SPAIN AND PORTUGAL

Accomplishing Commitments

Dow Jones Sustainability Indexes
Member 2006/07

Valencia , 25 June 2007

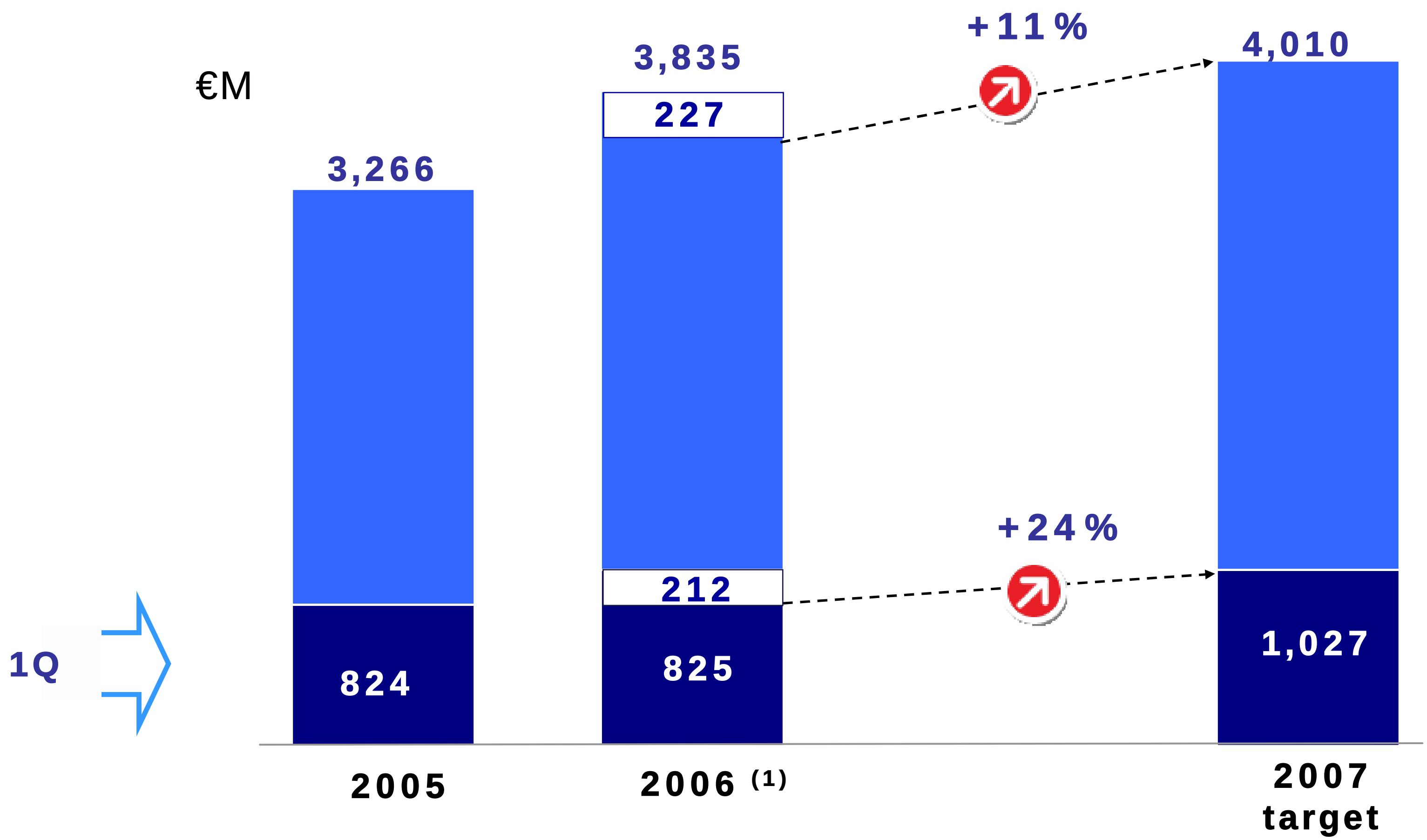
Spain and Portugal. Accomplishing Commitments

- Results
- Business Drivers
- Deregulated activities
- Regulated activities
- Efficiency improvement
- Regulation

- **Results**
  - 2006 Results
  - 1Q 07 Results
  - Track record and forecast results
- Business Drivers
- Deregulated activities
- Regulated activities
- Efficiency improvement
- Regulation

2006 and 1Q07 Results

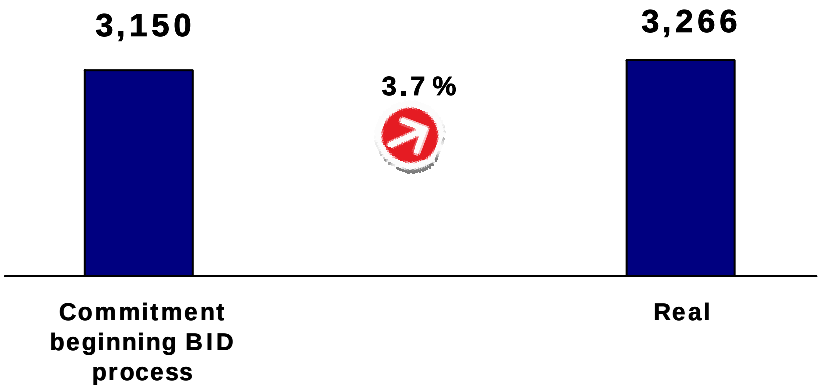
EBITDA



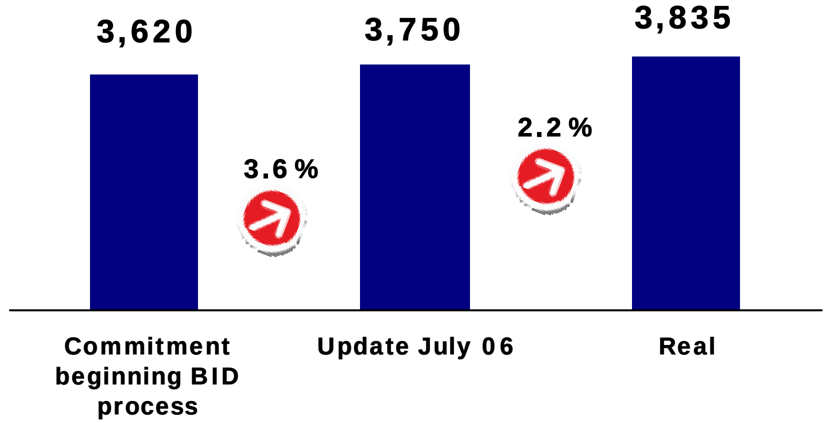
(1) Stripping out revenues recognized for non-mainland generation extra cost in 2001-2005: €212M in 1Q06, and €227M for FY06.

Track Record and forecast results

EBITDA 2005

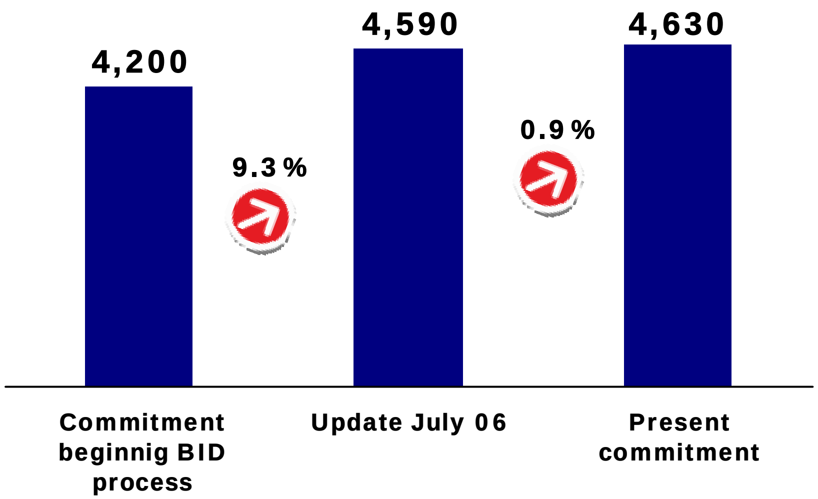


EBITDA 2006



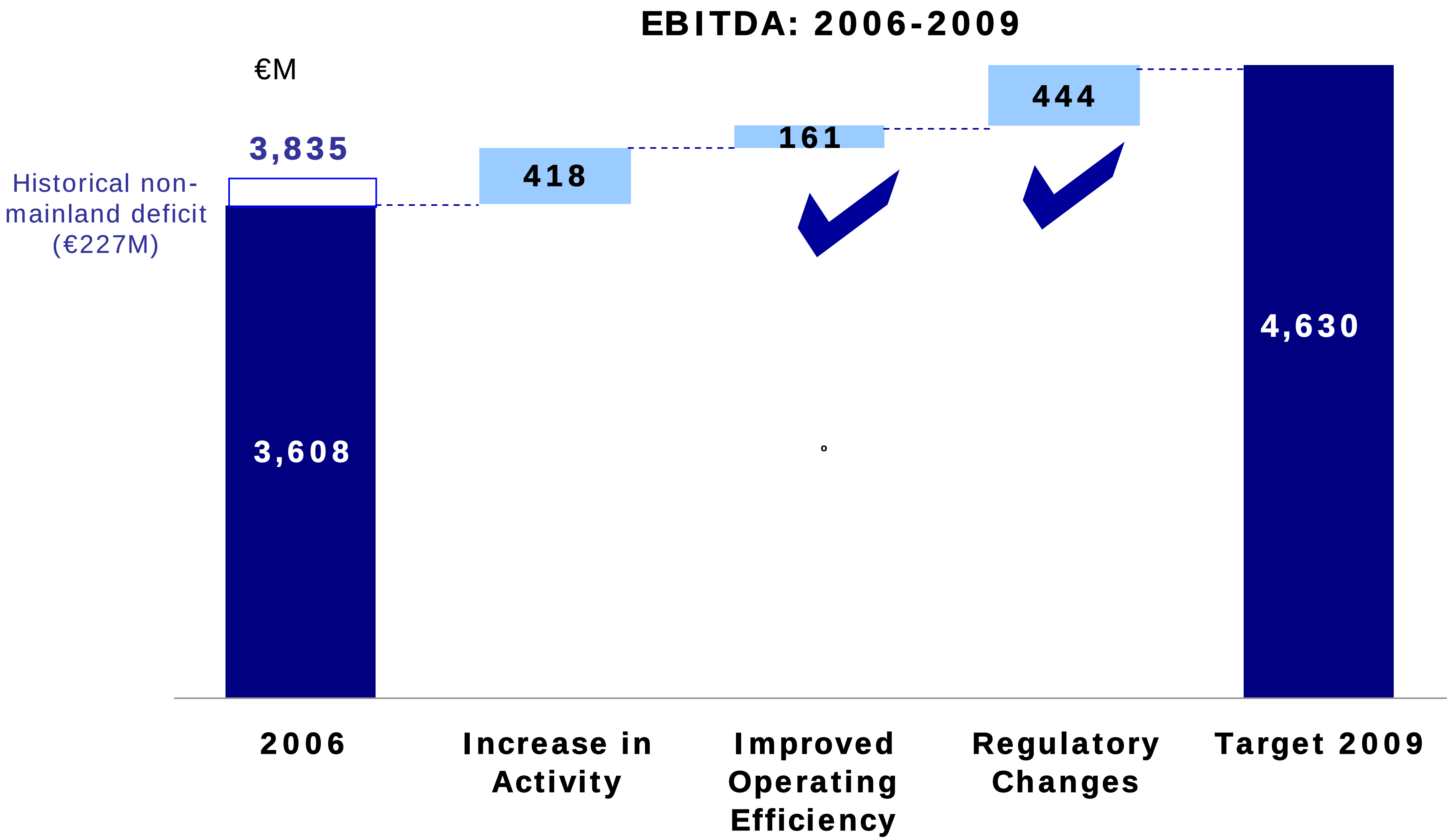
- We committed ourselves and we did our duty improving the prospects …

EBITDA 2009E



- … and we will carry on doing it

Sustained growth in an attractive market



- Results
- **Business Drivers**
  - Business View
- Deregulated activities
- Regulated activities
- Efficiency improvement
- Regulation

Business View of the Strategic Plan

- **Competition**
  - Asset portfolio
  - Risk management (balance)
  - Fuel supply
  - Operating efficiency
- **The Customer**
  - Versus the regulatory risk
  - Consolidated improvement in supply quality
  - Added-value products and services
- **Regulation**
  - Deregulated business subject to market forces
  - Regulated business with sufficient profitability for efficient management
- **Environment**
  - More environmentally efficient production and consumption
  - CO_2

Under this strategy, Spain and Portugal has successfully met and exceeded demanding targets

Spain and Portugal. Accomplishing commitments

- Results
- Business Drivers
- **Deregulated activities**
  - Business chain management
  - Revenues enhancement
  - Customers portfolio
  - Selective and profitable commercial policy
  - Mainland fuel cost
  - CDM management
- Regulated activities
- Efficiency improvement
- Regulation

Managing the portfolio of deregulated activities (1)

- Diversification of mainland ordinary regime revenues

	GWh	%	€/MWh
Day-ahead markets	8,527	45.8%	38.4
PBC	9,429	50.6%	50.2
Ancillary services	678	3.6%	93.1*
Total	18,634	100.0%	46.3

** Average price of managed energy in secondary markets*

Auctions Q3 2007

	MW_P	MW_B	€/MWh
VPP	84	346	46,2
Distribution	n.a.	1.420	46,3
Total	84	1.766	

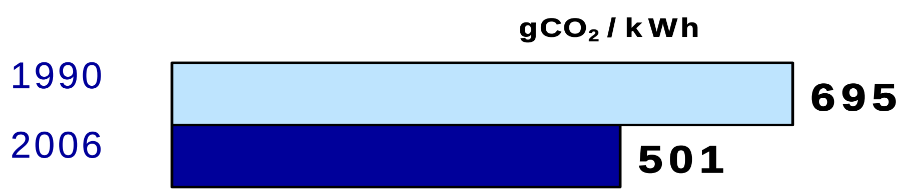
- Progress in VAS and gas sales
  - 13% share of the deregulated gas market. +30% in gas sales in 1Q07
  - + 129% growth in gross margin in gas, 111% in VAS

Managing the portfolio of deregulated activities (2)

- Competitive fuel mix

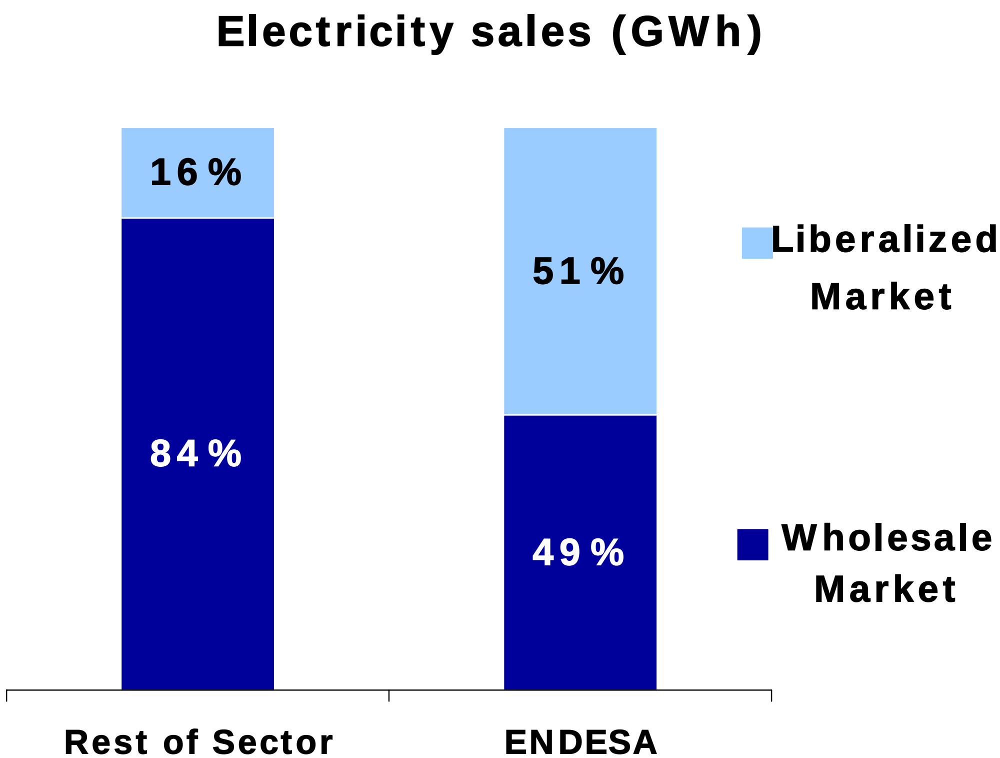
€/MWh	Endesa	Rest of the industry
Thermal unit cost	17.5	
Total unit cost ex-pumping	15.7	20.0
Total unit cost	16.1	

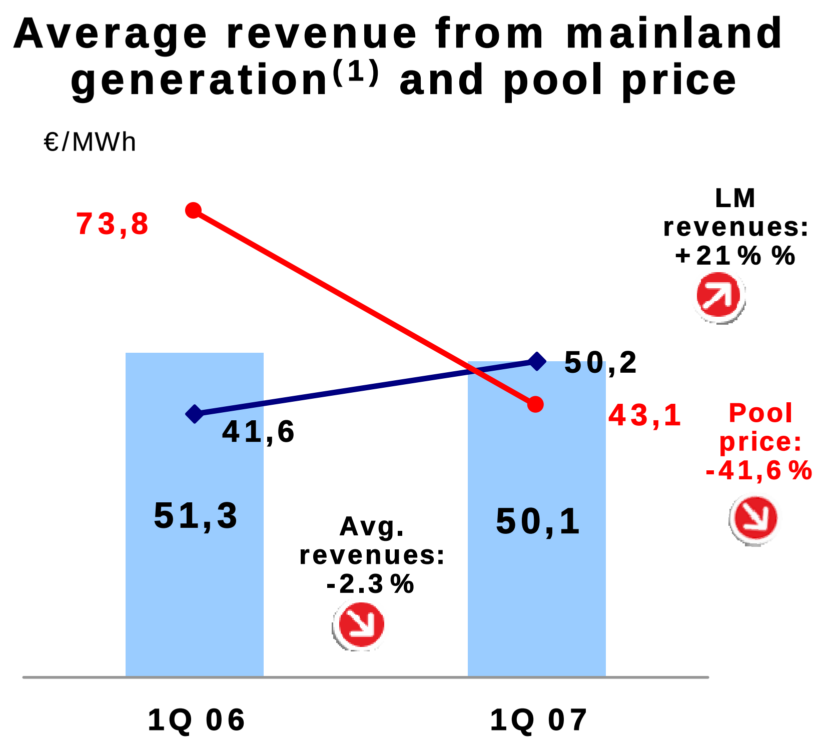
- Management of exposure to CO_2
  - ENDESA has reduced its specific emissions in Spain and Portugal by 27.9% since 1990



  - CO2 shortfall covered with EUAs (50%) and CDM/JI (50%), consistent with NAP

Revenue enhancement in liberalized business

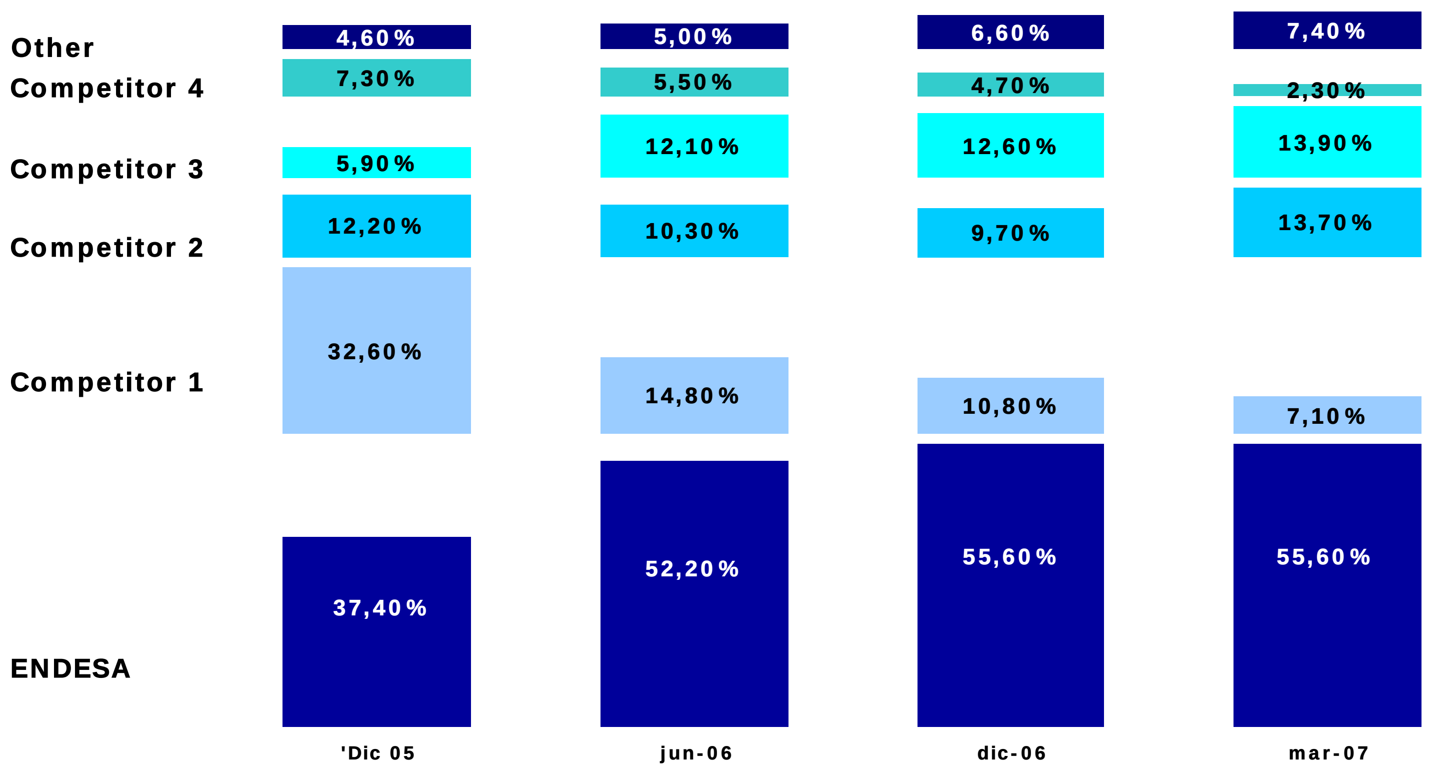




- Sales in the deregulated market act as a hedge against changes in prices in the wholesale market
- Average sales price has fallen significantly less than pool price due to hedges offered by supply

(1) Includes -€121M in 1Q06 and -€8M in 1Q07 following application of Article 2 of RDL 3/2006

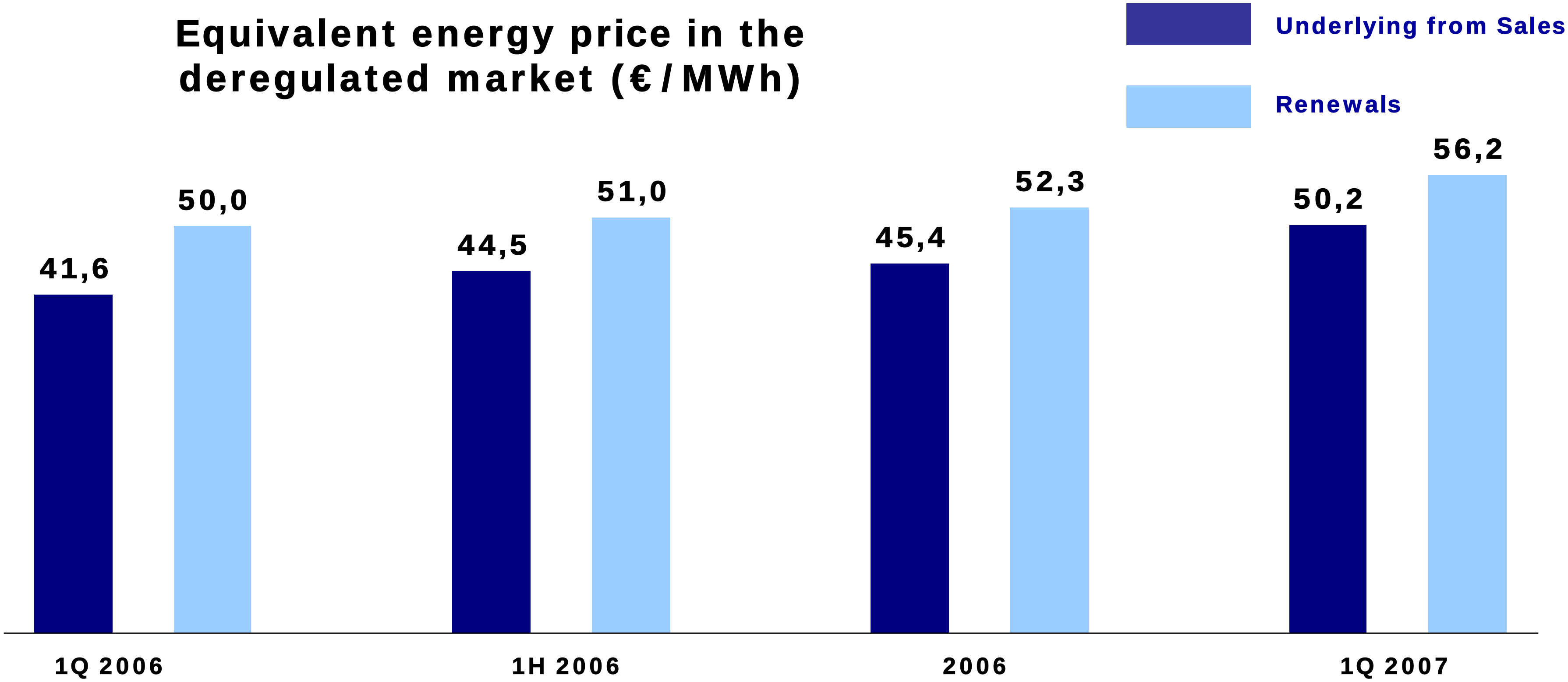
Customer portfolio with intrinsic value and hedge against wholesale price volatility



Annualised sales to customers on the deregulated market reflect how operators are opting for two highly contrasting commercial policies

Sources: OMEL and ENDESA data

A selective and profitable commercial policy

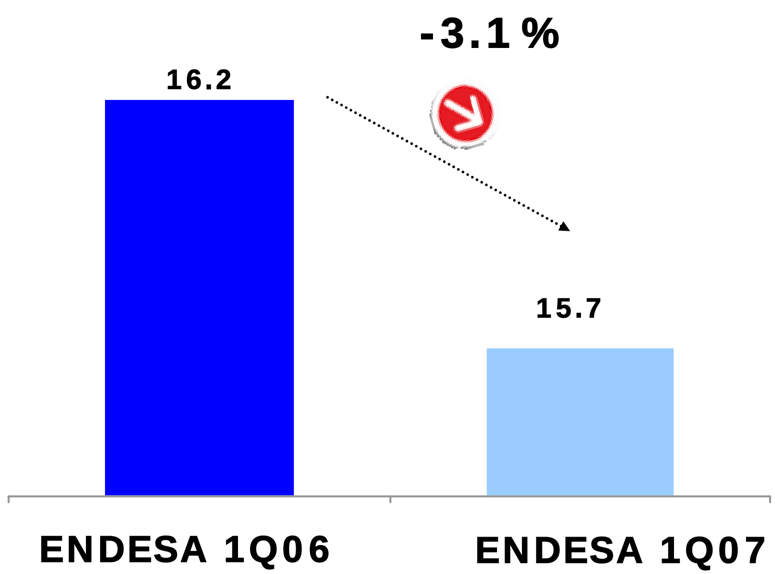


- **Unlocking the value of the customer portfolio: Renewal and signature of new contracts at a price equivalent to €56/MWh (€13/MWh higher than wholesale market)**
- **ENDESA has implemented a diversification which will allow to meet its shareholder return commitments while mitigating regulatory and market risk**

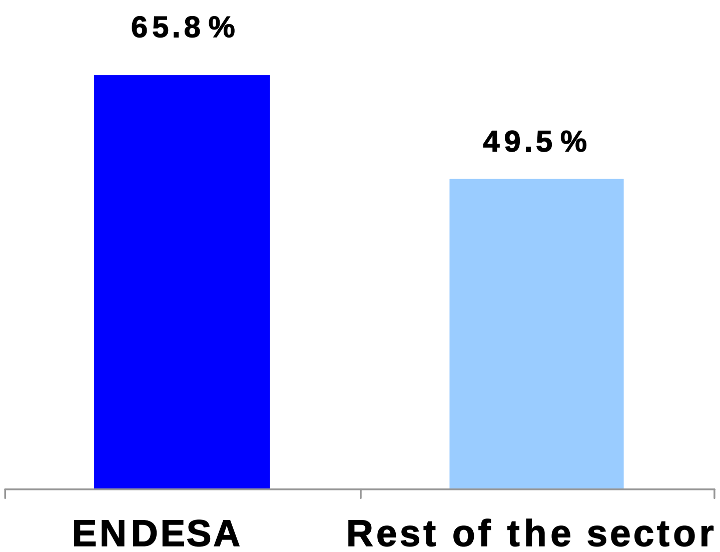
Competitive mainland fuel costs thanks to efficient use of generation portfolio

Cost of mainland fuel in O.R.

€/MWh



Load factor of thermal plants(1) vs. rest of the sector



- **Even in a scenario with high rainfall, ENDESA still boasts the most competitive and efficient generation business in the sector**
- **Fuel prices have decreased on account of higher hydro and nuclear output**

(1) Conventional thermal facilities excluding fuel-oil

endesa

ENDESA's strategy to reduce greenhouse gas emissions (GHG)

Internal reductions

Internal emission reductions

- CCGTs and special regime (wind, etc.)
- Leader at CENIT Proyect
- Part of Technologic European Plataform for zero emissions in fossil fuels power plants (ZEP)
- Part of the European Energy Wisdom Program

Internal efficiency improvement

- Abaco project: improvement of combustion output
- Converting As Pontes to imported coal
- Clean coal and scrubber plants
- New fuels research
- Repowering

External reductions

CDM / JI projects

Internal projects

- CH. Callahuanca (Perú), CH. Ojos de Agua (Chile), Canela wind farm (Chile), SIEPAC (Central America),...

External projects

- Taking part in Carbon Funds (World Bank Mundial, Natsource, Ecosecurities, etc.)
- ECI (Endesa Climate Initiative) launching

Emission Trading Scheme

- EUAs acquisition

Dow Jones Sustainability Indexes

Leader in CDM management:

Key player in the development of CDM projects (2005-12)

Projects with ERPA contract signed	82.2 MtCO2e
Projects with Letters of Intent (LoI) and agreed price	18.6 MtCO2e
Other projects under study	60.5 MtCO2e

Total : 161.3 MtCO2e

Value of the portfolio → **> €630M**

- **Procurement to hedge requirements**
- **ENDESA is involved in 119 projects with which it expects to meet 50% of its needs, in line with potential utilisation allowed in the Spanish NAP for 2008-2012**

Spain and Portugal. Accomplishing Commitments

- Results
- Business Drivers
- Deregulated activities
- **Regulated activities**
  - Efficient management of regulated services and profitability
  - Distribution: EBITDA's strong growth and ...
  - ... quality of supply
  - Non-mainland: retribution adaptation
  - Renewables/CHP
- Efficiency improvement
- Regulation

Efficient management of service and profitability in regulated activities

- Adequation of assets and quality of supply remuneration in Distribution and efficiency improvements

	€M	%
EBITDA 1Q07	366	36%

- Regulatory framework for renewables/CHP that underscores the commitment to renewable energies

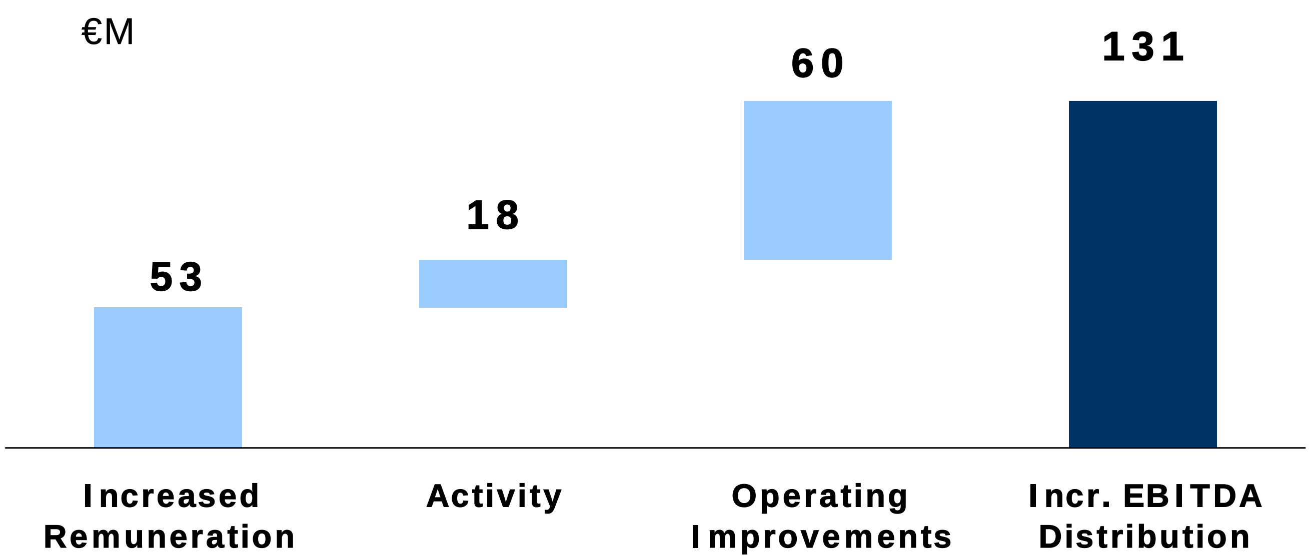
Wind	MW	% 1Q 06
1Q07	1,136	24%

- Remuneration of non-mainland generation determined objectively in accordance with investment levels and costs

€M	2006	2007
Compensation through the tariff	406	1,219

Distribution: Strong growth in EBITDA and…

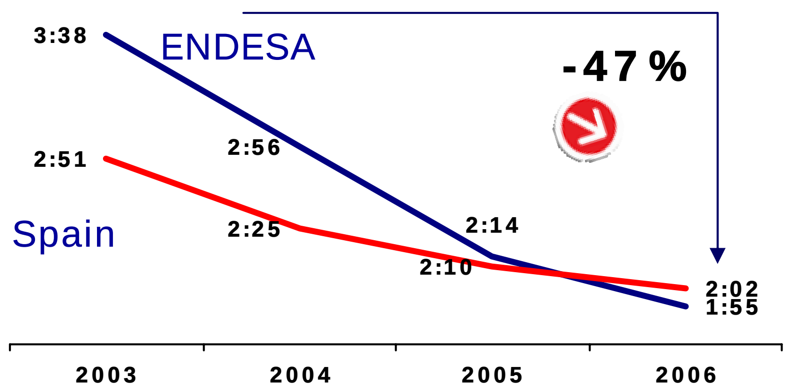
Increase in Distribution EBITDA 1Q 2007



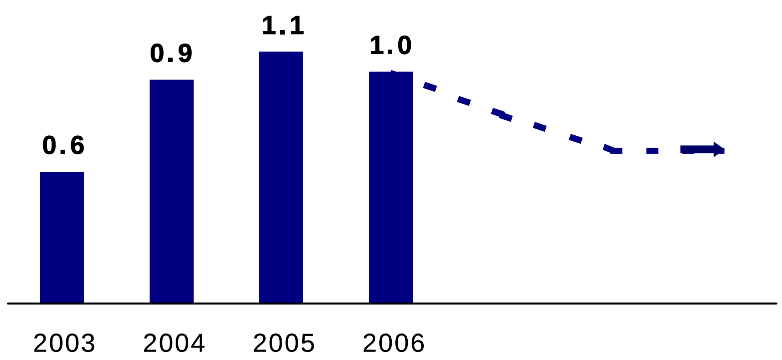
- **Distribution EBITDA improved largely due to better remuneration, fewer losses and optimization of fixed costs**
- **Distribution is already an activity with a strong and stable cash flow creation**

... quality of supply

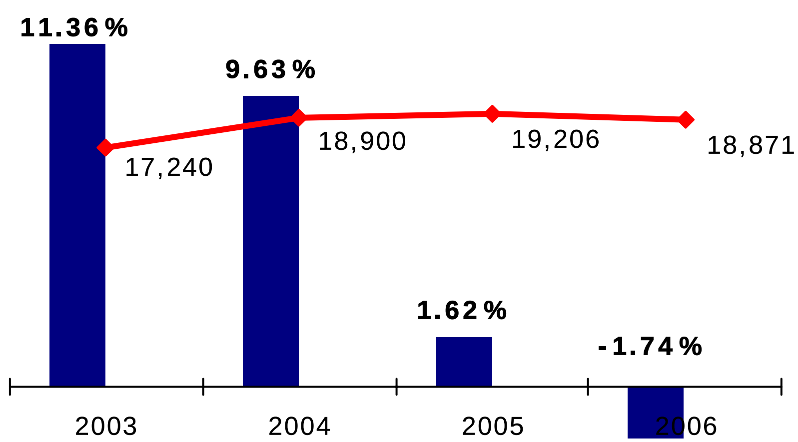
Interruption time



Network investments (€Bn)



Demand peak and increases



- **Investment volumes will be the necessary to maintain the levels of quality reached**
- **In 2006, ENDESA's interruption time was better than the national average while peak demand was on the rise**

Regulatory framework and stable remuneration for non-mainland electricity systems since 2006

- Ministerial Orders developing rules for non-mainland systems published in March 2006

- This provides these systems with a stable and adequate to their characteristics regulatory framework

- Remuneration of investment, operating & maintenance and fuel costs

- Recognition of right to review costs for 2001-2005:
  - Shortfall recorded (*): €887Mn

- 2006: €562Mn of pending shortfall

- Since 2007 methodology included in Ministerial Orders is applied
  - 1st year including costs derived from the MO in the electricity tariff. € 1,219 Mn compensation in tariff

Shortfall = 0

  - Rules for the settlement and payment guarantees system pending approval

•Preliminary estimates up to 2006 in accordance with the second transitory provision of Regulation ITC/914/2006 of 30 March, which establishes the method for calculating the remuneration for guarantee of capacity of generation facilities in the mainland and non-mainland ordinary regimes. Includes financial updating.

Renewables/CHP
Endesa commitment: +840 net MW up to 2009

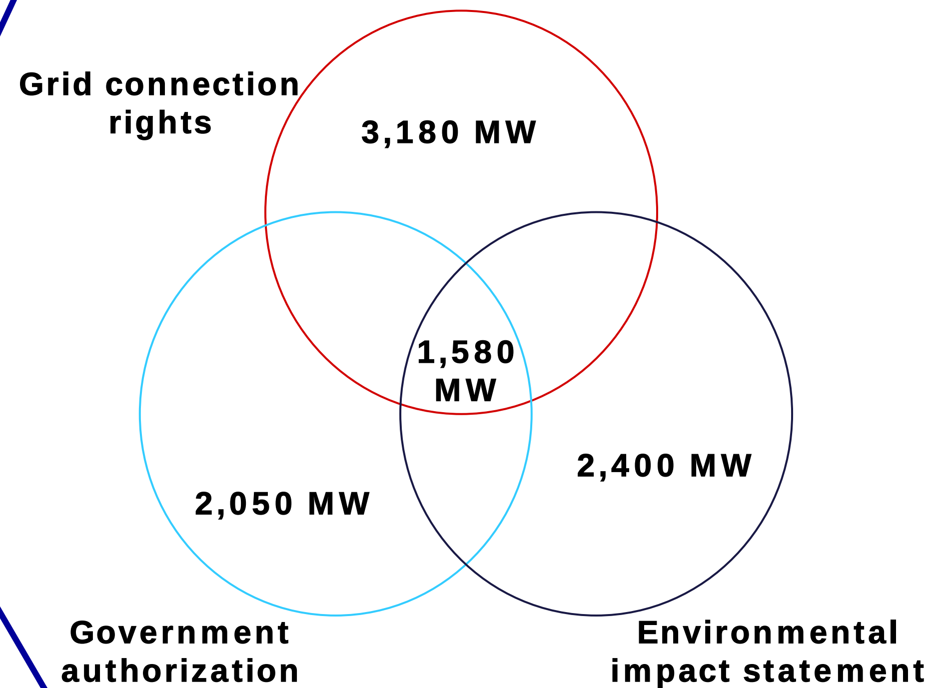
More than 7,500 MW in Spain and more than 1,400 MW in Portugal

Presence at 11 Comunidades Autónomas

50% of the portfolio in Span and Portugal with government authorization and/or grid connection rights and/or environmental impact statement

Leveraged on Endesa´s internal sinergies

Spanish (MW_g) portfolio



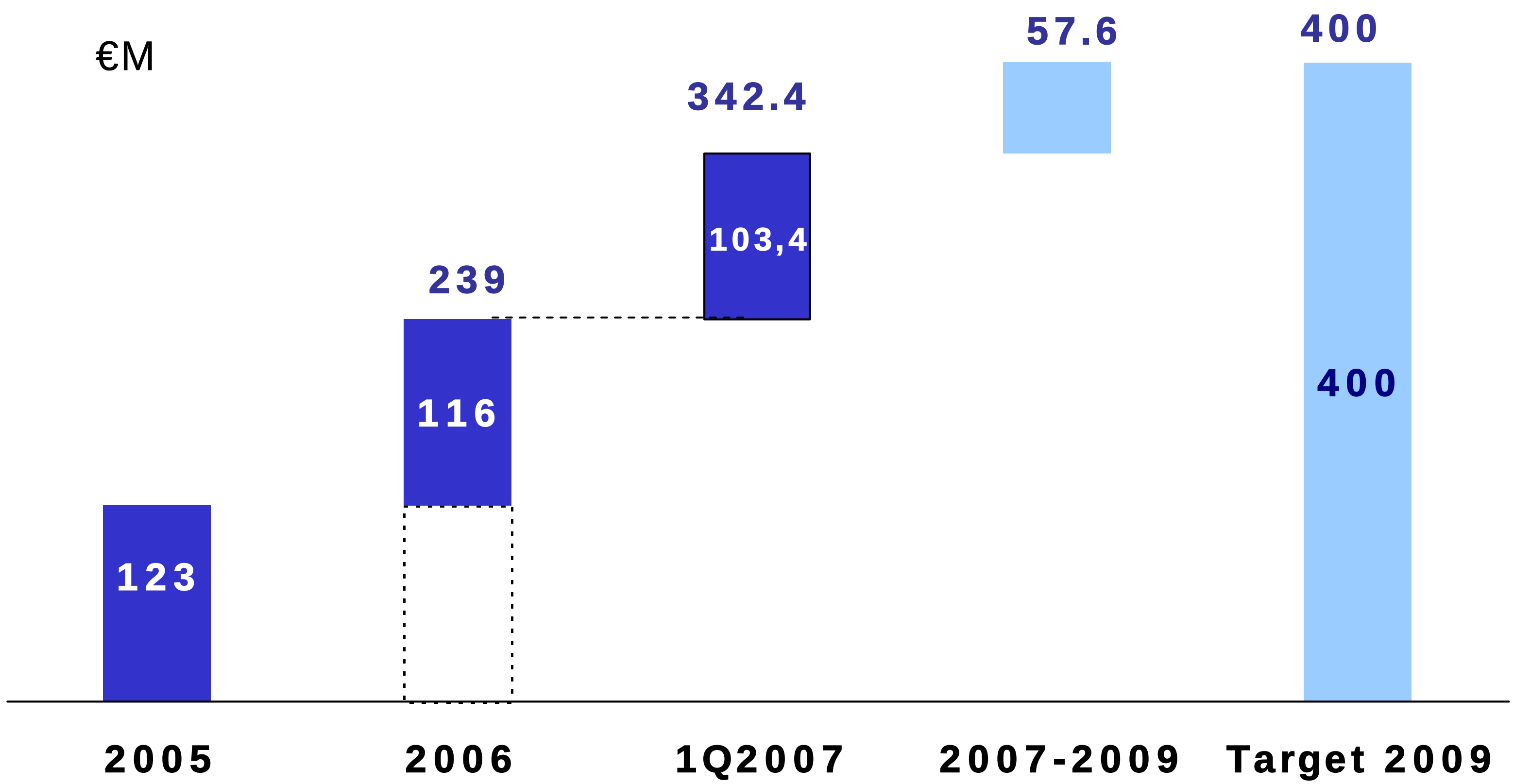
Taking into account Endesa's stakeholdings in these assets, it has 1,050 net MW of assured viability

Spain and Portugal. Accomplishing Commitments

- Results
- Business Drivers
- Deregulated activities
- Regulated activities
- **Efficiency improvement**
- Regulation

The Efficiency Improvement Plan is still ahead of schedule

Increase in annual EBITDA as a result of the Efficiency Improvement Plan



- **85.6% of the plan target reached in 1Q07**

- Results
- Business Drivers
- Deregulated activities
- Regulated activities
- Efficiency improvement
- **Regulation**

From 2007: The latest legislative changes point to a more competitive and stable market

Tariff

- Acknowledgment of the real cost of energy
- Quarterly adjustments to reflect market conditions
- Prior acknowledgment of tariff deficit

Regulated supply auctions

- Distributors will acquire their demand needs in auctions through future contracts, not in the day ahead market
- The resulting price will be reflected in the tariff

Capacity auctions

- Endesa and Iberdrola are required to offer capacity in various auctions throughout 2007-2008

Effective implementation of the Community Directive

- Fast-forwarding of timeline for entirely eliminating the regulated tariff

Distribution

- Formula for remuneration evolution for distribution activity

In the past few months, a number of measures have been approved that will bring Spain´s market in line with other European countries:
Greater opening up of the market
Greater transparency in the market

Conclusion

We have a commitment

4.630 €M EBITDA in 2009

We know what we have to do

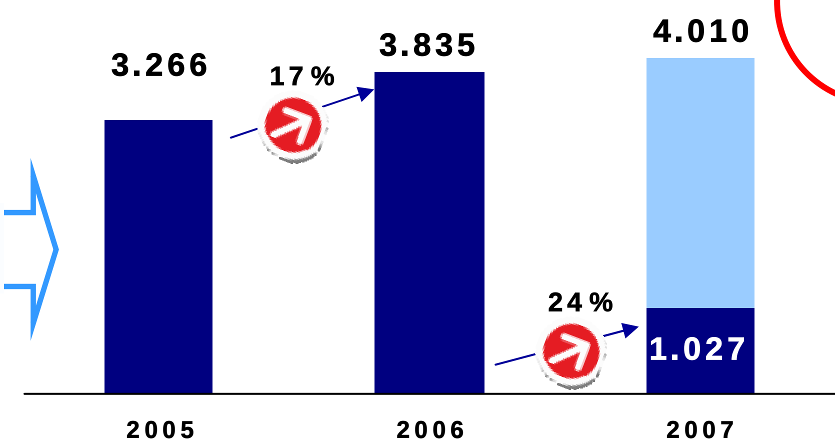
Business View of the Strategic Plan

- **Competition**
  - Asset portfolio
  - Risk management (balance)
  - Fuel supply
  - Operating efficiency
- **The Customer**
  - Regulatory risks
  - Consolidated improvement in supply quality
  - Value-added products and services
- **Regulation**
  - Liberalized activities placed on the market
  - Regulated activities with sufficient revenues for efficient management
- **Environment**
  - More efficient production and consumption from an environmental standpoint
  - CO_2

Under this strategy, ENDESA's Business in Spain and Portugal has successfully met and exceeded several demanding targets

7

We are doing it



Spain and Portugal

Accomplishing Commitments

Legal Information

This document was made available to shareholders of Endesa, S.A.. In relation with the announced joint offer by ENEL SpA and Acciona, S.A., Endesa shareholders are urged to read the report of Endesa's board of directors when it is filed by the Company with the Comisión Nacional del Mercado de Valores (the "CNMV"), as well as Endesa's Solicitation/Recommendation Statement on Schedule 14D-9 when it is filed by the Company with the U.S. Securities and Exchange Commission (the "SEC"), as it will contain important information. Such documents and other public filings made from time to time by Endesa with the CNMV or the SEC are available without charge from the Endesa's website at www.endesa.es, from the the CNMV's website at www.cnmv.es and 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 they are subject to material risks, uncertainties, changes and other factors that may be beyond ENDESA's control or may be difficult to predict.

Forward-looking statements include, but are not limited to, information regarding: estimated future earnings; anticipated increases in wind and CCGTs generation and market share; expected increases in demand for gas and gas sourcing; management strategy and goals; estimated cost reductions; tariffs and pricing structure; estimated capital expenditures and other investments; estimated asset disposals; estimated increases in capacity and output and changes in capacity mix; repowering of capacity and macroeconomic conditions. For example, the investment plan for 2007-2009 included in this presentation are forward-looking statements and are based on certain assumptions which may or may not prove correct. The main assumptions on which these expectations and targets are based are related to the regulatory setting, exchange rates, divestments, increases in production and installed capacity in markets where ENDESA operates, increases in demand in these markets, assigning of production amongst different technologies, increases in costs associated with higher activity that do not exceed certain limits, electricity prices not below certain levels, the cost of CCGT plants, and the availability and cost of the gas, coal, fuel oil and emission rights necessary to run our business at the desired levels.

In these statements we avail ourselves of the protection provided by the Private Securities Litigation Reform Act of 1995 of the United States of America with respect to forward-looking statements.

The following important factors, in addition to those discussed elsewhere in this 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: significant adverse changes in the conditions of the industry, the general economy or our markets; the effect of the prevailing regulations or changes in them; tariff reductions; the impact of interest rate fluctuations; the impact of exchange rate fluctuations; natural disasters; the impact of more restrictive environmental regulations and the environmental risks inherent to our activity; potential liabilities relating to our nuclear facilities.

Transaction or commercial factors: any delays in or failure to obtain necessary regulatory, antitrust and other approvals for our proposed acquisitions or asset disposals, or any conditions imposed in connection with such approvals; our ability to integrate acquired businesses successfully; the challenges inherent in diverting management's focus and resources from other strategic opportunities and from operational matters during the process of integrating acquired businesses; the outcome of any negotiations with partners and governments. Delays in or impossibility of obtaining the pertinent permits and rezoning orders in relation to real estate assets. Delays in or impossibility of obtaining regulatory authorisation, including that related to the environment, for the construction of new facilities, repowering or improvement of existing facilities; shortage of or changes in the price of equipment, material or labour; opposition of political or ethnic groups; adverse changes of a political or regulatory nature in the countries where we or our companies operate; adverse weather conditions, natural disasters, accidents or other unforeseen events, and the impossibility of obtaining financing at what we consider satisfactory interest rates.

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

Operating factors: technical problems; changes in operating conditions and costs; capacity to execute cost-reduction plans; capacity to maintain a stable supply of coal, fuel and gas and the impact of the price fluctuations of coal, fuel and gas; acquisitions or restructuring; capacity to successfully execute a strategy of internationalisation and diversification.

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

Further details on the factors that may cause actual results and other developments to differ significantly from the expectations implied or explicitly contained in the presentation are given in the Risk Factors section of Form 20-F filed with the SEC and in the ENDESA Share Registration Statement filed with the Comisión Nacional del Mercado de Valores (the Spanish securities regulator or the "CNMV" for its initials in Spanish).No assurance can be given that the forward-looking statements in this document will be realised. Except as may be required by applicable law, neither Endesa nor any of its affiliates intends to update these forward-looking statements.

SPAIN AND PORTUGAL

Accomplishing Commitments

Valencia , 25 June 2007

Dow Jones Sustainability Indexes
Member 2006/07