh
- **Gross margin:** €2,468 M

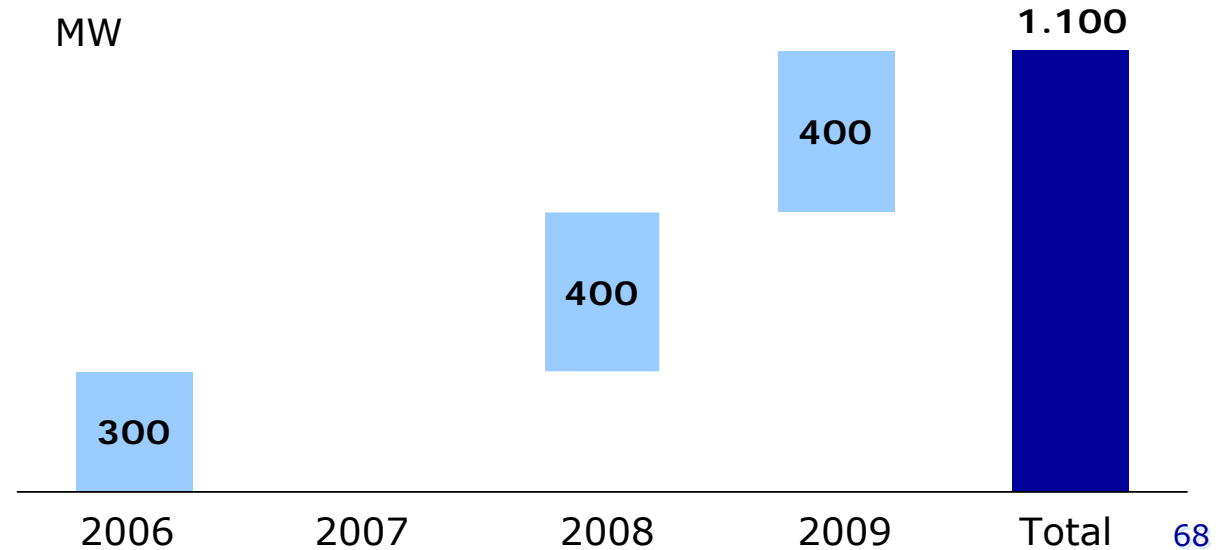
Difference gross margin 2004 – 2009: +748 M€

Italy: Capacity Plan 2006-2009

Renewable capacity plan

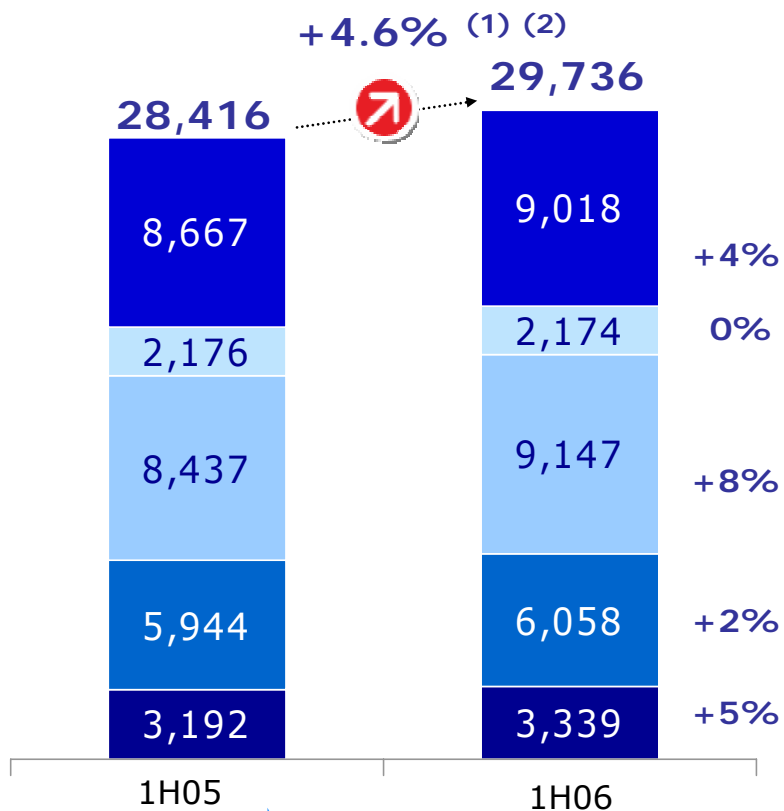


CCGT capacity plan

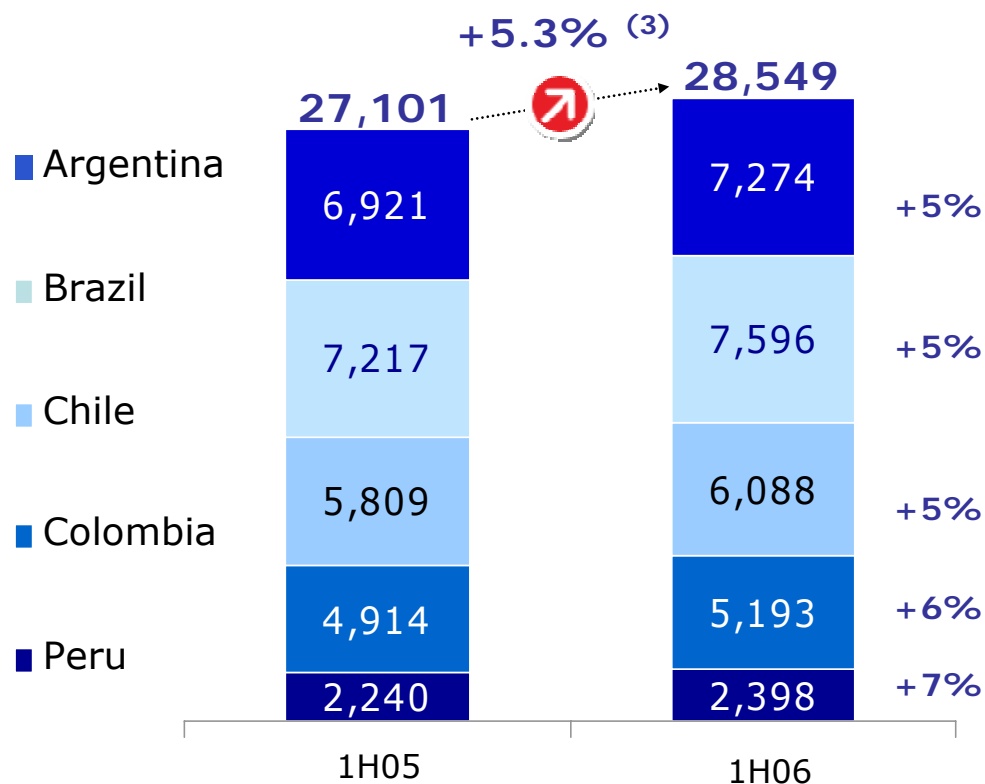


High growth in output and sales

Generation (GWh)



Distribution (GWh)



Strategic Plan growth

CAGR +3.5%



CAGR +5.0%



(1) Reported CAGR 4.7% 1H06 vs 1H04

(2) 5.3% excluding 187GW of output in 2005 from Ampla facilities now sold.

(3) Reported CAGR 5.1% 1H06 vs 1H04

Capacity Plan: The Aysén project



Plant	MW (*)	Operational
El Salto	25	2013
Baker 1	650	2013
Pascua 2	900	2015
Baker 2	350	2018
Pascua 1	430	2017
TOTAL	2,355	

- Strategic partner: Colbún (Matte group)
- Investment: \approx US\$1,500M Transmission
 \approx US\$2,000M Project
- Time scale:
 - 2005-2006: Technical and environmental studies
 - 2005-2008: Permits and licenses
 - 2008-2018: Construction

(*) Provisional technical studies

SIEPAC: Energy Integration in Central America



Country	KM.
Guatemala	279
El Salvador	285
Honduras	376
Nicaragua	310
Costa Rica	477
Panama	140
Total	1,867

30 bays in 16 substacions
OPGW cable with 48 optic fibre

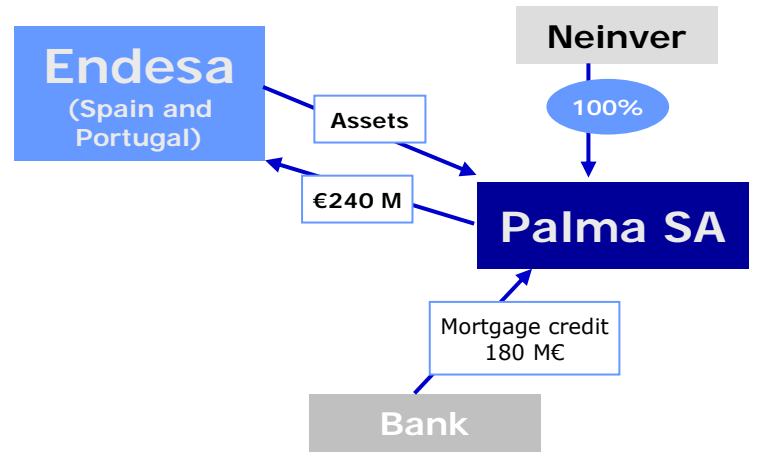
- Construction and maintenance of regional transmission system interconnecting the electricity networks of the six countries, known as SIEPAC. EPR is responsible for completing the project.

- ENDESA, with a stake of 12.5% of EPR, and ISA (Colombia) are the only private partners. The remainder are the six Central American countries.
- Investment: US\$340M
- Work started: July 2006
- Expected completion date: 3Q 2008

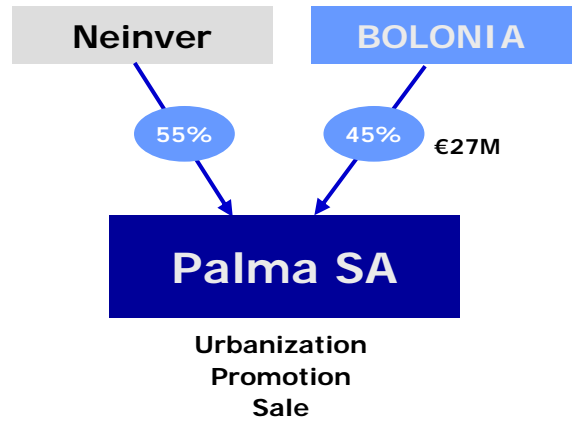
- Creation of the **Regional Electricity Market (REM)**, the 7th market in the area, interlinked with the six existing national systems where qualified agents carry out international power trades in the region of central America.

Structure of the sale of Palma de Mallorca Real Estate assets

Phase 1: Endesa receives €240M



Phase 2: Endesa invests €27M

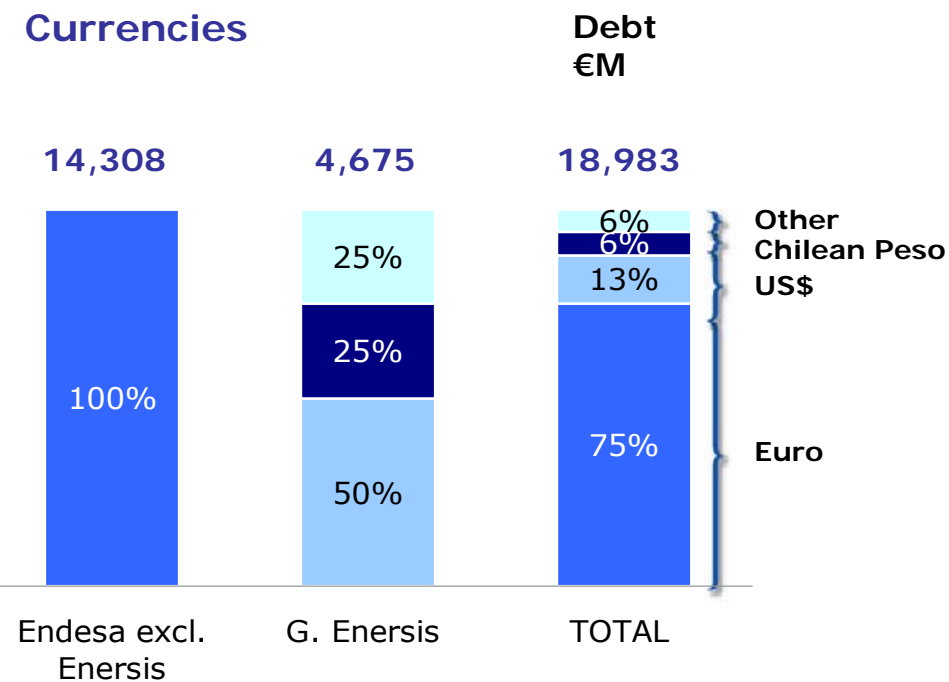


- Transaction highlights:**
- Sale of 100% of Palma R.E. assets for €240M
 - Incorporation of Palma S.A.:
 - Assets: €240M
 - Leverage 75% (€180M) without recourse to shareholders
 - Endesa retains 45% for €27 M
 - Neinver owns remaining 55%
 - IRR of shareholder >22%
 - Tag along and exit clause in 3 years

Debt structure aligned with needs and business risk

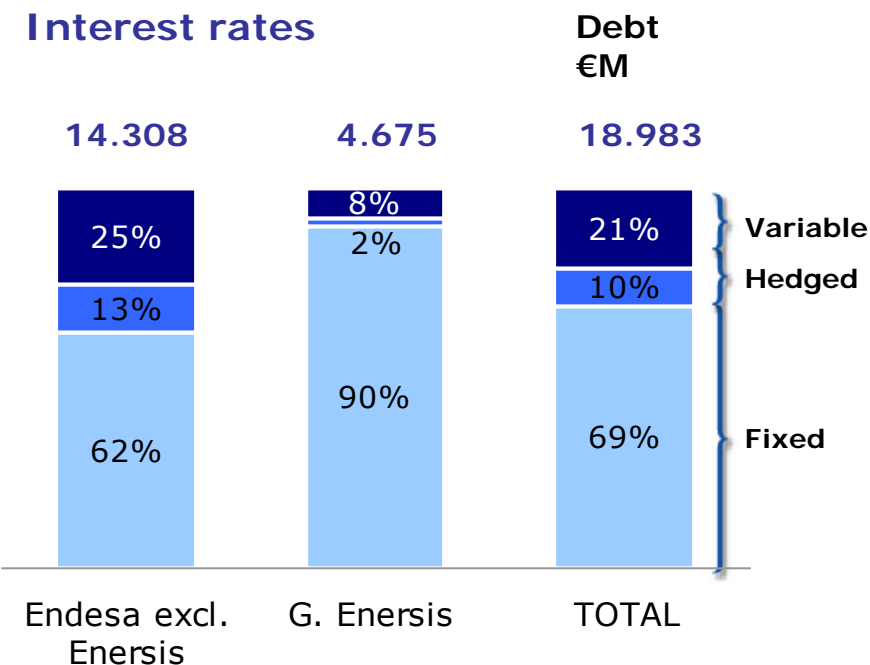
Currency hedging

Currencies



Interest rate hedging

Interest rates



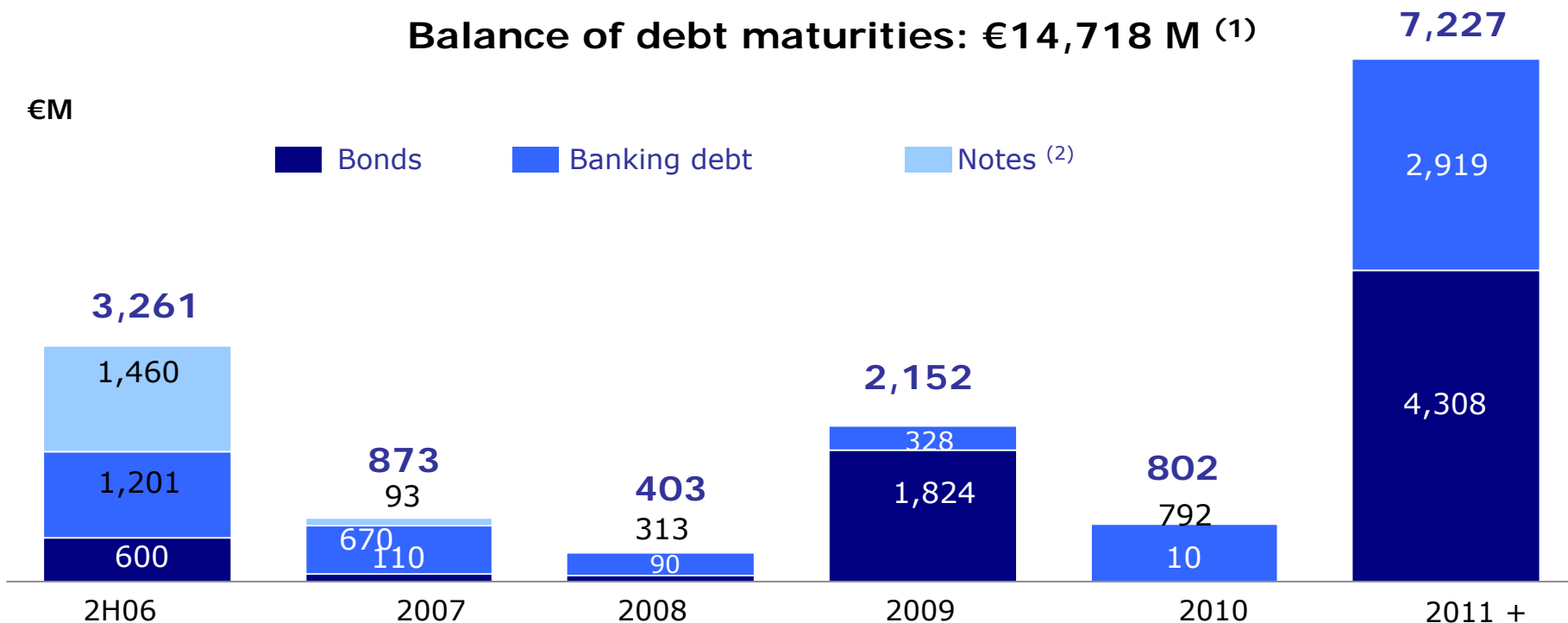
- Currency risk is limited by denominating debt in the same currency in which cash flow is generated
- The high percentage of interest rate hedges reduces volatility in financial expenses

ENDESA debt maturities excluding Enersis

Balance of debt maturities: €14,718 M ⁽¹⁾

€M

■ Bonds
 ■ Banking debt
 ■ Notes ⁽²⁾

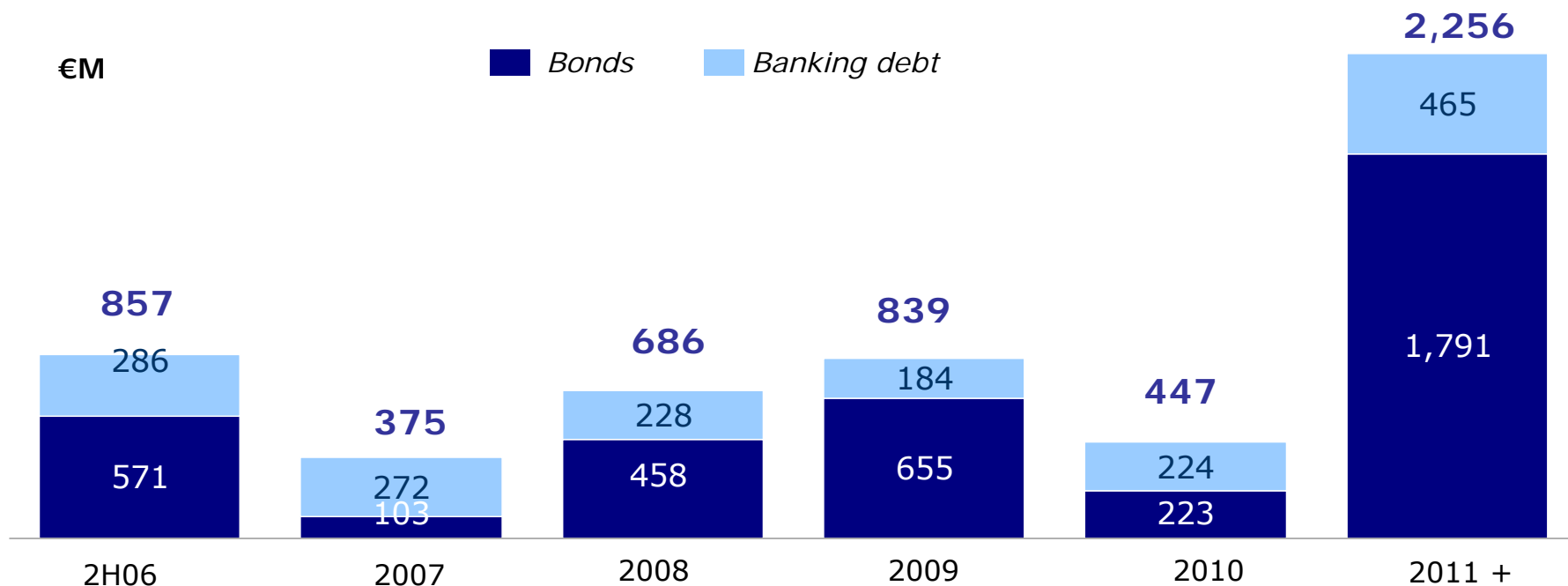


ENDESA's liquidity excluding Enersis is €7,433M (€333M in cash and €7,100M in undrawn credit lines)

(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. Notes issued are backed by long-term credit lines and renewed on a regular basis.

Enersis debt maturities

Balance of debt maturities: €5,460M ⁽¹⁾



Enersis' liquidity is €1,227 M (€780 M in cash and € 447M in undrawn credit lines)

(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.



Important 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, disposals, increases in output and installed capacity in the various markets where Endesa operates, increases in demand in these markets, allocation of output 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.



1H 2006 results
Endesa's greater value



25 July 2006