

# endesa07

CORPORATE GOVERNANCE REPORT









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This Corporate Governance Report describes the basic principles guiding the Company's conduct and includes the Model Annual Corporate Governance Report for listed companies, drawn up in accordance with Exhibit I to Spanish National Securities Market Commission Circular 4/2007 and the 2007 Audit and Compliance Committee report on the Company's activities.

It also includes a summary of the resolutions on corporate governance adopted in the past year, a detailed profile of the Directors and the Secretary of the Board of Directors, a detail of the fees paid to the Company's external auditors and an account of significant events in 2007, which are available on the Company website at [www.endesa.es](http://www.endesa.es).

The document was reported on by the Company's Audit and Compliance Committee at its meeting of 27 May 2008, unanimously approved by the Board of Directors at its meeting of 27 May 2008, and filed as a significant event with the Spanish National Securities Market Commission on 29 May 2008. It has also been posted on the Company website at [www.endesa.es](http://www.endesa.es).

## PRINCIPLES OF CORPORATE GOVERNANCE

The principles that guide the governance of the Company are established in:

- The Corporate Bylaws, the latest amendment to which was approved by a resolution adopted at the General Shareholders' Meeting held on 25 September 2007.
- The Shareholders' Meeting Regulations, approved at the Shareholders' Meeting of 19 June 2003 and amended at the Meeting of 2 April 2004.
- The Board Regulations approved on 28 October 2003.
- The Code of Conduct in Stock Markets, approved by the Board of Directors on 27 May 2003.
- The Corporate Integrity Rules approved by the Board of Directors on 25 March 2003.

The Company's **Corporate Bylaws** contain, together with the mandatory legal provisions, the criteria that guide the governance of the Company and the bodies composing it namely, the General Shareholders' Meeting, the Board of Directors and the Executive Committee.

Noteworthy among these principles are transparency, respect for shareholders' rights, the duty of care and loyalty incumbent upon Directors, and the establishment of a set of rules governing the functioning of the corporate bodies that, subject to legal requirements, encourages shareholder participation in decision-making processes.

The **Shareholders' Meeting Regulations**, the purpose of which is to promote shareholder participation in the General Meeting by establishing mechanisms that facilitate the provision of information and encourage shareholders to contribute to corporate decision-

making by exercising their voting rights and their right to participate in debates.

The **Board of Directors Regulations** regulate the organisation and functioning of the Board of Directors in accordance with article 36 of the Corporate Bylaws. These regulations are based on three key concepts: promoting transparency in the conduct of the governing bodies of the Company and in all its dealings, fostering effective business management, and responsibility assumed in respect of the Company's shareholders by senior management and the Board of Directors.

The **Code of Conduct in Stock Markets** determine the rules of conduct for securities market transactions, with a view to contributing to their transparency and to investor protection.

These regulations are based on the principles of impartiality, good faith, placing common interests before individual interests, and care and diligence in information usage and market operations.

The **Corporate Integrity** Rules consist of the Charter Governing Senior Manager, the Charter Governing Executives and the Employees' Code of Conduct. These rules develop the principles and values of the Company, lay down the criteria governing dealings with customers and suppliers, and establish the principles that should guide employees in their work: ethical conduct, professionalism and confidentiality. They also establish the limitations and incompatibilities deriving from their status as executives and senior executives.

All of these documents are available on the Company's website: [www.endesa.es](http://www.endesa.es)

## CORPORATE GOVERNANCE RESOLUTIONS ADOPTED IN 2007

In 2007, the corporate bodies of Endesa, S.A. adopted the following resolutions on corporate governance:

— On 9 January 2007, the Board of Directors unanimously agreed on the Annual Budget for 2007.

— At its meeting on 23 January 2007, the Board of Directors voted unanimously in favour of the document “ENDESA is worth more. Results forecast for 2006 and targets for 2009,” which includes the forecast for 2006 earnings and updates the targets for 2009 for ENDESA, with the aim of presenting the market with the most recent figures.

- Those present or represented at the Board meeting also unanimously approved the US announcement, on a Schedule 14D-9 form, of Endesa, S.A.’s recommendation on the takeover offer for ENDESA’s shares and ADS presented in Spain by E.ON Zwölfte Verwaltungs GmbH, S.A., a subsidiary of E.ON AG, under the terms set out in the takeover offer report that the Board of Directors had approved at its 21 November 2006 meeting in accordance with article 20 of Royal Decree 1197/1991 of 26 July, governing takeover offers, in view of the imminent filing of the US prospectus (which did not address the increase in price announced) and in accordance with US securities market regulations. Likewise, and in accordance with the aforementioned legislation in relation to the information contained in Item 7 - “Purposes of the transaction and plan or proposals” of said Schedule 14D-9, it was decided that it could harm the interests of ENDESA and its shareholders to provide, at that time and as far as it was not legally mandatory to provide, additional information that could exist relative to any of the possible alternatives set out in that section (as described, also, in Schedule 14D-9 released in the context of the

Gas Natural takeover bid), especially regarding possible terms or the identity of third parties.

At the same time, the Board of Directors agreed to authorise the Chief Executive Officer, Rafael Miranda Robredo, to sign and distribute Schedule 14D-9, whose Item 4 – “The solicitation or recommendation” would include the recommendation of the Board of Directors reflected in the report of 21 November 2006, adapting said Schedule 14D9 to the facts and circumstances that could arise or become known at the date of its registry, order delivery of this document to the regulatory entities of national and foreign securities markets, as well as its distribution in the terms outlined under applicable regulation and in the manner which best serves the Company’s interests.

— The Board of Directors, at its meeting on 6 February 2007, unanimously approved the ENDESA report on the takeover offer presented by E.ON Zwölfte Verwaltungs GmbH that includes the increase in price announced by the Spanish National Securities Market Commission on 2 February 2007, pursuant to article 36.8, in relation to article 20, both included under Royal Decree 1197/1991 of 26 July, governing takeover offers, under the following terms:



## REPORT OF THE BOARD OF DIRECTORS OF ENDESA, S.A. ON THE TAKEOVER OFFER MADE BY E.ON ZWÖLFTE VERWALTUNGS GMBH

At its meeting on 6 February 2007, the Board of Directors of Endesa, S.A. ("ENDESA" or the "Company"), approved, with the unanimous vote of all attending directors, for purposes of the provisions of article 36.8, in relation to article 20 of Royal Decree 1197/1991 of 26 July, governing public tender offers, the following report on the Public Tender Offer (the "Offer") formulated by E.ON Zwölfte Verwaltungs GmbH ("E.ON" or the "Offeror") for a price of Euro 38.75 per share, which includes the price enhancement filed via a sealed envelope by the Offeror on 2 February 2007. This report, in addition to describing the principal features of the Offer, as amended, contains the Board's position on the Offer, as well as certain additional related information.

### 1. PRINCIPAL FEATURES OF THE OFFER

According to the Prospectus relating to the Offer authorised by the Spanish National Securities Market Commission (CNMV), the following are the principal features of the Offer:

#### 1.1. Offeror

The Offeror is German company E.ON Zwölfte Verwaltungs GmbH, which is wholly owned by German company E.ON AG.

#### 1.2. Nature of the Offer

E.ON's Offer, which was authorised by the CNMV on 16 November 2006, was submitted as a competing Offer with respect to the Tender Offer by Gas Natural SDG, S.A. Gas Natural's Tender Offer was authorised by the CNMV on 27 February 2006. Nonetheless, on 1 February 2007, Gas Natural SDG, S.A. reported its decision to withdraw its offer pursuant to the provisions of Article 36.1 of Royal Decree 1197/1991 of 26 July. Therefore, E.ON's Offer is currently the only existing Tender Offer for the Company.

#### 1.3. Shares covered by the Offer

The Offer covers the 1,058,752,117 shares of ENDESA, with a par value of Euro 1.2 each, thus representing 100% of its share capital.

#### 1.4. Consideration

In accordance with the price enhancement presented by the Offeror in a sealed envelope on 2 February 2007, E.ON is offering as consideration for each ENDESA share an all-cash price of Euro 38.75.

The CNMV has publicly confirmed that, following Gas Natural SDG, S.A.'s withdrawal of its bid, the scheme for price enhancement of E.ON's Offer shall continue to be regulated by the provisions of Chapter V of Royal Decree 1197/1991 of 26 July, as a consequence of which E.ON will not be able to make any subsequent modification to the price.

#### 1.5. Acceptance period

The CNMV has stated that the completion of the acceptance period for E.ON's Offer (which initially runs from 26 January 2007 to 26 Feb-



ruary 2007) will be notified as soon as the extensions contemplated under articles 19 and 36 of Royal Decree 1197/1991 of 26 July, on the scheme for public tender offers, can be specified. Therefore, the aforesaid period could be extended by the CNMV in order to allow ENDESA's General Shareholders' Meeting to rule on the resolutions for bylaw amendments upon which the Offer is conditioned (see sections 1.6 and 2, *infra*).

### 1.6. Conditions of the Offer

The effectiveness of E.ON's Offer is conditioned upon the acquisition of a minimum of 529,481,934 ENDESA shares, representing 50.01% of its share capital.

Furthermore, the Offer is conditioned on specific Bylaw amendments being adopted at ENDESA's General Shareholders' Meeting and these resolutions being lodged at the Mercantile Registry. Specifically, the Offer is conditioned on the elimination of all limitations or restrictions on the number of votes that can be exercised by ENDESA shareholders (article 32 of the Bylaws), upon removal of requirements concerning the composition of the Board of Directors and the type of Board members, with the corresponding removal of the restriction on the number of terms to which certain types of Board members may be elected (articles 37 and 38 of the Bylaws), and upon the removal of all qualifications, except for those concerning the absence of legally-prohibited conflicts of interest, on the appointment of a member of the Board of Directors or of a Managing Director (article 42 of the Bylaws), all as described in full in the Prospectus.

## 2. ENDESA'S BOARD OF DIRECTORS, BY UNANIMOUS VOTE OF THE DIRECTORS PRESENT, VIEWS FAVOURABLY THE TERMS OF THE OFFER FOR THE FOLLOWING REASONS:

A. The consideration of Euro 38.75 per share offered by E.ON, which values ENDESA's total share capital at Euro 41,027 million, is fair, from a financial point of view, to the shareholders of ENDESA. In reaching this conclusion, the Board of Directors considered the fairness opinions rendered by ENDESA's financial advisors—BNP Paribas S.A. Spanish Branch, Citigroup Global Markets Limited, Deutsche Bank AG London Branch, J.P. Morgan Plc, Lehman Brothers (Europe) Limited and Merrill Lynch Capital Markets España, S.A.—which state respectively that the consideration is fair, from a financial point of view, to the shareholders of ENDESA.

The offered consideration:

- (i) is 109% higher than the closing price of Euro 18.56 per share on 2 September, 2005, the last trading day prior to the announcement of Gas Natural's offer, or 124% higher than this closing price if the dividends paid by ENDESA since that date are taken into account.
- (ii) is 65% higher than the implied value of Gas Natural's offer of Euro 22.43 per share<sup>1</sup>, on the date on which Gas Natural's offer was withdrawn, and 56% higher than the initial bid presented by E.ON of Euro 24.905 per share.
- (iii) is 30% higher than the average closing price of Euro 29.82 per share over the past 12 months, 16.3% higher than the average closing price of Euro 33.31 per share over the past six months, and 2.9% higher than the average closing price of Euro 37.65 per share over the past 30 days; the consideration is 0.7% lower than the closing price of Euro 39.04 per share on 2 February, 2007, the highest closing price in ENDESA's history, and

<sup>1</sup> Amount calculated taking Gas Natural SDG, S.A.'s share price at the close of trading on 1 February 2007 (Euro 30.66 per share).

1.7% higher than the closing price of Euro 38.10 per share on 5 February, 2007, the last trading day prior to the release of this report.

B. The consideration offered by E.ON consists entirely of cash, and the Offer covers 100% of the outstanding shares.

C. The Offeror has stated its intention to continue to implement ENDESA's business strategy, including its investment plan, and to maintain ENDESA's workforce, as well as its goal of promoting the development of the Spanish gas and electricity market, all as reflected in the Prospectus.

For the foregoing reasons, and with a view to allowing ENDESA's shareholders to vote on the amendments to ENDESA's bylaws, prerequisites to the effectiveness of the E.ON Offer, the Board of Directors has unanimously resolved to convene an Extraordinary General Shareholders' Meeting to be held at first call on 20 March 2007. In addition, and for the same purpose, the Board of Directors has determined to state its position in favour of these amendments and recommends that ENDESA shareholders participate in the meeting and vote in favour of the amendments.

The members of the Board of Directors of ENDESA present or represented at the meeting of 6 February 2007, who are holders of ENDESA shares, have unanimously expressed their intention to vote at the Extraordinary General Shareholders' Meeting in favour of the amendments to ENDESA's Bylaws referred to above.

Shareholder Caja Madrid, through Mr. Miguel Blesa de la Parra, has likewise expressed its intention to vote in favour of these amendments.

### 3. EXISTANCE OF AGREEMENTS BETWEEN THE COMPANY AND THE OFFEROR

No agreement whatsoever exists between the Company and the Offeror with respect to the Offer, except for the confidentiality agreement dated 16 January 2006 to which section 1.8.1 of the Prospectus refers.

### 4. AGREEMENTS BETWEEN THE OFFEROR AND MEMBERS OF ENDESA'S BOARD OF DIRECTORS

No agreement whatsoever exists in connection with the Offer between the Bidder and any members of ENDESA's Board of Directors.

### 5. INDIVIDUAL OPINION OF THE MEMBERS OF ENDESA'S BOARD OF DIRECTORS

None of the members of ENDESA's Board of Directors who attended the Board meeting of 6 February 2007, either in person or by proxy, has expressed an individual opinion on the Offer separate from the Board's collective opinion set forth in paragraph 2 above.

Juan Ramón Quintás Seoane did not attend that Board meeting due to a potential conflict of interest arising from his position as Chairman of the Spanish Confederation of Savings Banks (CECA). Therefore, he has not stated his position on the Offer.

## 6. INTENTION TO ACCEPT THE OFFER BY THE MEMBERS OF THE BOARD OF DIRECTORS HOLDING ENDESA SHARES

The members of the Board of Directors, who attended, in person or by proxy, the Board meeting of 6 February 2007, and who are holders, directly or indirectly, of ENDESA shares, have not yet adopted a decision on whether to accept the Offer with respect to the shares held by them, and consider they will be in a position to adopt such a decision once the Extraordinary General Shareholders' Meeting which must rule on the Bylaw amendments upon which the Offeror has conditioned the Offer has been held. They agree to make their decision public as soon as it has been adopted and in any event within the acceptance period of the Offer.

Caja de Ahorros y Monte de Piedad de Madrid, through Miguel Blesa de la Parra, has stated that it has not yet adopted a resolution on whether to accept the Offer with respect to the ENDESA shares held by the entity and that it believes will be in a position to adopt such a resolution once the aforesaid Extraordinary General Shareholders' Meeting has been held, agreeing to make its decision public as soon as it has been adopted and in any event within the acceptance period of the Offer.

Juan Ramón Quintás Seoane, for the reason mentioned in section 5, *supra*, did not attend the Board meeting and has not yet adopted a decision on whether to accept the Offer with respect to the 1,525 ENDESA shares he owns, further stating that he will be in a position to adopt it once the aforesaid Extraordinary General Shareholders' Meeting has been held, agreeing to make his decision public as soon as it has been adopted and in any event within the acceptance period of the Offer.

The following table shows the number of ENDESA shares that each of the members of the Board of Directors holds directly or indirectly, together with the direct or indirect stake that this holding represents:

Board members	Number of shares	Direct and indirect shares (%)
Manuel Pizarro Moreno	100,004	0.00944
Rafael Miranda Robredo	7,585	0.00071
Alberto Alonso Ureba	—	—
Miguel Blesa de la Parra	600	0.00005
José María Fernández Cuevas	—	—
José Manuel Fernández-Norniella	—	—
Rafael González-Gallarza Morales	3,300	0.00031
Juan Ramón Quintas Seoane	1,525	0.00014
Francisco Javier Ramos Gascón	9,771	0.00092
Alberto Recarte García-Andrade	21,350	0.00201
Manuel Ríos Navarro	12,472	0.00117
Juan Rosell Lastortras	10,005	0.00094
José Serna Masiá	17,496	0.00165
<b>Total</b>	<b>184,108</b>	<b>0.01734</b>

This report will be published once the CNMV confirms its authorisation of the modification to E.ON's takeover offer under the terms known.

- In addition, the Board of Directors also agreed to empower Chief Executive Officer Rafael Miranda Robredo to sign and file the modification to Schedule 14D-9 filed by the Company on 26 January 2007 to ensure its inclusion in the report approved at the meeting on the takeover offer made by E.ON Zwölfte Verwaltungs GmbH and ensure the document is delivered to the securities market regulators, both national and foreign, and distributed in accordance with the terms set out under prevailing legislation and in the manner which best serves the Company's interests.

- The Board of Directors also unanimously agreed to convene an Extraordinary General Shareholders' Meeting to decide on the Bylaw amendments proposed by the offeror E.ON Zwölfte Verwaltunngs GmbH on 20 March 2007, at first call, and 21 March 2007, at second call.

— On 20 February 2007, the Board of Directors unanimously approved, following a report from the Audit and Compliance Committee, the consolidated results for the year ended 31 December 2006 along with the corresponding press release.



— On 7 March 2007, the Board of Directors unanimously resolved to cancel the Extraordinary General Shareholders' Meeting which had been scheduled for 20 March 2007, at first call, and for the following day at second call, due to the following circumstances:

1. The purpose of calling the Extraordinary General Shareholders' Meeting was solely to allow shareholders to decide on the Bylaw amendments upon which E.ON Zwölfte Verwaltungs GmbH ("E.ON") had conditioned its takeover offer ("Offer") for all ENDESA shares, as noted in both the call notice and the takeover offer report approved by the Board of Directors on 6 February 2007.
2. As outlined in the Significant Event released on 6 March 2007, E.ON simplified the takeover process by removing the condition requiring ENDESA's General Shareholders' Meeting to adopt the agreements necessary to amend its Bylaws, while the remaining terms of its offer remained unchanged.

In view of this development and since there were no other items on the agenda for the Extraordinary General Shareholders' Meeting, there was no longer any reason to hold the meeting.

At the same time, in order to meet the expectations of shareholders who had anticipated receiving the attendance bonus of Euro 0.15 per share (gross) as agreed by the Company, and although the meeting was cancelled, ENDESA paid the bonus to its shareholders.

— On 30 March 2007, subsequent to the CNMV granting official approval to the increase in E.ON's takeover offer, the Board of Directors, at its meeting held that same day, unanimously approved the following report, which was released in accordance with prevailing regulations:

## REPORT OF THE BOARD OF DIRECTORS OF ENDESA, S.A. ON THE TENDER OFFER FOR SHARES MADE BY E.ON ZWÖLFTE VERWALTUNGS GMBH

The Board of Directors of Endesa, S.A. ("ENDESA" or the "Company"), at its meeting of 30 March 2007, approved by the unanimous vote of the Directors present, for purposes of the provisions of article 20, and related articles, of Royal Decree 1197/1991 of 26 July, governing takeover offers, the following report on the Tender Offer (the "Tender Offer" or "Offer") made by E.ON Zwölfte Verwaltungs GmbH ("E.ON" or the "Offeror") at a price of Euro 40 per share. This Offer incorporates the improved price tendered by the Offeror on 26 March 2007 and authorised by the CNMV on 28 March 2007. In addition to describing the principle features of the modified Tender Offer, this report includes the Board's position on the Offer as well as certain additional information in this regard.

### 1. PRINCIPAL FEATURES OF THE OFFER

According to the Offer prospectus, which has been authorised by the CNMV, and additional notices released by the Offeror, the principal features of the Offer are as follows:

#### 1.1. Offeror

The Offeror is German company E.ON Zwölfte Verwaltungs GmbH, which is wholly owned by German company E.ON AG.

## 1.2. Nature of the Offer

E.ON's Offer, which was authorised by the CNMV on 16 November 2006, was submitted as a competing Offer for the Offer tendered by Gas Natural SDG, S.A. Gas Natural's Tender Offer was authorised by the CNMV on 27 February 2006. Nonetheless, on 1 February 2007, Gas Natural SDG, S.A. announced its decision to withdraw its offer pursuant to the provisions of article 36.1 of Royal Decree 1197/1991 of July 26. Therefore, E.ON's Offer is currently the only existing Tender Offer for the Company.

## 1.3. Shares to which the Offer applies

The Offer extends to the 1,058,752,117 shares in ENDESA, with a par value of Euro 1.2 each, thus representing 100% of its share capital.

## 1.4. Consideration

According to the price improvement made by the Offeror on 26 March 2007, and authorised by the CNMV on 28 March 2007, E.ON is offering as consideration for each ENDESA share an all-cash price of Euro 40.

## 1.5. Acceptance period

Pursuant to the decision taken by the CNMV on 28 March 2007, the acceptance period will expire on 3 April 2007.

## 1.6. Conditions to which this Offer is subject

The validity of E.ON's Offer is subject to the sole condition that the Offeror acquire a minimum of 529,481,934 shares of ENDESA, representing 50.01% of its share capital. Nonetheless, according to the Offer prospectus, which has been authorised by the CNMV, the Offeror may waive this condition pursuant to the provisions of Royal Decree 1197/1991.

## 2. BOARD OF DIRECTORS' OPINION OF THE E.ON OFFER

ENDESA's Board of Directors, by unanimous vote of the Directors present, views favourably the terms of the Offer and recommends that shareholders tender their shares pursuant to the Offer for the following reasons:

1. The Offer fairly reflects the value of the Company and includes a price improvement of Euro 1.25 per share over the most recent price offered by E.ON.
2. The consideration offered by E.ON consists entirely of cash, and the Offer is being made for 100% ENDESA's outstanding shares.
3. E.ON has stated its intention to continue to implement ENDESA's business strategy, and specifically to preserve its investment programme and workforce, as well as fostering the development of the Spanish gas and electricity market, as reflected in E.ON's tender offer prospectus.
4. E.ON's offer is the only offer that complies with all current legal requirements and that is fully supported by the legal and financial guarantees that ensure its viability. It is also the only offer for which all required authorisations have been obtained.

In making its recommendation, ENDESA's Board of Directors took into account the fairness opinions issued by its financial advisors, BNP Paribas S.A. Sucursal en España, Citigroup Global Markets Limited, Deutsche Bank AG London Branch, J.P. Morgan Plc, Lehman Brothers (Europe) Limited and Merrill Lynch Capital Markets España, S.A., all of which state that the consideration offered by E.ON is fair to ENDESA's shareholders from a financial point of view.

### 3. EXISTENCE OF AGREEMENTS BETWEEN THE COMPANY AND THE OFFEROR

No agreement whatsoever exists between the Company and the Offeror with respect to the Offer, except for the confidentiality agreement dated 16 January 2006 to which section 1.8.1 of the Prospectus refers.

### 4. AGREEMENTS BETWEEN THE OFFEROR AND MEMBERS OF ENDESA'S BOARD OF DIRECTORS

No agreement whatsoever exists in connection with the Offer between the Offeror and any members of ENDESA's Board of Directors.

Caja de Ahorros y Monte de Piedad de Madrid stated in a 26 March 2007 significant event filing with the CNMV that it has entered into an equity swap agreement with E.ON concerning its shares in ENDESA. Under the terms of the agreement, Caja de Ahorros y Monte de Piedad de Madrid will retain the voting rights corresponding to those shares.

### 5. INDIVIDUAL OPINION OF THE MEMBERS OF ENDESA'S BOARD OF DIRECTORS

None of the members of ENDESA's Board of Directors who attended the Board meeting on 30 March 2007, either in person or by proxy, has offered an individual opinion on the Offer other than the collective opinion of the Board set forth in paragraph 2 above.

Juan Ramón Quintás Seoane did not attend that Board Meeting due to the potential conflict of interest deriving from his position as Chairman of the Spanish Confederation of Savings Banks (CECA). Therefore, he has not stated his position on the Offer.

### 6. INTENTION TO ACCEPT THE OFFER BY THE MEMBERS OF THE BOARD OF DIRECTORS HOLDING ENDESA SHARES

The members of the Board of Directors who attended the Board Meeting on 30 March 2007, either in person or by proxy, and who directly or indirectly hold shares in ENDESA, have stated that they will accept the Offer with respect to all of the shares they hold, except for 50 shares each.

Caja de Ahorros y Monte de Piedad de Madrid has made a separate announcement, as indicated in section 4 above.

Juan Ramón Quintás Seoane, for the reasons mentioned in section 5 above, did not attend that Board Meeting, although he did state that he would also accept the Offer with respect to all the shares he holds in ENDESA, except for 50 shares.

The following table shows the number of ENDESA shares held by each of the members of the Board of Directors directly or indirectly, together with the direct or indirect stake that this holding represents:



Board members	Number of Shares	Direct and indirect share (%)
Manuel Pizarro Moreno	100,004	0.00944
Rafael Miranda Robredo	7,585	0.00071
Alberto Alonso Ureba	—	—
Miguel Blesa de la Parra	600	0.00005
José María Fernández Cuevas	—	—
José Manuel Fernández-Norniella	—	—
Rafael González-Gallarza Morales	3,300	0.00031
Juan Ramón Quintas Seoane	1,525	0.00014
Francisco Javier Ramos Gascón	9,771	0.00092
Alberto Recarte García-Andrade	21,350	0.00201
Manuel Ríos Navarro	12,472	0.00117
Juan Rosell Lastortras	10,005	0.00094
José Serna Masiá	17,496	0.00165
<b>Total</b>	<b>184,108</b>	<b>0.01734</b>

• In addition, the Board of Directors unanimously approved, following a report from the Audit and Compliance Committee, the financial statements, the management report and the proposed appropriation of income or allocation of loss for 2006.

— On 11 April 2007, the Board of Directors, in response to the announcement made by the CNMV regarding the takeover offer made by Acciona, S.A. and Enel Energy Europa, decided that the Company should maintain the conduct employed to date, both legally and in defence of the interests of the Company and its shareholders, agreeing that the Company will continue to operate under the same conditions it did under the takeover processes initiated by Gas Natural and E.ON, ratifying the authorisations and powers conferred on 6 September 2005 by the Board of Directors upon the Executive Committee, the Chairman and the Chief Executive Officer empowering them to take all necessary decisions.

— On 3 May 2007, the Board of Directors unanimously approved the following items:

- The Annual Report on Director Compensation Policy prepared by the Appointments and Compensation Committee.
- Consolidated first quarter 2007 results.

— On 14 May 2007, the Board of Directors agreed unanimously to adopt the following resolutions:

- To call a General Shareholders' Meeting for 20 June 2007, at first call, or 21 June 2007, at second call.
- The text of the invitation convening the Ordinary General Shareholders' Meeting.
- The rules governing voting by correspondence and proxy voting to be applied in relation to the General Shareholders' Meeting from the time the meeting is convened.
- To request the presence of a Notary from the Madrid Bar Association to take minutes of the meeting.
- The 2006 Annual Corporate Governance Report.
- The 2006 Annual Report. The report on the Company's activities.
- The 2006 Audit and Compliance Committee Report.
- A media communications plan designed to broaden the reach of the invitation to attend the General Shareholders' Meeting and to broaden the traditional communications channels used and shareholder access to these.
- Execution of agreements with the financial custodian entities for ENDESA shares with the aim of encouraging shareholder participation by activating the mechanisms for facilitating the exercise of shareholder rights.

— On 29 May 2007, the Board of Directors agreed to ratify, in line with the Executive Committee, the decision to appeal against the agreement reached by the Comisión Nacional de la Energía (the Spanish energy watchdog, or the CNE), a ruling issued under Function 14 falling under the remit of this body, in connection with the procedure adopted by ENEL with a view to acquiring 25% of ENDESA, on the basis of its understanding that the aforesaid agreement imposes certain conditions on ENDESA's Board of Directors and its General Meeting that affect all the Company's shareholders.

— On 14 June 2007, the Board of Directors expressed its agreement with the decision made by ENDESA to lodge an appeal against the Supreme Court ruling rejecting the claim brought by the Company against the Resolution of the Spanish Cabinet authorising the business combination between Gas Natural and ENDESA.

— In addition, in the same session on 14 June 2007, the Board of Directors agreed unanimously to submit to the General Shareholders' Meeting the appointment of Borja Prado Eulate and Fernando d'Ornellas Silva as new Directors of ENDESA, at the proposal of the Appointments and Compensation Committee and following review of their curriculum vitae.

— On 21 June 2007 the Board of Directors agreed, unanimously, on the composition of the Executive Committee, the Appointments and Compensation Committee and the Audit and Compliance Committee.

#### EXECUTIVE COMMITTEE

Chairman	Manuel Pizarro Moreno
Chief Executive Officer	Rafael Miranda Robredo
Members	Miguel Blesa de la Parra Fernando d'Ornellas Silva Borja Prado Eulate Francisco J. Ramos Gascón
Secretary (Non-Member)	Salvador Montejo Velilla

#### APPOINTMENTS AND COMPENSATION COMMITTEE

Chairman	Juan Ramón Quintás Seoane
Members	Fernando d'Ornellas Silva Borja Prado Eulate Juan Rosell Lastortras
Secretary (Non-Member)	Salvador Montejo Velilla

#### AUDIT AND COMPLIANCE COMMITTEE

Chairman	José Serna Masiá
Members	Fernando d'Ornellas Silva Borja Prado Eulate Francisco J. Ramos Gascón Alberto Recarte García-Andrade
Secretary (Non-Member)	Salvador Montejo Velilla

— On 24 July, 2007, the Board of Directors voted unanimously in favour of the following resolutions:

- To authorise Endesa, S.A. to execute an agreement with Gas Natural, SDG, S.A. by virtue of which the two companies, on a reciprocal basis, agree to put an end to ongoing legal action.
- To approve the consolidated financial statements for the six months ended 30 June 2007, along with the corresponding press release.

— On 3 August, 2007, the Board of Directors agreed unanimously to adopt the following resolutions:

- To approve, in accordance with article 20 of Royal Decree 1197/1991 of 26 July, governing takeover offers, the report prepared by ENDESA's Board of Directors regarding the takeover offer submitted by Acciona, S.A. and Enel Energy Europe, S.r.L., which reads as follows:

## “REPORT ISSUED BY THE BOARD OF DIRECTORS OF ENDESA, S.A. REGARDING THE TENDER OFFER MADE BY ACCIONA, S.A. AND ENEL ENERGY EUROPE S.R.L.”

The members of the Board of Directors of Endesa, S.A. (hereinafter “**ENDESA**” or the “**Company**”) at a meeting held on 3 August 2007, approved by unanimous decision, under article 20 of Royal Decree 1197/1991 of 26 July regarding takeover offers, the following report regarding the combined Tender Offer (hereinafter the “**Bid**” or “**Offer**”) by Acciona, S.A. and Enel Energy Europe S.r.L. (“**Acciona**” and “**Enel**”, and, combined, the “**Offerors**”) for a price of Euro 40.16 per share, payable in full in cash. This report, in addition to setting forth the main terms and characteristics of the Offer, details the Board’s stance and provides certain additional information.

### 1. PRINCIPAL FEATURES OF THE OFFER

According to the Prospectus relating to the Offer authorised by the Spanish National Securities Market Commission (CNMV), the following are the principal features of the Offer:

#### 1.1. Offerors

The Offerors are Acciona, S.A. and the Italian company Enel Energy Europe S.r.L., a 100%-owned subsidiary of Italian firm Enel S.p.A. Although the Offer was presented on a joint basis by both Offerors, the plan is for Acciona to first acquire 42,079,382 shares tendered under the Offer, for a stake in ENDESA of approximately 3.974%, and for Enel to acquire the rest of the shares tendered.

#### 1.2. Nature of the Offer

The Offer made by Acciona and Enel, presented on 11 April 2007, was authorised by the CNMV on 25 July 2007. The Bid was formulated after the Offer presented by E.ON Zwölfte Verwaltungs GmbH (“E.ON”) was rendered ineffective due to E.ON’s failure to obtain the minimum number of shares upon which its bid was conditional, so that the Acciona and Enel Offer is currently the only offer outstanding for the Company.

#### 1.3. Shares to which the Offer applies

The Offer extends to all ENDESA shares, except for those already owned by the Offerors, Finanzas Dos, S.A. (a wholly-owned subsidiary of Acciona) and Enel S.p.A.: i.e., 487,116,120 shares, representing 46.01% of ENDESA’s share capital.

#### 1.4. Consideration

Acciona and Enel are offering Euro 40.16 for each ENDESA share, payable in full in cash.

#### 1.5. Acceptance period

The CNMV announced on 30 July 2007 that the acceptance period for the Offer will expire on 1 October 2007.

Nonetheless, under the provisions of prevailing legislation, this period could be extended by the CNMV in order to allow ENDESA’s General Shareholders’ Meeting to decide on the resolutions for By-



law amendments upon which the Offer is conditioned (see sections 1.6 and 7, *infra*).

### 1.6. Conditions to which the Offer is subject

The effectiveness of the Acciona-Enel Offer is conditioned upon the acquisition of a minimum of 529,376,059 ENDESA shares, representing over 50% of its share capital. Since Acciona and Enel, combined, already own 46.01% of ENDESA's share capital, the acceptance rate to ensure the Offer is effective is in fact approximately 3.991%.

Furthermore, the Offer is conditioned upon adoption of certain Bylaw amendments at ENDESA's General Shareholders' Meeting and these resolutions being lodged at the Madrid Mercantile Registry. Specifically, the Offer is conditioned upon the elimination of all limitations or restrictions on the number of votes that can be exercised by ENDESA shareholders (article 32 of the Bylaws), upon removal of requirements concerning the composition of Board of Directors and the type of Board members, with the corresponding removal of the restriction on the number of terms to which certain types of Board members may be elected (articles 37 and 38 of the Bylaws), and upon the removal of all qualifications, except for those concerning the absence of legally prohibited conflicts of interest, on the appointment of a member of the Board of Directors or of a Managing Director (article 42 of the Bylaws), as described in full in the Prospectus.

### 1.7. Offeror agreements in relation to ENDESA

Given the specific circumstances inherent in a public takeover bid in which there is more than one bidder, as is the case of this Offer,

shareholders are urged to carefully read the content of the Prospectus approved by the CNMV on 25 July 2007, as it contains important disclosure for due consideration. The Prospectus is available without charge on ENDESA's website ([www.endesa.es](http://www.endesa.es)), on the CNMV's website ([www.cnmv.es](http://www.cnmv.es)) at ENDESA's executive headquarters in Madrid, Spain and at the Offerors' headquarters.

It is worth highlighting the agreement for the joint management of ENDESA executed by the Offerors on 26 March 2007, the full text of which was submitted to the CNMV in the form of a significant event filing on the same day it was signed. It can be viewed at the CNMV's website ([www.cnmv.es](http://www.cnmv.es)).

Further, is worth noting the agreement executed on 2 April 2007 between the Offerors and E.ON, providing for the sale to E.ON of certain ENDESA assets, the full text of which was submitted to the CNMV in the form of a significant event filing on the same day it was signed. It can be viewed at the CNMV's website ([www.cnmv.es](http://www.cnmv.es)).

## 2. OPINION OF THE BOARD OF DIRECTORS ON THE OFFER

The Board of Directors of ENDESA has voted unanimously in favour of the economic terms of the Offer, based on its belief that these terms are fair to the shareholders of ENDESA from a financial standpoint.

In reaching this conclusion, the Board of Directors considered the fairness opinions rendered by ENDESA's financial advisors—BNP Paribas S.A. Sucursal en España, Citigroup Global Markets Limited, Deutsche Bank AG London Branch, J.P. Morgan Plc, Lehman Brothers (Europe) Limited and Merrill Lynch Capital Markets España, S.A.—all of which state that, in their respective opinions, the consideration offered by Acciona and Enel is fair, from a financial point of view, to the shareholders to which the Offer is extended. To support

the conclusions contained in their respective fairness opinions, these advisors relied on valuation methods and other widespread criteria, such as comparable company trading multiple analysis, comparable M&A transaction multiple analysis, analysis of premiums paid to market value, discounted cash flow analysis and analysis of ENDESA's historic share price performance and its performance in relation to other indices or benchmarks.

In addition, the Board of Directors took into consideration the fact that the Offer comes in the wake of a protracted period of failed takeover bids, a process which began with the bid presented by Gas Natural SDG, S.A. on 5 September 2005, which prompted E.ON to launch a rival offer. Throughout the process, ENDESA's Board of Directors and management team has held fast to the overriding goal of maximising value for the Company's shareholders. Specifically, the Board views favourably the fact that the Offer is significantly higher than ENDESA's closing price of Euro 18.56 per share on 2 September, 2005, the last trading day prior to the announcement of Gas Natural's bid, and significantly higher than the consideration offered by Gas Natural, which valued ENDESA's shares at Euro 21.30 on the date it announced it was launching a takeover bid. It has also borne in mind that the consideration offered by the Offerors is higher than that offered by E.ON, whose final and enhanced bid stood at Euro 40 per share, the highest offer presented during the rival bidding process.

Finally, ENDESA's Board of Directors has considered the fact that the joint offer made by Acciona and Enel is an all-cash bid extending to shares representing 100% of the Company's share capital.

### **3. EXISTENCE OF AGREEMENTS BETWEEN THE COMPANY AND THE OFFEROR**

No agreement exists between the Company and the Offerors with regard to the Offer, with the exception of the following.

On 15 June 2007 ENDESA and each of the Offerors signed confidentiality agreements to provide legal protection for the exchange of information required to conclude the due diligence and facilitate the offer procedure.

At the request of ENDESA, on 2 August 2007 the Offerors agreed to negotiate and renovate the agreement dated 27 April 1999 signed by ENDESA and its union representatives, which was due to expire on 31 December 2007. This agreement would thereby be substituted by a new and similar agreement, which would, in sum, guarantee the continuation of workers' rights while the unions, meanwhile, would acknowledge ENDESA's capacity to freely manage the company's reorganisation.

### **4. AGREEMENTS BETWEEN THE OFFERORS AND MEMBERS OF ENDESA'S BOARD OF DIRECTORS**

No agreement whatsoever exists in connection with the Offer between the Offerors and any member of ENDESA's Board of Directors.

### **5. INDIVIDUAL OPINION OF THE MEMBERS OF ENDESA'S BOARD OF DIRECTORS**

No member of ENDESA's Board of Directors has issued an individual opinion relating to the Offer other than the collective opinion of the Board set forth in section 2 above.

## 6. INTENTION TO ACCEPT THE OFFER BY THE MEMBERS OF THE BOARD OF DIRECTORS HOLDING ENDESA SHARES

The members of the Board of Directors who hold, directly or indirectly, shares in ENDESA, have not yet made a decision as to whether or not to accept the Offer in respect of the shares which they own. They agree to make their decision public as soon as it has been adopted and in any event within the acceptance period of the Offer.

Caja de Ahorros y Monte de Piedad de Madrid, through Miguel Blesa de la Parra, has stated that it has not yet adopted a resolution on whether to accept the Offer with respect to the ENDESA shares held by this entity, undertaking to make its decision public as soon as it has been adopted and in any event within the acceptance period of the Offer.

The following table shows the number of ENDESA shares held by each of the members of the Board of Directors, together with the direct or indirect stake that this holding represents:

Board members	Number of Shares	Direct and indirect share (%)
Manuel Pizarro Moreno	100,004	0.00944
Rafael Miranda Robredo	7,585	0.00071
Miguel Blesa de la Parra	600	0.00005
Fernando d'Ornellas Silva	96	0.00000
Francisco de Borja Prado Eulate	—	—
Juan Ramón Quintas Seoane	1,525	0.00014
Francisco Javier Ramos Gascón	9,771	0.00092
Alberto Recarte García-Andrade	21,350	0.00201
Juan Rosell Lastortras	10,005	0.00094
José Serna Masiá	17,496	0.00165
<b>Total</b>	<b>—</b>	<b>—</b>

## 7. EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING

To allow ENDESA's shareholders to vote on the amendments to the Company's Bylaws, prerequisite to the effectiveness of the Acciona-Enel Offer, the Board of Directors unanimously resolved to convene an Extraordinary General Shareholders' Meeting to be held at first call on 25 September 2007. In addition, the Board of Directors has determined to state its position in favour of these amendments and recommends that shareholders participate in the Extraordinary General Shareholders' Meeting and vote in favour of the amendments.

The members of the Board of Directors that own shares in ENDESA have stated their intention of voting in favour of the Bylaw amendments at the Extraordinary General Shareholders' Meeting.

Shareholder Caja Madrid, represented by Director Miguel Blesa de la Parra, has stated that it has not yet adopted a resolution on whether to vote in favour of the Bylaw amendments, committing to make its decision public as soon as it has been taken.

- To call an Extraordinary General Shareholders' Meeting for 25 September 2007, at first call, or 26 September 2007, at second call.
- To approve the text of the invitation convening the Ordinary General Shareholders' Meeting.
- The rules governing voting by correspondence and proxy voting applicable to the Extraordinary General Shareholders' Meeting from the time the meeting is convened.
- To request the presence of a Notary from the Madrid Bar Association to take minutes of the meeting.
- The Back-up Reports in relation to Agenda items ONE, TWO, THREE and FOUR for the Extraordinary General Shareholders' Meeting.
- The proposed resolutions to be submitted at the Extraordinary General Shareholders' Meeting.
- That shareholders who participate in any form at the Extraordinary General Shareholder's Meeting, whether directly, by proxy, or by remote voting, shall be entitled to receive an attendance premium

of fifteen euro cents gross per share (Euro 0.15 per share, gross), so long as they are shareholders of record in the corresponding book-entry registry five days before the General Meeting is to be held at first call.

- A media communications plan designed to broaden the reach of the invitation to attend the Extraordinary General Meeting and to increase the traditional communications channels used and shareholder access to these.

- Execution of agreements with the financial custodian entities for ENDESA shares with the aim of encouraging shareholder participation by activating the mechanisms for facilitating the exercise of shareholder rights.

— On 18 September 2007, the Board of Directors agreed unanimously to empower the General Secretary and Secretary to the Board of Directors to disclose and make public the criteria to be followed, under the provisions of article 32 of the Bylaws, to form the majority required for its amendment.

— At the same meeting, the Board of Directors made the following statement:

## **DECLARATION REGARDING THE INTENTION OF THE MEMBERS OF THE BOARD OF DIRECTORS TO ACCEPT THE TENDER OFFER FOR SHARES MADE BY ACCIONA S.A. AND ENEL ENERGY EUROPE S.R.L.**

The report prepared by the Board of Directors of Endesa, S.A. on the Tender Offer formulated jointly by Acciona S.A. and Enel Energy Europe S.r.L., approved at the Board meeting of 3 August 2007 and made public that same day, stated that the members of the Board of Directors that own, directly or indirectly, shares of Endesa, S.A. had not yet taken a decision whether or not to accept the Offer made by Acciona, S.A. and Enel Energy Europe S.r.L. Also according to this report, Directors owning shares in the Company undertook to make public their decision on the matter as soon as it had been taken and in any event within the acceptance period.

Accordingly, it is hereby stated that all the members of the Board of Directors that hold, directly or indirectly, shares of Endesa, S.A., have expressed their attention to tender their shares in the Offer. The members unanimously agree to empower the General Secretary and Secretary to the Board of Directors to disclose and publicise this statement in the manner deemed fit.

Caja de Ahorros y Monte de Piedad de Madrid, through Miguel Blesa de la Parra, states that:

1. In relation to the Extraordinary General Shareholders' Meeting of S.A., scheduled for 25 September 2007 at first call, Caja de Ahorros y Monte de Piedad de Madrid hereby announces its decision to vote in favour of all the Bylaw amendment proposals formulated by the Board of Directors of Endesa, S.A. in its meeting of 3 August 2007.
2. In relation to the public tender offer made by Acciona, S.A. and Enel Energy Europe, S.r.L. for the shares of Endesa, S.A., Caja



de Ahorros y Monte de Piedad de Madrid hereby states that at its meeting on 17 September 2007 its Board of Directors voted unanimously in favour of tendering its entire shareholding in Endesa, S.A.

— On 18 October 2007, the Board of Directors agreed unanimously to adopt the following resolutions:

• On 18 October 2007, the Board of Directors unanimously accepted the resignation of:

– Manuel Pizarro Moreno as Director, Chairman of the Board of Directors and of the Executive Committee.

– Miguel Blesa de la Parra, as member of the Board of Directors and of the Executive Committee.

– Alberto Recarte García-Andrade, as member of the Board of Directors and of the Audit Committee.

– Juan Rosell Lastortras, as member of the Board of Directors and member of the Appointments and Compensation Committee.

– José Serna Masiá, as member of the Board of Directors and of the Audit Committee.

– Juan Ramón Quintás Seoane, as member of the Board of Directors and member of the Appointments and Compensation Committee.

– Francisco Javier Ramos Gascón, as member of the Board of Directors, of the Executive Committee and of the Audit Committee.

• On 18 October 2007, the Board of Directors agreed unanimously to appoint by co-option:

– José Manuel Entrecanales Domecq, as member of the Board of Directors, Executive Chairman of Endesa, S.A. and Chairman of the Executive Committee.

– Andrea Brentan, as member and Deputy-Chairman of the Board of Directors, member of the Executive Committee, of the Appointments and Compensation Committee and of the Audit Committee.

– Esteban Morras Andrés, as member of the Board of Directors and of the Executive Committee.

– Carmen Becerril Martínez, as member of the Board of Directors and member of the Appointments and Compensation Committee.

– Luigi Ferraris, as member of the Board of Directors and of the Executive Committee.

– Valentín Montoya Moya, as member of the Board of Directors and member of the Executive Committee and Audit Committee.

– Claudio Machetti, as member of the Board of Directors.

• The Board of Directors appoints Fernando d'Ornellas Silva Chairman of the Appointments and Compensation Committee.

• Fernando d'Ornellas Silva and Borja Prado Eulate tender their resignation from the Executive Committee and the Board of Directors and their resignation is accepted.

• The Board of Directors delegates to the Executive Chairman of the Company, José Manuel Entrecanales Domecq, all the Board's powers delegable by law or under the Bylaws. These powers are to be exercised jointly with the Chief Executive Officer.

• The Board of Directors ratifies, in a unanimous vote, Rafael Miranda Robredo as CEO of the Company and amends the exercise of the powers conferred. These powers will be exercised jointly with the Chairman of the Board of Directors.

• The Board of Directors names Borja Prado Eulate Chairman of the Audit Committee.

• The Board of Directors resolves unanimously to appoint Manuel Pizarro Moreno Honorary Chairman of the Company, along with Fuster Jaume and Martín Villa, who already held this title.

As a result, the composition of the Board of Directors of Endesa, S.A. and of the Executive Committee of the Board of Directors of Endesa, S.A. is as follows:

**BOARD OF DIRECTORS**

José Manuel Entrecanales Domecq – Executive Chairman  
 Andrea Brentan – Deputy-Chairman  
 Rafael Miranda Robredo – Chief Executive Officer  
 Carmen Becerril Martínez  
 Fernando d’Ornellas Silva  
 Luigi Ferraris  
 Claudio Machetti  
 Valentín Montoya Moya  
 Esteban Morras Andrés  
 Borja Prado Eulate

**EXECUTIVE COMMITTEE**

José Manuel Entrecanales Domecq – Chairman  
 Andrea Brentan  
 Rafael Miranda Robredo  
 Luigi Ferraris  
 Valentín Montoya Moya  
 Esteban Morras Andrés

— On 14 November 2007, the Board of Directors unanimously approved the following:

- The consolidated financial statements for the nine months ended 30 September 2007 and the corresponding analyst presentation and press release.
- The creation of a Finance and Investment Committee and an Industrial Planning, Strategy and Synergies Committee. The purpose of both committees is to inform and support the Board of Directors, without delegation by the Board of decision-making powers.

The main functions of the Finance and Investment Committee will be:

- To design shareholder reports.
- To receive and analyse on a monthly basis information on ENDESA's results.
- To review the annual budget.
- To analyse potential large investments, acquisitions and procurement arrangements.

It will be made up of the following Directors:

- Carmen Becerril
- Andrea Brentan
- Luigi Ferraris
- Claudio Machetti
- Valentín Montoya
- Esteban Morras

Committee meetings will be attended by the following non-Director managers: Juan Gallardo and Paolo Bondi. The Chairman and CEO may also attend if they see fit. As with the rest of the steering committees, the Secretary to the Board of Directors will also serve as secretary to this committee.

The main purpose of the Industrial Planning, Strategy and Synergies Committee will be to establish company strategy, coordinate execution of an industrial plan and to analyse exhaustively all existing synergies.

It will be made up of the following Directors:

- Carmen Becerril
- Andrea Brentan
- Luigi Ferraris
- Rafael Miranda
- Valentín Montoya
- Esteban Morras

The Chairman may also attend committee meetings if he sees fit. As with the rest of the steering committees, the Secretary to the Board of Directors will also serve as secretary to this committee.

- To delist Endesa, S.A.'s American Depositary Receipts (ADRs) from the New York Stock Exchange, once the requirements for so doing under application regulations have been met.

Withdraw Endesa, S.A. as a company registered with the Securities and Exchange Commission (SEC), once all requirements under applicable regulations have been met.

Withdraw Endesa, S.A. as a company registered with the securities market regulators of Canada and Japan once all requirements under applicable regulations have been met.

- To authorise Acciona, S.A. and Enel SpA to use the term 'ENDESA' in the business name filed for a new limited liability company, to which shares of Endesa, S.A. representing approximately 50.02% of its share capital will be contributed, under the terms of the agreement signed between both companies on 26 March 2007.

— On 16 November, 2007, the Board of Directors voted unanimously in favour of adopting the following resolution:

- That Andrea Brentan and Valentín Montoya Moya may not cast votes at the Audit and Compliance Committee and may not exercise their voting rights as members of the Board of Directors from 16 November 2007 until such a time as ENDESA is no longer a NYSE listed company and, is therefore no longer subject to section 303A.06 of the NYSE Listed Company Manual.

— On 19 December 2007, the Board of Directors unanimously agreed to adopt the following resolutions:

## AGREEMENT FOR THE SALE OF ASSETS UNDER THE TERMS OF THE AGREEMENT DATED 2 APRIL 2007 (SUBSCRIBED BY ENEL, ACCIONA AND E.ON) AND ON THE CONDITIONS IMPOSED BY THE EUROPEAN COMMISSION FOR AUTHORISATION OF THE ACCIONA/ENEL/ ENDESA BUSINESS COMBINATION

1. To assume the terms and conditions of the agreement signed on 2 April 2007 by Enel, S.p.A. and Acciona, S.A., on the one hand, and by E.ON A.G., on the other, in relation to the sale of (i) the entire shareholding in Endesa Europa, S.L., subject to the prior spin-off of assets under the terms of the aforementioned agreement, and (ii) certain assets, goods and rights belonging to Endesa, S.A. located in Spain.

2. To undertake whatever actions necessary, in the course of advancing and executing the aforementioned agreement of 2 April 2007, to itemise and detail the assets, goods or rights that, together with all that is inherent, complementary or accessory thereto, are to be sold, and any other actions required to effect the terms and conditions of the agreement and/or the disposals stipulated by the European Commission as a prerequisite to approving the Enel/Acciona/ENDESA merger even in the event that for whatever reason E.ON A.G. were not to proceed with the acquisition of the assets and shareholdings contemplated in the agreement of 2 April 2007.

3. To authorise the delivery of information and documentation pertaining to Endesa, S.A. or any of the group companies, to E.ON A.G. and other persons or entities participating in the process of selling the assets, rights or shares that must be transferred under the terms of the aforementioned agreements or, if appropriate, by virtue of the conditions stipulated by the European Commission, exclusively for said purposes and subject to prior execution of the corresponding confidentiality agreements.

4. To authorise Endesa, S.A. to engage Goldman Sachs International, S.A. and Citigroup Global Markets Ltd. to value, under the provisions of the 2 April 2007 agreement, the Spanish assets and the shares of Endesa Europa, S.L., respectively, and, if necessary, to engage, in agreement with E.ON A.G., one or more prestigious international investment banks with a proven track record in such matters, as expressed in the aforementioned agreement dated 2 April 2007, should the parties disagree on the valuations determined by the investment banks initially hired by each party and should the valuation discrepancy exceed 10%.

5. To authorise Endesa, S.A. to engage Uría Menéndez Abogados, S.L.P. and Cuatrecasas Abogados, S.R.L. as legal counsel in the negotiation, formalisation and execution of the asset purchase agreement, and to provide legal advisory services on all other actions necessary to execute the agreement of 2 April 2007 or to comply with the conditions stipulated by the European Commission.

6. To grant powers to the Executive Chairman, José Manuel Entrecanales Domecq, the CEO, Rafael Miranda Robredo, Chief Financial Officer, Juan Gallardo Cruces, the General Secretary to the Company and the Board, Salvador Montejo Velilla and the Director of Legal Counsel, Francisco de Borja Acha Besga, so that each and any one of them may, in the name and on behalf of the Company, execute such public and/or private documents and carry out such acts and declarations as may be necessary to fully and effectively execute the aforementioned agreements on the terms stipulated and any others that may be deemed in the best interest of Endesa, S.A.

7. To submit the agreements necessary to effect the asset purchase agreements culminating from the development and execution of the agreement of 2 April 2007, signed by Enel, S.p.A., Acciona, S.A. and E.ON A.G. or, if necessary, the enactment of the authorisations granted by the European Commission, at the next scheduled General Shareholders' Meeting.

• On 19 December 2007, the Board of Directors agreed unanimously to adopt the following resolutions:

– To approve and have available the accounts cited under article 216 a) of the LSA, under which there exists sufficient liquidity to distribute the amount of Euro 529,376,058.50 against 2007 earnings.

– To distribute to Endesa, S.A. shareholders a gross dividend of Euro 0.50 per share, payable against 2007 results.

— On 19 February 2008, the Board of Directors unanimously approved, following a report from the Audit and Compliance Committee, the consolidated financial statements for the year ended 31 December 2007 and the accompanying press release and analyst presentation materials.

— On 26 March 2008, the Board of Directors unanimously approved the following items:

• To accept the tender launched by Enel and Acciona in their condition as shareholders, and to delegate in the subsidiary Endesa Internacional, S.A. completion of the public takeover bids for Edelnor, Edegel and Empresa Eléctrica de Piura, directly, or via the subsidiary deemed appropriate for such purposes (under Peruvian legislation Enel and Acciona are obliged to launch subsequent takeover bids for the listed Peruvian subsidiaries over which the new shareholders have obtained control indirectly via the takeover of Endesa, S.A.).

• To approve and draw up the 2007 Annual Accounts, comprising the balance sheet, income statement and the accompanying notes for the Company and its consolidated group.

• To draw up and approve the Management Report for 2007 for the Company and its consolidated group.

• To submit to the shareholders of Endesa, S.A., in general meeting the following appropriation of profit:



	Euros
To dividends (the maximum amount to be distributed at Euro 1.531 per share on a total of 1,058,752,117 outstanding shares)	1,620,949,491.13
To retained earnings	746,940,958.81
<b>Total</b>	<b>2,367,890,449.94</b>

— On 22 April 2008, the Board of Directors unanimously approved the following items:

- To assume, subject to ratification or approval at the General Shareholders' Meeting of Endesa, S.A., the amendments effected by virtue of the additional agreement, dated 18 March 2008, to the terms and conditions of the agreement signed on 2 April 2007 by Enel, S.p.A. and Acciona, S.A., on the one hand, and E.ON A.G., on the other, in connection with the sale of assets owned by Endesa, S.A. and a contract to transfer the rights to nuclear generation capacity.

On 18 March 2008 Acciona, Enel and E.ON executed an amendment to the agreement dated 2 April 2007, partially modifying the scope of assets for sale to E.ON located in Spain (to now include the Los Barrios and Tarragona power stations), specifying (along basic lines) the content of the agreement for the transfer of rights to nuclear generation capacity and implementing a series of clarifications in relation to the valuation of Endesa Europa, S.L., the Spanish assets and the nuclear capacity contract. The parties to the agreement notified Endesa, S.A. of the content of the amendment on 18 March 2008.

Meanwhile, E.ON indicated its willingness to proceed with the acquisition of Endesa Europa, S.L. and the assets located in Spain at the price resulting from the valuation undertaken by the investment banks appointed by the parties to the agreement, under the terms of the agreement dated 2 April 2007 and as amended on 18 March 2008. However, the process of valuing the rights to nuclear generation capacity is ongoing.

- To ratify the agreements taken by the Board of Directors of Endesa, S.A. on 19 December 2007 in relation to the aforementioned agreement of 2 April 2007 and to broaden these agreements as required to bring them in line with the current terms and conditions by virtue of the amendment dated 18 March 2008.

- To submit the asset purchase agreements culminating from the development and execution of the agreement of 2 April 2007, signed by Enel, S.p.A., Acciona, S.A. and E.ON A.G., as modified by virtue of the additional agreement dated 18 March 2008, at the next General Shareholders' Meeting.

— On 9 May 2008, the Board of Directors approved the following organisational changes and appointments:

- To create a Corporate Development unit, headed by Jesús Olmos Clavijo, with the mandate of generating new investment opportunities in order to increase the scale of ENDESA. The main scope of action will be: to integrate the development function under a single area with a big picture vision of investment opportunities, to standardise analytical criteria from a financial and technical standpoint across the entire company and for all transactions and to ensure management continuity at the current assets in Europe and Morocco.

The Corporate Development unit will be configured to leverage and optimise existing resources at Endesa Europa, around the following sub-divisions:

- Analysis, Valuation and Regulation, responsible primarily for analysis of new markets which may represent a business opportunity and for valuation of these initiatives, using standard criteria for the entire Company.

- Development, which will take responsibility for the corporate development function in new markets and will participate in M&A analysis in existing markets.

- Technical Analysis, which will analyse the technical specifications of investment opportunities.

- To create a Nuclear Energy unit, reporting to the General Management for Spain and Portugal, to strengthen the management of nuclear energy issues. Alfonso Arias Cañete has been appointed Managing Director for Nuclear Energy.

The Nuclear Energy unit will assume the functions and responsibilities linked to the nuclear area of the Production and Engineering division for Spain and Portugal. This new department will comprise four specialised units: (i) Operations, which will be responsible for the nuclear stations in which ENDESA has investments; (ii) Engineering and Technology, to guarantee the division is up to speed in terms of technology trends and evolving equipment and responsible for the identification and dissemination of best practices; (iii) a Nuclear Safety and Radiation Protection unit, responsible for guaranteeing compliance with safety standards across all nuclear facilities, and (iv) a dedicated Fuel and Waste Management unit.

- To create the Auxiliary Purchasing, Planning and Media unit.

The procurement function of the Purchasing unit is being reinforced with this move. It will continue to be run by Francesco Buresti, with the full backing of the Executive Chairman and the CEO.

This structure is designed to permit the company to leverage economies and scale and unlock existing synergies with its new shareholders. It additionally allows for new purchasing formulae to guarantee operating efficiency in response to business requirements. To aid compliance with these business targets, an Auxiliary Purchasing, Planning and Media unit will be set up to integrate the purchasing planning function on a global scale so enabling new policies to be defined and implemented in this area. This new unit will be headed by Félix Rivas Anoro, who has an extensive professional background in the energy sector.

The other divisions making up the Purchasing unit are:

- Synergistic Purchasing, designed to exploit economies of scale, develop new approaches to purchasing such as Design to Cost, and unlock synergies.

Falling under the same strategy, the systems and telecommunications purchasing functions are being folded into a single unit to reinforce the global orientation of this function.

- The procurement areas for Spain & Portugal and Latin America will now report to the Purchasing unit. As a result, the function will continue to be business focused, based on the current geographic structure, while maintaining joint decision-making processes.

- Creation of an Auxiliary Human Resources unit:

In order to better handle the new challenges facing the Company in managing its human capital, an Auxiliary HR unit has been created to strengthen the implementation current HR directives. The HR department is still headed by Germán Medina Carrillo, with the full backing of the Executive Chairman and Chief Executive Officer.

Rafael Montes Caracuel was appointed head of the newly-created Auxiliary Human Resources unit. Mr. Montes has broad experience in the field of HR management and has held executive positions in large companies in various business sectors. The rest of the units reporting to the Human Resources department maintain their current functions and responsibilities.

- New structure for the Department of Finance, unifying the Group's finance and control functions and rolling the finance planning and control, funding, treasury, financial management and IR functions under this division.

The main departures are:

- Integration of financial planning and control within a single unit, giving greater prominence to investment control and analysis, risk management and operating controls. This optimises the decision-making process and ensures that control related information is standardised and based on a single set of management performance criteria.

The business planning and control functions now report to this unit, although still with a line of reporting to the business units.

- The treasury, financing, financial management and investor relations functions are integrated for the entire Group under the Finance department to which they all now directly report.

This structure ensures the level of coordination necessary to guarantee consistency across all the financial information that must be prepared for and disclosed to the markets and to ensure coordinated relations with the financial entities with which it deals.

- Establishment of dual reporting for the tax advisory function: to both Legal Advisory and the Finance Department. This enables the integration of all activities directly related to the financial management function.

This organisational structure enables more efficient decision-making processes and ensures that management information flows freely and does not hinder decision-making, in order to respond efficiently to reporting requirements, consuming the minimum necessary resources.

- Appointment of Valentín Montoya Moya as member of the Appointments and Compensation Committee, substituting Carmen Becerril Martínez.

## MANAGEMENT STRUCTURE OF THE COMPANY

### BOARD OF DIRECTORS. ORGANISATION AND FUNCTIONING

Endesa, S.A. is governed by a Board of Directors which, in accordance with its Corporate Bylaws, shall be composed of a minimum of nine and a maximum of fifteen members.

Under article 36 of the Corporate Bylaws and in accordance with article 141 of the Public Limited Companies Act (*Ley de Sociedades Anónimas* or *LSA*) the Board regulates its organisation and functioning under its own Regulations.

Article 37 of the Corporate Bylaws establishes that the Shareholders' Meeting is responsible for appointing and removing Directors, while the office of Director may be waived, revoked and the subject of reappointment. Proposals by the Board for the appointment or reappointment of Directors, as established by article 5 of the Board Regulations, will fall to persons of renowned prestige who possess the suitable professional experience and knowledge to perform their functions and give a commitment to provide a sufficient level of dedication to perform the tasks of the office.

The Board will meet at least once every two months, and whenever the Chairman sees fit or when the majority of its members so requests. Resolutions will be adopted by an absolute majority of the Directors attending the Meeting in person or by proxy. In the event of a tie, the Chairman, or whoever stands in for him/her at the meeting, will have the casting vote.

### Functions of the Board of Directors

In accordance with the LSA and the Corporate Bylaws, the Board of Directors shall govern and manage the Company.

The following general functions shall be discharged by the Board sitting in plenary session or through its committees:

- a) To establish the corporate strategy and management guidelines.
- b) To oversee the conduct of senior executives, hold them accountable for their decisions and assess their performance.
- c) To ensure the transparency of the Company's relations with third parties.

In implementing the provisions of the Corporate Bylaws, the Board will define the general strategy of the Business Group formed with holdings in other companies.

In accordance with legal requirements and the Company Bylaws, and under article 141 of the LSA, the Board will regulate its own functioning and that of its committees, draw up its regulations, which will be binding on the members of the Board, and act in plenary session or through its committees.

### DELEGATION OF POWERS

On 23 June 1972, the Board of Directors of ENDESA, in accordance with the provisions of the Corporate Bylaws, created an Executive Committee to which it delegated all its functions on a permanent basis, except those which, by law or by resolution of the Shareholders' Meeting, fall within its exclusive jurisdiction.

Furthermore, on 27 May 2005, the Board of Directors delegated to the Chief Executive Officer, Rafael Miranda Robredo, each and every one of the powers of the Board of Directors delegable by law or under the Bylaws. In accordance with the provisions of article 149



of the Mercantile Registry Regulations, the powers delegated to the Chief Executive Officer will be exercised by the Chief Executive Officer jointly with respect to the powers vested in the Board of Directors' Executive Committee.

On 18 October 2007 the Board of Directors delegated to the Company's Executive Chairman, José Manuel Entrecanales Domecq, each and every one of the powers of the Board of Directors delegable by law or under Corporate Bylaws. These powers shall be exercised jointly with the Chief Executive Officer.

On 18 October 2007 the Board of Directors modified the powers delegated to the Chief Executive Officer, Rafael Miranda Robredo. These powers shall now be exercised jointly with the Chairman of the Board of Directors.

The powers delegated to the Executive Chairman, José Manuel Entrecanales Domecq, will be exercised by him jointly with respect to the powers vested in the Board of Directors' Executive Committee, in the same way as those exercised by the Chief Executive Officer, Rafael Miranda Robredo.

### Executive Committee

The Executive Committee will be composed of at least five and not more than seven Directors, including the Chairman and the Chief Executive Officer. The appointment of the members of the Executive Committee will require the vote in favour of at least two-thirds of the members of the Board.

The Chairman of the Board of Directors will chair Executive Committee meetings and the Board Secretary will act as its Secretary. The rules on substituting these officers are as established for the Board of Directors.

### Audit and Compliance Committee

The Audit and Compliance Committee will be composed of at least four and not more than six members of the Board of Directors, designated by the vote in favour of the majority of the Board itself. A majority of the members of the Committee must be Directors whose relationship with the Company is confined to their membership of the Board.

The Chairman of the Audit and Compliance Committee will be designated from among its members by the Board, by the vote in favour of the majority of the Board itself. The Chairman must be substituted every four years, and may be reappointed one year after standing down.

In the Chairman's absence, the Committee member designated provisionally by the Board of Directors will stand in, and, in the absence of this member, the oldest Committee member.

The Audit and Compliance Committee will meet as often as called by its Chairman, whenever so decided by the majority of its members or at the request of the Board of Directors. Committee meetings will take place at the Company's registered office or at any other venue determined by the Chairman and stated in the call notice.

The Committee will be validly convened when the majority of its members attend. Resolutions shall be adopted by the vote in favour of the majority of the Directors attending the meeting. In the event of a tie, the Chairman, or acting Chairman, will have the casting vote.

The Secretary of the Board of Directors will be the Secretary of the Committee and draw up minutes of the resolutions adopted, on which he/she will report to the Board.

### Appointments and Compensation Committee

The Appointments and Compensation Committee will be composed of at least four and no more than six members of the Board of Directors, designated by the vote in favour of the majority of the Board

itself. A majority of the members of the Committee must be Directors whose relationship with the Company is confined to their status as Board members.

The Chairman of the Appointments and Compensation Committee will be designated from among its members by the Board, by the vote in favour of the majority of the Board itself. The Chairman must be substituted every four years, and may be reappointed one year after vacating office.

In the Chairman's absence, the Committee Member designated provisionally by the Board of Directors will act as substitute and, in the absence of this member, the oldest Committee member.

The Appointments and Compensation Committee will meet as often as called by its Chairman, whenever so decided by the majority of its members, or at the request of the Board of Directors. Committee meetings will take place at the Company's registered office or at any other venue as may be determined by the Chairman and stated in the call notice.

The Committee will be validly convened when the majority of its members attend. Resolutions shall be adopted by the vote in favour of the majority of the Directors attending the meeting. In the event of a tie, the Chairman, or acting Chairman, will have the casting vote.

The Secretary of the Board of Directors will be the Secretary of the Committee and draw up minutes of the resolutions adopted, on which he/she will report to the Board.

In 2007, the Appointments and Compensation Committee held eight meetings, all of which were attended by its Chairman.

### Finance and Investment Committee

Under article 17 of the Corporate Bylaws, at its meeting of 14 November 2007 the Board of Directors resolved to set up a Finance and Investment committee. The purpose of this committee is to report to and prepare reports for the Board of Directors although it has not been delegated any decision-making powers.

Its main functions are:

- Prepare reports for shareholders.
- Receive and analyse ENDESA's results on a monthly basis.
- Review the Company's annual budget.
- Analyse any potential large investments, acquisitions or supply purchases.

The Chairman and Chief Executive Officer may attend meetings of this committee if they consider it expedient to do so. As on the other Board committees, the Secretary will be the Secretary of the Board of Directors.

### Industrial Planning, Strategy and Synergies Committee

Under article 17 of the Corporate Bylaws, at its meeting of 14 November 2007, the Board of Directors resolved to set up an Industrial Planning, Strategy and Synergies committee.

The purpose of this committee is to report to and prepare reports for the Board of Directors, although it has not been delegated any decision-making powers.

Its main objective is to determine the Company's strategy, co-ordinate its industrial plan and analyse all existing synergies.

The Chairman may attend meetings of this committee whenever he deems it to be expedient. As on the other Board committees, the Secretary will be the Secretary of the Board of Directors.

### PROFILES OF DIRECTORS

#### Becerril Martínez, Carmen

17-05-1962. San Sebastián (Guipúzcoa).

**Education:** Law graduate from the Madrid Autonomous University; Senior management studies at IESE Madrid.

**Experience:** General Manager for Strategic Analysis and RDI at Acciona; Consultant for the energy sector at Pricewaterhouse Coopers; Director representing the public sector at several companies including REE, CLH, ENRESA and HUNOSA; General Manager of IDAE (Instituto para la Diversificación y Ahorro de la Energía) and General Manager for Energy Policy and Mining; member of the Economic department of the General State Administration; Higher Body of Civil Administrators and Higher Technical Body in the Madrid region.

**Current occupation:** General Manager of Corporate Resources and Institutional Relations at Acciona.

**Other activities:** Chairperson of the “Energía sin Fronteras” trust (NGO).

#### Brentan, Andrea

03-03-1949. Tangiers (Morocco).

**Education:** Degree in Mechanical Engineering from the Milan Polytechnic University (1972); Masters Degree in Applied Science, New York University (1977).

**Experience:** Executive Vice President, “International M&A and Business Development” at ENEL (2005); Manager of International Operations and Business Development, Generation and Energy Division – ENEL (2002); Manager of International Conventional Generation Plants – ALSTOM (2000-2002); Finance Director, General Manager and CEO of Sae Sadelmi — Grupo ABB (1991-1999).

**Current occupation:** Head of ENEL’s Iberia and Latin America division; Deputy Chairman of ENDESA.

**Boards of Directors:** Chairman of the Supervisory Board at Slovenske Elektrarne; Director of Enel Energy Europe; Director of Enel Capital; Director of Enel Investment Holding; Chairman of Enel North America; Chairman of Enel Latin America.

#### d’Ornellas Silva, Fernando

29-10-1957. Madrid.

**Education:** Graduate of ICADE-E3 (Law and Business Administration); MBA from the Instituto de Empresa; MBA from IESE Barcelona (International Section).

**Experience:** Chief Executive Officer of Chrysler Jeep Iberia, S.A. and Chairman of Chry Portugal (1992-2004); Finance Director at Toyota España (1985-1992); Deputy Finance Director at Johnson & Jonson (1983-1985).

**Current occupation:** Chief Executive Officer of Berge y Cía.

**Boards of Directors:** Deputy Chairman of SKBergé Latinoamérica; Chairman of the Board of Lexus España; Chairman of the Board of Hyundai España.

**Other activities:** Deputy Chairman of the Spanish automobile import association (Asociación Nacional de Importadores de Automóviles: ANIACAM); Deputy Chairman of the Puerta de Hierro club.

#### Entrecanales Domecq, José Manuel

05-01-1963. Madrid.

**Education:** Graduate in Economics from the Complutense University in Madrid (1980-1985)

**Experience:** Chairman of Acciona S.A. (2004-2007); Chairman of Vodafone España, S.A and Fundación Vodafone (2000-2007); Board member and CFO at Acciona (1997-2004); Director at Vodafone España, S.A. (1994-2000); General Manager of Entrecanales y Tavora, S.A. (1992-1997); Director at Banco 21, S.A. and Banco Gallego, S.A. (1991-2006); Director of Sefinco, Ltd (New York) (1990-2007); Associate of Merrill Lynch Europe Capital Markets, Ltd (London and New York) (1986-1990).

**Current occupation:** Chairman of Endesa, S.A.; Chairman of Acciona, S.A.

**Boards of Directors:** Grupo Entrecanales, S.A.; Acciona, S.A.; Endesa, S.A.

**Other activities:** Chairman and Founder of the Fundación Pro-Cnic; Trustee of Fundación Príncipe de Asturias; Fundación Pro Real Academia Española; Real Instituto Elcano; Confederación Española de Fundaciones; Fundación Guggenheim; Escuela Superior de Música Reina Sofía; Fundación Empresa y Sociedad and Instituto de Empresa Familiar.

#### Ferraris, Luigi

23-02-1962. Legnano (Milan).

**Education:** Graduate in Economics and Commerce from Genoa University.

**Experience:** Chairman of Enel Viesgo Servicios; Finance Director of Enel's Sales, Infrastructure and Networks division (2001); Finance Director of Eurogen, Elettrogen and Interpower (Enel) (1999); and Director of Enel Viesgo Generación, Electra de Viesgo Distribución, CISE, WIND, Enel Servizi, Sfera and Weather Investments.

**Current occupation:** Chief Financial Officer (CFO) of Enel – Executive Deputy Chairman of Accounting, Planning and Control (2005); Chairman of Enel Servizi.

**Boards of Directors:** Member of the Supervisory Board of Slovene Elektrarne; Director of Avisio Energia, Deval, Enel Capital, Enel Distribuzione, Enel Energía, Enel Energy Europe, Enel Produzione, Enel Rete Gas, Enel.si, and Enel Trade.

**Other activities:** Professor of Corporate Finance and Management Control Systems at the LUISS Guido Carli University (Rome).

#### Machetti, Claudio

30-10-1958. Rome.

**Education:** Graduate in Statistical Sciences from La Sapienza University, Rome (1982).

**Experience:** Finance Director of Enel (2000); Finance Director and Chief Executive Officer (CEO) of Fercredit (1997-2000); Head of Capital Markets at Ferrovie (national railway company) (1992); Head

of the Central Finance Department at Banco de Roma (1990); and Director of Wind, Weather Investments and Terna S.p.A.

**Current occupation:** Chief Financial Officer (CFO) of Enel – Executive Deputy Chairman for Finance (2005); Chairman of Enelfactor; Chairman of Enel.re; Chairman of Enel Finance Internacional; Chairman of Enel Green Power Internacional; Chairman of Enel New.Hydro; Chairman of Fopen.

**Boards of Directors:** Member of the Supervisory Board of Slovene Elektrarne; Director at Enel Distribuzione, Enel Investment Holding, Enel Ireland Finance, Enel Viesgo Generación, Electra de Viesgo Distribución, Enel Viesgo Energía, Enel Produzione, Enel Energía, Enel Capital, Enel Trade, Enel Energy Europe and Terna S.p.A.

**Other activities:** Lecturer in Corporate Finance at LUISS Guido Carli University, Rome.

#### Miranda Robredo, Rafael

31-05-1949. Burgos.

**Education:** Graduate in Industrial Engineering from ICAI; M.S. Diploma in Quantitative Management Methods from the School of Industrial Organisation (EOI).

**Experience:** Tudor, S.A. (1973-1984); Deputy General Manager of Campofrío, S.A. (1984-1987); General Manager of ENDESA (1987-1997).

**Current occupation:** Chief Executive Officer of Endesa, S.A. (1997).

**Boards of Directors:** Chairman of Endesa Internacional, S.A., Chairman of Endesa Europa, S.L.; Deputy Chairman of Enersis, S.A.

**Other activities:** Chairman of EURELECTRIC (European Electricity Industry Association); Member of American Management Associations; Member of the Board of Trustees of Fundación Endesa; Member of the Spanish Board of the INSEAD; Member of Fundación Universidad Pontificia de Comillas; Member of the Managing Board of APD; Chairman of the Spanish Energy Club.



**Montoya Moya, Valentín**

02-04-1954. Madrid.

**Education:** Graduate in Economics (Complutense University, Madrid).

**Experience:** General Finance Manager at Acciona, S.A. (1997); Deputy General Manager for Finance at Grupo Entrecanales (1992); Audit and Consolidation Manager for the Entrecanales Group (1986); Administrative Manager for the area of Asunción (Paraguay): Constructora Entrecanales y Távora (1983); Administrative Manager for the area of Quito (Ecuador): Constructora Entrecanales y Távora (1980); Head of Accounting at Constructora Entrecanales y Távora's Subsidiaries Division (1977); Director of Empresa Hidroeléctrica de Navarra (2003) and Director of Airtel Móvil, S.A. (1998).

**Current occupation:** Director and CFO at Acciona, S.A. (2004)

**Boards of Directors:** Director of Transmediterránea.

**Morrás Andrés, Esteban**

27-05-1958. Sesma (Navarre).

**Education:** Graduate in Law from Navarre University in 1980.

**Experience:** General Manager of Acciona, S.A.'s Energy Division (2004); Chief Executive Officer of EHN (1999); General Manager of EHN (1989-1999); Secretary of the Mancomunidad de la Comarca de Pamplona (1987-1989); General Secretary of the Navarre Federation of Municipalities (1984-1987); Secretary of the Mancomunidad de Montejurra (1982-1987); Secretary of Sesma Council (1981-1983).

**Current occupation:** Director and Deputy General Manager in the Chairman's Office (ENDESA); Director of Acciona, S.A. (2005).

**Boards of Directors:** Director of Acciona.

**Other activities:** Director of Corporación Industrial de Caja Castilla La Mancha.

**Prado Eulate, Borja**

11-05-1956. Madrid.

**Education:** Graduate in Law.

**Experience:** Chairman of Almagro Asesoramiento e Inversiones, S.A.; Deputy Chairman of Lazard Asesores Financieros, S.A. (to 2007); Director of Rothschild España (to 1999); Deputy Chairman of UBS (1986); Foreign Trade —Focoex— y Triad Group (1977-1985).

**Current occupation:** Chairman of Mediobanca, Sucursal en España.

**Boards of Directors:** Director of Gestevisión Telecinco, S.A.; Director of Willis Iberia Correduría de Seguros y Reaseguros, S.A.; Director of Álvaro Domecq, S.L.; Director of Nueva Compañía de Indias, S.A.

## SECRETARY OF THE BOARD OF DIRECTORS

The Board of Directors has the authority to appoint a Secretary and, where appropriate, a Deputy Secretary, neither of whom need be a Director. In the event of a vacancy or absence or if neither attend a meeting, they will be substituted by the youngest Director among the attendees at the meeting.

The Secretary, who must be a law graduate, has the following responsibilities, apart from the functions conferred by law and under the Corporate Bylaws, in conformity with article 38 of the Board of Directors Regulations:

- To keep all corporate documentation, duly reflect in the minutes books the proceedings at meetings and certify the resolutions adopted by the corporate bodies.
- To ensure that the activities of the Board are lawful from a formal and substantive standpoint, and ensure that its procedures and rules of governance are respected.
- To generally channel dealings between the Company and the Directors in all matters relating to the functioning of the Board, in accordance with the Chairman's instructions.
- To deal with requests from Directors for information and documentation on matters of which the Board should be apprised.
- To ensure observance of the principles and rules of corporate governance and the provisions of the Company's Bylaws and regulations.

Without prejudice to reporting to the Board Chairman, the Secretary has the effective autonomy to professionally perform the functions set forth in the preceding sections.

## PROFILE OF THE SECRETARY OF THE BOARD

Montejo Velilla, Salvador

24-06-1958. Madrid.

**Education:** Degree in Law from the University of Valencia; Doctorate in Law from the Complutense University of Madrid; Degree in Economics from the University of Valencia; Counsel to the Spanish Parliament.

**Experience:** Counsel to the Spanish Houses of Parliament (1983-1999); Director of Economic Affairs of the Spanish Parliamentary Lower House (1985-1996); Controller of the Spanish Parliamentary Lower House (1996-1999); Associate Professor in Financial and Tax Law, Complutense University of Madrid (1989-1999). Practising lawyer in the Madrid chambers since 1997.

**Current occupation:** General Secretary and Secretary of the Board of Directors of Endesa, S.A.

**Other activities:** Member of the Board of Trustees of Fundación Endesa and of its Standing Committee. Member of the Board of Trustees for Fundación Sevillana Endesa.

## FUNCTIONING AND PROCEEDINGS OF THE SHAREHOLDERS' MEETING

On 19 June 2003, the General Shareholders' Meeting of Endesa, S.A., in compliance with the provisions of its Corporate Bylaws, approved its regulations at the proposal of the Board of Directors of Endesa, S.A., in order to facilitate shareholder participation. These regulations were amended on 2 April 2004.

In conformity with legal provisions and the Corporate Bylaws, these regulations govern the organisation and functioning of the General Shareholders' Meeting, call notices, preparation, information, attendance and proceedings, in order to make it easier for shareholders to exercise their rights.

Following is a summary of the most significant aspects of the rules governing the functioning of the General Shareholders' Meeting as included in its Regulations:

**Classes.** The shareholders convened in a duly called Shareholders' Meeting decide by majority on matters specific to the jurisdiction of the meeting. All shareholders shall abide by the resolutions of the meeting, including dissenting shareholders and those who have not participated in the meeting.

Shareholders' Meetings may be annual or extraordinary. An Annual General Shareholders' Meeting, previously called for such purpose, must be held within the first six months of each fiscal year to scrutinise the conduct of business, approve, as the case may be, the prior year's financial statements and resolve on the appropriation of income or allocation of loss.

Any meeting other than as provided for in the preceding paragraph will be deemed to be an Extraordinary General Shareholders' Meeting.

**Powers.** The General Shareholders' Meeting is the competent body for issuing resolutions on all matters reserved for its decision by law or under the Corporate Bylaws and, in general, for adopting all resolutions specific to it as the Company's highest governing body.

Call notices. The Board of Directors will call an Annual General Shareholders' Meeting to be held within the first six months of each fiscal year and an Extraordinary General Shareholders' Meeting whenever it deems appropriate for the interests of the Company.

The Board of Directors must also call a General Shareholders' Meeting if requested by shareholders holding at least 5 percent of the share capital, stating in the request the business to be transacted at the meeting. In this case, the General Shareholders' Meeting must be called to be held within thirty days following the date on which notice of the request to call it is served by a notary. The Board of Directors will draw up the agenda, which must include the business for which the meeting has been requested.

Without prejudice to the above, if there is a situation which, in the opinion of the Chairman of the Board of Directors or his/her substitute, is of singular importance to the Company and its shareholders, the Chairman, or his/her substitute, may call an Extraordinary General Shareholders' Meeting to analyse the situation in hand and, if necessary, adopt the appropriate resolutions.

**Right to information.** As soon as the call notice for the General Shareholders' Meeting is served, any shareholder may, immediately and at no charge, obtain from the Company at its registered office, the financial statements, the proposed appropriation of income or allocation of loss, the management report and the auditors' report.

Shareholders may also inspect at the registered office the proposed resolutions, reports and other documentation which is required to be made available by law.

Where legally applicable, shareholders may also request that the full wording of the documents be made available to them and delivered or sent to them free of charge.

Shareholders may request in writing, prior to the Shareholders' Meeting, such reports or clarifications as they consider necessary relating to the items included on the agenda. Directors will be obliged to furnish them with such reports or clarifications unless, in the opinion of the Chairman, the public disclosure of the data requested would harm the Company's interests. This exception will not apply if

the request is supported by shareholders representing at least one quarter of the share capital.

**Right to attend.** Shareholders who, individually or grouped together with others, hold at least 50 shares may attend General Shareholders' Meetings provided that they have registered their shares in the appropriate book entry accounting record five days before the meeting is held and obtained a valid attendance card.

**Representation by proxy.** Any shareholder who has the right to attend, without prejudice to legal provisions governing family representation or the grant of general powers of attorney, may be represented at a General Shareholders' Meeting by another person. Proxies must be granted in writing and specifically for each General Shareholders' Meeting. In any event, in the case of both voluntary or legal proxies, not more than one proxyholder may attend a meeting.

A proxy can be revoked at any time. Personal attendance at the General Shareholders' Meeting by the grantor of a proxy will be deemed to constitute a revocation of the proxy.

**Convening Meetings.** The General Shareholders' Meeting will be validly convened on first call if the shareholders present in person or by proxy hold at least 25 percent of the subscribed voting share capital. At second call, the meeting will be validly convened regardless of the share capital attending.

Debenture issues, capital increases or reductions, changes in the legal form, or the merger or spin-off of the Company and, in general, any amendment to the Corporate Bylaws will require at first call the attendance in person or by proxy of shareholders holding at least 50 percent of the subscribed voting share capital. At second call, the attendance of 25 percent of the share capital will suffice.

**Chairman and Presiding Panel.** Shareholders' meetings will be chaired by the Chairman of the Board of Directors assisted by a Secretary, who will be the Secretary of the Board of Directors. The Presiding Panel will be composed of the Board of Directors.

**List of attendees.** Attendance cards and proxies will be accepted up to the time set for the General Shareholders' Meeting to start. Before transacting the business on the agenda, a list of attendees will

be drawn up, stating the nature or representative capacity of each and the number of shares, held by them or third parties, with which they attend.

**Proceedings.** Once the list of attendees has been drawn up, the Chairman will declare the meeting to be validly convened and then allow the Notary to take the floor so that he/she can ask the attendees if they have any reservations concerning or objections to the data disclosed or to the valid convening of the meeting, indicating that whosoever wishes to express such reservations or raise such objections must do so by making a statement in the presence of the same Notary so that it can be duly recorded in the Minutes of the Meeting.

The Chairman will invite shareholders who wish to participate in the meeting to request information or propose resolutions regarding the items on the agenda or to make any other statement so that, in the presence of the Notary, they can have their request, proposed resolutions or statement duly noted after indicating their personal particulars and the number of shares held, as the case may be, represented by them.

The Chairman of the meeting and such persons as he/she may designate for the purpose will address the attendees to present their respective reports. Then, the Chairman will invite shareholders who have so requested to take the floor, after determining the order in which they are to be called to do so. Each shareholder will initially have five minutes on the floor, although the Chairman of the meeting may extend the time allotted.

During the time allotted to them for speaking on the floor, shareholders may request any reports or clarifications they deem necessary in regard to the items on the agenda. The Chairman is responsible by law for furnishing the information requested, although, if deemed appropriate due to its nature, this function may be entrusted to the Chief Executive Officer, any member of the Presiding Panel or any expert considered suitable.

If the information requested is not available at the meeting, it will be made available to the shareholders at the Company's reg-

istered office within 7 days following the date on which the meeting was held.

In light of the proposed resolutions delivered to them prior to the start of the meeting, shareholders may, while speaking on the floor, submit alternative proposals for any item on the agenda, except in cases where by law these must be made available to shareholders at the registered office when the call notice is published. In addition, while speaking on the floor they may propose the adoption of resolutions on business which does not have to be stated on the agenda for this to be debated and resolved at the meeting.

Shareholders who wish to have their entire speech recorded in the minutes must expressly make a request to this effect and deliver the written transcript of their speech to the Notary before taking the floor, so that it can be verified and subsequently attached to the original minutes.

Lastly, the proposed resolutions to be adopted by the vote in favour of the majority of the voting share capital attending the meeting in person or by proxy will be put to a vote, subject to the qualified quorums for convening and voting at meetings established by law and under the Corporate Bylaws.

If proposals have been submitted relating to business that does not have to be stated on the agenda to be resolved, the Chairman will decide on the order in which these proposals are to be put to vote. Otherwise, the resolutions will be adopted pursuant to the agenda established in the call notice.

After they have been read out by the Secretary, a step which can be dispensed with if no shareholder is in opposition, the resolutions which have been submitted by the Board of Directors will first be put to vote and, where appropriate, those proposals submitted by others will be voted on following an order of priority. Once a proposed resolution has been approved, all those relating to the same item of business and which are incompatible with it will fail automatically and, therefore, will not be put to vote.

To adopt resolutions, the following voting system will be applied:

a) For resolutions on items included on the agenda, votes corresponding to all the shares attending the meeting, whether in person

or by proxy, less the votes corresponding to the shares the holders or proxyholders of which inform the Notary by written notice or in person of their vote against, and blank votes or abstentions will be deemed to be votes in favour of the proposal.

b) For resolutions on items not included on the agenda, the votes corresponding to all the shares attending the meeting, whether in person or by proxy, less the votes corresponding to the shares the holders or proxyholders of which inform the Notary by written notice or in person of their vote in favour, blank votes or abstentions, will be deemed to be votes against the proposal put to vote.

c) For the purposes of the two procedures described above, shares which appear on the list of attendees less those of holders or proxyholders who have absented themselves from the meeting before the voting and have placed this circumstance on record in the presence of the Notary, will be deemed to be shares attending the Meeting.

Notwithstanding the provisions expressed above, and in view of the circumstances prevailing in each case, the Presiding Panel may resolve that in order to adopt resolutions another voting system for determining votes may be used that permits verification that the necessary votes in favour have been obtained for their approval and the recording of the result of the voting in the minutes.

Whatever the voting system used, following verification by the Presiding Panel of the meeting that there is a sufficient number of votes in favour to attain the necessary majority in each case, the Chairman may declare the proposed resolution approved.

Once voting on the proposed resolutions has been completed, the meeting will conclude and be adjourned by the Chairman.

**Voting and proxies by remote means of communication.** Shareholders entitled to attend and vote may cast their votes on proposals relating to business on the agenda, by mail or electronic communication, as provided for in the Corporate Bylaws, the Shareholders' Meeting Regulations, and in such supplemental and implementing provisions as may be established by the Board of Directors.



Votes delivered by mail will be cast by sending to the Company the attendance card issued by it or by entities charged with keeping the book-entry record, without prejudice to any other requirements or conditions that may be imposed by the Board of Directors.

Votes cast by electronic communication will be made using a qualified electronic signature and any other kind of safeguard seen fit by the Board of Directors to ensure the authenticity and identity of the shareholder exercising the right of vote, also without prejudice to any other requirements or conditions that may be imposed by the Board of Directors.

Votes cast by either means must be received by the Company 24 hours before the date and time set for the General Shareholders' Meeting on first call. Otherwise, the vote will be deemed not to have been cast.

Shareholders with the right to attend and who cast their votes remotely as provided will be deemed to be present for the purpose of convening the General Shareholders' Meeting in question.

The above-mentioned provisions for casting votes by remote means of communication will also apply to the granting of proxies by shareholders for the Meeting by electronic or any other remote means of communication.

Attendance in person by a shareholder at the General Shareholders' Meeting will have the effect of revoking any vote cast by post or electronically. Attendance in person by the grantor of the proxy at the General Shareholders' Meeting will also have the effect of revoking the proxy granted by e-mail or by any other means of remote communication provided for in the Shareholders' Meeting Regulations.

**Minutes.** The Minutes of the Meeting will be drawn up by a Notary and need not be approved by the attendees. For such purposes, the Board of Directors will resolve to request a Notary of its choice to draw up the Minutes.

**Voting rights.** Shareholders will be entitled to one vote for each share that they hold or represent, except for non-voting shares, which will be governed by the provisions of article 8 of the Corporate Bylaws.

**Extension and suspension.** At the proposal of the Presiding Panel or at the request of shareholders representing one quarter of the capital present at the General Shareholders' Meeting, the attendees may resolve to extend the sessions of the meeting for one or more consecutive days.

Once the meeting has been extended, compliance with the requirements imposed by law or under the Corporate Bylaws for it to be validly convened need not be repeated at the successive sessions. If any shareholder included on the list of attendees drawn up at the start of the meeting does not subsequently attend the successive sessions, the majorities necessary to adopt resolutions will continue to be determined at those sessions according to the data contained on that list.

Exceptionally, if there are disturbances that substantially interrupt the proper order of the meeting or there is any other extraordinary circumstance that temporarily hinders its normal conduct, the Presiding Panel may resolve to suspend the session for an appropriate time, but never for longer than two hours, in order to restore the conditions necessary for it to continue.

In this case, the Chairman may adopt such measures as he/she deems appropriate to ensure the safety of those present and avoid any repetition of circumstances that may further disrupt the proper order of the meeting.

If, after the meeting has resumed, the circumstances that gave rise to its temporary suspension persist, the Chairman may ask the Board of Directors, if an absolute majority of its members is sitting on the Presiding Panel of the meeting, to propose to attendees that the meeting be extended until the following day. If the extension is not, or cannot, be approved, the meeting will be adjourned immediately.

**Disclosure.** Regardless of the disclosure measures required by law or under the regulations applicable in each case, shareholders may apprise themselves of the resolutions adopted by the General Shareholders' Meeting on the Company's website, where the full wording of these resolutions will be posted.

## RULES ON REMOTE VOTING AND PROXIES

As provided for in article 30 bis of the Corporate Bylaws and article 20 bis of the Shareholders' Meeting Regulations, the Board of Directors of Endesa, S.A. has resolved that from the date the call notice is published, the following rules on remote voting and proxies are to be applicable:

### 1. VOTING BY REMOTE MEANS OF COMMUNICATION

ENDESA shareholders with the right to attend and vote may cast their votes on the business on the agenda of the Extraordinary General Shareholders' Meeting by remote means of communication prior to the meeting, as provided for in the LSA, article 30 bis of the Corporate Bylaws and articles 10 and 20 bis of the Shareholders' Meeting Regulations.

#### 1.1. Means for remote voting

The following are valid means for remote voting:

##### (i) Electronic means

To vote remotely by electronic communication with the Company, ENDESA shareholders must go to its website at [www.endesa.es](http://www.endesa.es), access the General Shareholders' Meeting page, and select the "Remote Voting and Proxies" section.

Pursuant to the Corporate Bylaws and Shareholders' Meeting Regulations, the mechanism for casting votes by electronic means

must have the due safeguards to ensure the authenticity and identity of the shareholder exercising the right to vote. The safeguards deemed appropriate by the Board of Directors, pursuant to article 20 bis of the Shareholders' Meeting Regulations, to ensure the authenticity and identity of the shareholder exercising the right to vote are a qualified electronic signature and an advanced electronic signature, as provided for in Electronic Signature Law 59/2003, of 19 December, where they are based on a qualified electronic certificate for which there is no record of its revocation and which has been issued by the Spanish public certification authority (CERES) reporting to the Spanish Mint (*Fábrica Nacional de Moneda y Timbre*).

All shareholders who have an electronic signature that meets the requirements indicated and who identify themselves by that signature, or an Electronic Identity Card (e-ID) may vote on the business on the agenda for the General Shareholders' Meeting by accessing the Company website at [www.endesa.es](http://www.endesa.es) and following the procedure established therein.

##### (ii) Mail

For remote postal voting, shareholders must fill out and sign the "Remote Postal Voting" section of the card for attendance, proxies and remote voting issued on paper by the IBERCLEAR member where they have deposited their shares. After filling out and signing the "Remote Postal Voting" section of the card for attendance, proxies and remote voting, shareholders can deliver the card:

1. By postal mail to the following address: Endesa, S.A. (General Shareholders' Meeting), calle Ribera del Loira, 60, 28042 Madrid.
2. Using the "prepaid" envelope, if any, accompanying the card.
3. By a courier service equivalent to the postal service to the address indicated above.

4. By delivering the completed and signed card to the IBERCLEAR member where they have deposited their shares.

If the attendance card issued by the IBERCLEAR member does not have a “Remote Postal Voting” section, shareholders wishing to cast their votes by post must download a Remote Voting Card from the ENDESA website at [www.endesa.es](http://www.endesa.es), print it on paper, fill it out and sign it, together with the attendance card issued by the IBERCLEAR member. Once both cards have been filled out and signed, shareholders can send them:

1. By postal mail to the following address: Endesa, S.A. (General Shareholders’ Meeting), calle Ribera del Loira, 60, 28042 Madrid.
2. By a courier service equivalent to the postal service to the address indicated above.
3. By delivering the completed and signed card to the IBERCLEAR member where they have deposited their shares.

## 2. GRANTING PROXIES BY REMOTE MEANS OF COMMUNICATION

ENDESA shareholders may grant proxies by remote means of communication before the Extraordinary General Shareholders’ Meeting is held, as provided for in the LSA, article 30 bis of the Corporate Bylaws and article 20 bis of the Shareholders’ Meeting Regulations, and the terms previously specified in this call notice.

### 2.1. Means for granting proxies

The following are valid remote means of communication for granting proxies:

#### (i) Electronic means

To grant a proxy by electronic communication with the Company, ENDESA shareholders must go to its website at [www.endesa.es](http://www.endesa.es), access the link to the General Shareholders’ Meeting, and select the “Remote Voting and Proxies” option.

Pursuant to Corporate Bylaws and Shareholders’ Meeting Regulations, the mechanism for granting proxies by electronic means must have the due safeguards to ensure the authenticity and identity of the shareholder granting the proxy. The safeguards deemed appropriate by the Board of Directors, pursuant to article 20 bis of the Shareholders’ Meeting Regulations, to ensure the authenticity and identity of the shareholder granting the proxy are a qualified electronic signature and an advanced electronic signature, as provided for in Electronic Signature Law 59/2003, of 19 December, where they are based on a qualified electronic certificate for which there is no record of its revocation issued by the Spanish public certification authority (CERES), which reports to the Spanish Mint.

All shareholders who have an electronic signature that meets the requirements indicated and who identify themselves by that signature, and all shareholders holding an electronic identity card (e-ID) may grant a proxy by going to the Company’s website at [www.endesa.es](http://www.endesa.es) and following the procedure established to this effect. Shareholders granting proxies by electronic means must notify the designated proxyholder of the proxy that has been granted. Where a proxy is granted to a Director or to the Secretary of ENDESA’s Board of Directors, such notice is deemed to have been served upon receipt of the electronic proxy.

On the date and at the venue of the meeting, the designated proxyholders must identify themselves with their national identity card or passport, if appropriate, together with a copy of the electronic proxy, so that the Company can check the proxy granted to them.

The proxyholder can only exercise the shareholder’s vote by attending the meeting in person.

**(ii) Mail**

To grant postal proxies, shareholders must fill out and sign the “Proxies” section on the attendance card, issued on paper by the relevant IBERCLEAR entity. The proxyholder can only exercise the vote by attending the General Shareholders’ Meeting in person.

Shareholders may send the duly completed and signed card:

1. By postal mail to the following address: Endesa, S.A. (General Shareholders’ Meeting), calle Ribera del Loira, 60, 28042 Madrid.
2. Using the “prepaid” envelope, if any, accompanying the card.
3. By a courier service equivalent to the postal service to the address indicated above.
4. By delivering the completed and signed card to the IBERCLEAR member where they have deposited their shares.

On the date and at the venue of the General Shareholders’ Meeting, the designated proxyholders must identify themselves with their national identity card or passport, if appropriate, together with a copy of the proxy, so that the Company can check the proxy granted to them.

**3. BASIC RULES ON REMOTE VOTING AND PROXIES****3.1. Deadline for the receipt of votes cast and proxies granted remotely**

To be valid and comply with Shareholders’ Meeting Regulations, remote voting and proxies (electronic or postal) must be received by the Company 24 hours before the date and time set for the General Shareholders’ Meeting at first call. Otherwise, the proxy will be deemed not to have been granted and the vote not to have been cast, unless their later receipt prior to the holding of the General Shareholders’ Meeting allows all due checks and calculations for preparing and holding the Meeting to be performed.

**3.2. Rules of preference between proxies, remote voting and attendance in person at the Meeting****3.2.1. Priorities between proxies, remote voting and attendance in person**

(i) Personal attendance at the General Shareholders’ Meeting by shareholders who have granted a proxy or already cast their remote vote, by whichever means, will render the proxy or vote cast remotely ineffective.

(ii) Likewise, whichever means was used to cast it, a vote will render any proxy granted electronically or by means of a printed card ineffective, and the proxy will be deemed to have been revoked if granted previously, or not to have been granted at all if granted subsequently.

**3.2.2. Priorities between proxies**

Should a shareholder grant several valid proxies, the last one received by the Company will prevail.

**3.2.3. Priorities between votes cast remotely**

A shareholder may vote using remote means only once for each securities position. Should a shareholder cast several votes using remote means for the same shares, whether electronically or by mail, the first one received by the Company will prevail, rendering those received subsequently invalid. Only by attending the General Shareholders’ Meeting personally can the shareholder revoke or change his/her vote if cast remotely.

### 3.3. Indication of remote vote

Shareholders who wish to vote remotely (whether electronically or by post) must indicate the direction of their vote for each item of business included on the agenda. Should a shareholder fail to indicate the direction of his/her vote for any of the items of business on the agenda, this shall be understood to be a vote in favour of the proposals put forward by the Board of Directors on the agenda it drafted, and a vote against all other proposed resolutions included on the accompaniment to the agenda, if applicable, pursuant to article 97.3 of the LSA.

### 3.4. Other provisions

Where electronic means are used, only one electronic action may be performed for each type of operation (one vote and one proxy).

Both proxies conferred and votes cast remotely will be rendered void if the shares conferring the right of attendance are disposed of and the Company is apprised thereof.

The safekeeping of electronic signatures for voting or granting proxies by electronic means is the sole responsibility of shareholders.

### 3.5. Special rules

Shareholders who are legal entities or who are not resident in Spain must contact the **Shareholder Information Hotline on 900 666 900** to ascertain whether the mechanisms for remote voting and proxies can be adapted to their specific circumstances, with the due safeguards.

Likewise, if the shareholder is a legal entity, it must notify the Company of any modification or revocation of the powers held by its rep-

resentative and, therefore, ENDESA accepts no liability whatsoever until such notice is served.

## 4. TECHNICAL INCIDENTS

ENDESA reserves the right to modify, suspend, cancel or restrict the mechanisms for electronic voting and proxies where technical or security reasons so require.

ENDESA shall accept no liability for any loss incurred by shareholders as a result of breakdown, overload, line failure, connection fault, postal service malfunctioning, or any other eventuality of the same or a similar nature beyond the control of ENDESA that prevents the use of remote voting and proxy mechanisms.



## SIGNIFICANT EVENTS AND OTHER NOTICES FILED WITH THE SPANISH NATIONAL SECURITIES MARKET COMMISSION

Significant events and other notices disclosed by ENDESA are available to shareholders on the Company website ([www.endesa.es](http://www.endesa.es)) and on the Spanish National Securities Market Commission website ([www.cnmv.es](http://www.cnmv.es)):

Registration date	Registration number	Summary of Content
02.01.07	74850	E.ON, as indicated under section 2.2 of the Offer Prospectus for ENDESA and as a result of the dividend paid today by the Company, announces a reduction in the consideration made in its offer.
19.01.07	22394	Document released by ENDESA in response to the statements made by Gas Natural concerning access to certain information related to the takeover offer.
22.01.07	22464	ENDESA announces a presentation to be given to the markets on 24 January 2007.
24.01.07	22554	The Company issues information on its FY2006 results and its strategic objectives for 2009.
24.01.07	75864	The Company makes a presentation on 2006 forecasts and 2009 targets.
25.01.07	75907	The Company announces payment of interest on 00003E bonds for the period between 25 February 2006 and 25 February 2007.
25.01.07	75995	The CNMV announces the acceptance period for the competing offers made for Endesa, S.A. and the requirements for the submission of improvements in the offers in a sealed envelope.
26.01.07	22586	E.ON announces that it has received notice from the CNMV that the suspensions on the two offers for ENDESA had been lifted. Now, both competitors must submit their final offers in a sealed envelope by Friday, 2 February 2007.
26.01.07	76031	E.ON releases significant information filed with the SEC.
26.01.07	76033	E.ON releases information relating to the takeover bid for ENDESA filed with the SEC.
29.01.07	22597	The Company publishes Schedule 14D-9 filed with the U.S. Securities and Exchange Commission (SEC).
29.01.07	22601	Communication by ENDESA on the information published today in the daily El País regarding the confidentiality agreement signed between ENDESA and E.ON.
30.01.07	22609	Acciona publishes Schedule 14D-9 filed with the U.S. Securities and Exchange Commission (SEC).
31.01.07	76108	E.ON releases the Spanish translation of the information sent to the SEC and published on 26 January 2007 as Significant Event 76033.
01.02.07	22636	Gas Natural announces its position in relation to the tender process for Endesa, S.A.

Registration date	Registration number	Summary of Content
01.02.07	76182	Gas Natural announces that the Board of Directors of Gas Natural SDG, S.A. at its session held today, has unanimously agreed to approve the decision to withdraw its takeover offer for Endesa, S.A. announced on 5 September 2005 and authorised by the Spanish National Securities Market Commission on 27 February 2006 under article 36.1 of Royal Decree 1197/1991 of 16 July governing takeover offers.
02.02.07	22642	E.ON will present its final offer for ENDESA to the CNMV today.
02.02.07	22643	E.ON publishes a call notice for a conference.
02.02.07	76221	The Directorate General of Markets and Investors submits the following proposal in response to the suspension and lifting of this suspension of trading to the Chairman of the Spanish National Securities Market Commission, who in virtue of the powers vested in him by the National Commission Council on 29 June 2006, agrees: to temporarily suspend, effective immediately, under article 33 of Securities Market Law 24/1988 of 28 July, trading in Endesa, S.A. shares and other securities that may give a right to subscribe or acquire those shares, on the following markets: securities markets and the stock market interconnection system. In Meff Renta Variable: contracts on these securities - In AIAF, Mercado de Renta Fija, S.A.: fixed income and preference share issues while a significant information notice is being distributed relating to this company. The suspension on trading will be lifted at 8:30am on 5 February 2007.
02.02.07	76222	Sealed envelope bids Endesa, S.A. are opened
06.02.07	22652	Acciona releases the Southern District of New York Court Resolution dated 5 February 2007.
06.02.07	76360	The CNMV announces that the amendment to the takeover bid submitted by E.ON Zwölfte Verwaltungs GmbH for ENDESA is authorised as of 6 February 2007.
06.02.07	76362	The Company releases the report drawn up the Board of Directors of Endesa, S.A. concerning the takeover bid submitted by E.ON Zwölfte Verwaltungs GmbH.
06.02.07	76363	The Company convenes an Extraordinary General Shareholders' Meeting. The agenda of the meeting is attached.
07.02.07	22683	E.ON issues a press release showing the favourable opinion of ENDESA's Board on E.ON's offer.
07.02.07	76412	The Company releases the fairness opinions issued by ENDESA's financial advisors.
08.02.07	22708	The Company releases Schedule 14D-9/A filed with the U.S. Securities and Exchange Commission (SEC).
08.02.07	76447	The Company releases the proposals to be made by the Board of Directors at the Extraordinary General Shareholders' Meeting, which will be held 20 March 2007.
13.02.07	76753	The CNMV announces that the acceptance period for the takeover bid submitted by E.ON Zwölfte Verwaltungs GmbH for Endesa, S.A has been extended.
16.02.07	22748	ENDESA releases Schedule 14D-9A filed with the U.S. Securities and Exchange Commission (SEC).
16.02.07	22749	Caja de Ahorros y Monte de Piedad de Madrid releases Schedule 13D filed with the Securities and Exchange Commission (SEC).
22.02.07	22783	The Company releases its Business performance report.
22.02.07	22784	The Company announces that it will report FY2006 results on Thursday, 22 February.
22.02.07	22785	The Company presents 2006 results.
22.02.07	77110	The Company releases information on 2H06 results.
26.02.07	22814	The Company releases Schedule 14D-9/A filed with the U.S. Securities and Exchange Commission (SEC).

Registration date	Registration number	Summary of Content
27.02.07	77466	The Directorate General of Markets submits the following proposal in response to the suspension of trading in ENDESA shares to the Chairman of the Spanish National Securities Market Commission, who in virtue of the powers vested in him by the National Commission Council on 30 January 2007, states: to temporarily suspend, effective immediately, under Article 33 of Securities Market Law 24/1988 of 28 July, trading in Endesa, S.A. shares and other securities that may give a right to subscribe or acquire those shares on the following markets: securities markets and the stock market interconnection system. - In Meff Renta Variable, S.A. of contract on these shares. "To temporarily suspend trading, effective immediately, until the circumstances of a potential purchase of a significant package of shares of Endesa, S.A. by the Italian group Enel S.p.A. are clarified."
28.02.07	22850	E.ON announces that it will not change its offer for ENDESA as it currently stands, regardless of the purchase, as affirmed, of shares by Enel.
28.02.07	77473	Enel, S.p.A. announces it has acquired 105,800,000 shares of Endesa, S.A., representing 9.99% of its share capital at a price of Euro 39 per share.
28.02.07	77483	The Enel Group announces that it does not rule out increasing its stake in Endesa, S.A. to a percentage that will not require a takeover bid to be made. The acquisition of this minority stake in ENDESA is part of Enel's strategy to strengthen its position in the Spanish and European electricity market.
28.02.07	77489	The request made by the CNMV to Enel, S.p.A. regarding its purchase of Endesa, S.A. shares is released.
28.02.07	77514	The Directorate General of Markets and Investors submits the following proposal in response to the lifting of the suspension on trading to the Chairman of the Spanish National Securities Market Commission, who in virtue of the powers vested in him by the National Commission Council on 30 January 2007, states: "With a view to not harming the liquidity of Spanish markets compared to other international markets where Endesa, S.A. shares are traded, and despite not yet having received the response of Enel to the request made publicly by CNMV this morning, the CNMV has decided to lift the suspension on the trading of Endesa, S.A. shares and derivative contracts for the shares at 3:00pm (with a pre-opening period from 2:00pm to 3:00pm. Nevertheless, the CNMV would like to state that will review, in conjunction with the U.S. Securities and Exchange Commission (SEC), its potential response to specific questions formulated by both regulatory bodies. The CNMV is likely to issue an additional communiqué prior to the start of trading on Thursday, 1 March."
28.02.07	77533	Enel, S.p.A. releases its response to the request for information issued by the CNMV.
01.03.07	77562	Enel Energy Europe S.r.L., a wholly owned subsidiary of ENEL, completes a share swap transaction with UBS Limited for a maximum of 74,112,648 Endesa, S.A. shares.
01.03.07	77624	Enel announces that it has filed an authorisation request to acquire a sum of Endesa, S.A. shares that will represent more than 10% of its share capital but up to the limit after which a takeover bid would be required, that is, 24.9999%, at present, or the percentage determined by law or regulation at the time at which the acquisition requested is completed.
02.03.07	77635	Enel announces that Enel Energy Europe S.r.L., a wholly owned subsidiary of ENEL, has completed a share swap transaction with Mediobanca for a maximum of 48,488,949 Endesa, S.A. shares.
02.03.07	77650	Enel Energy Europe S.r.L., a wholly owned subsidiary of Enel, formalised a share swap transaction with Mediobanca for a maximum of 4,500,000 Endesa, S.A. shares.
06.03.07	77834	E.ON 12 announces that it is waiving one of the conditions contained in the Offer Prospectus to which the Offer was initially subject that stated: that, prior to the close of the acceptance period for the Offer, ENDESA's General Shareholders' Meeting shall adopt any resolutions necessary to modify specific articles of its Corporate Bylaws and such resolutions shall be filed with the Madrid Mercantile Registry. Consequently, the offer is only conditional on the acquisition of a minimum of 529,481,934 ENDESA shares, representing 50.01% of its share capital. The remaining terms of the Offer remain unchanged.
07.03.07	77835	E.ON issues a public statement reiterating the content of Significant Event 77834, published 6 March 2007.
07.03.07	77866	The Company announces that ENDESA's Board of Directors decided to cancel the Extraordinary General Shareholders' Meeting that had been scheduled for 20 March 2007, at first call, and for the following day at second call.

Registration date	Registration number	Summary of Content
12.03.07	77997	Enel forwards a Schedule 13D filed with the U.S. Securities and Exchange Commission (SEC).
12.03.07	78035	Enel Energy Europe S.r.L., a wholly owned subsidiary of Enel, has agreed a share swap transaction with Mediobanca for a maximum of 31,500,000 Endesa, S.A. shares.
12.03.07	78041	Enel Energy Europe S.r.L., a subsidiary of the Enel Group, in a follow-up to the Significant Event published today (Significant Event 78035), has announced that following the share swap agreement signed today with Mediobanca for 31,500,000 Endesa, S.A. shares, the total number of shares for which it has purchased a hedge against a potential risk of fluctuation in share swap agreements is 158,601,597, which accounts for a 14.98% stake in Endesa, S.A. In turn, Enel Energy Europe S.r.L., a wholly owned subsidiary of Enel S.p.A., holds a total of 105,800,000 shares (equivalent to 9.993%) of Endesa, S.A.
13.03.07	78077	Enel issues Schedule 13D / A filed with the U.S. Securities and Exchange Commission (SEC).
15.03.07	22949	Enel releases Amendment 2 to Schedule 13D / A filed with the U.S. Securities and Exchange Commission (SEC).
22.03.07	78344	E.ON, as indicated under section 6 of the introductory section of the Offer Prospectus, announces that E.ON AG has today published the announcement of the US offer attached to this significant event in the Wall Street Journal in the United States. Note that the publication of this notice is not indicative as to whether E.ON 12's final decision will be to waive the condition requiring the acquisition of a minimum number of shares set forth in the Offer Prospectus or not.
22.03.07	78364	Caja Madrid announces that its Board of Directors has been called to meet next Monday, 26 March, at 5:00pm, to discuss the "Resolutions on Caja Madrid's Stake in ENDESA" as the item of business on its agenda.
22.03.07	78378	The Directorate General of Markets submits the following proposal in response to the suspension of trading in ENDESA shares to the Chairman of the Spanish National Securities Market Commission, who in virtue of the powers vested in him by the National Commission Council on 30 January 2007, has decided: to temporarily suspend, effective immediately, under article 33 of Securities Market Law 24/1988 of 28 July, trading in Endesa, S.A. shares and other securities that may give a right to subscribe or acquire those shares, on the following markets: securities markets and the Spanish stock market interconnection system. - In Meff Renta Variable, S.A.: contracts on these shares. "Until any news that ENDESA may be the object of corporate operations, launched by Enel individually or jointly with Acciona, has been clarified."
23.03.07	78379	Acciona releases information on talks and contacts regarding E.ON's takeover bid and potential alternatives to the offer.
23.03.07	78381	Enel releases information regarding talks with Acciona for the potential development of a joint project for Endesa, S.A.
23.03.07	78407	The Directorate General of Markets and Investors submits the following proposal in response to the lifting of the suspension on trading to the Chairman of the Spanish National Securities Market Commission, who in virtue of the powers vested in him by the National Commission Council on 30 January 2007, has ruled: "Once the decision of the National Securities Market Commission Council was issued on 23 March 2007, the CNMV decided to lift the suspension on trading in Endesa, S.A. shares and derivative contracts for the shares as of Monday, 26 March 2007 at 08:30am."
26.03.07	22996	E.ON issues a press release relating to the legal action undertaken against Enel and Acciona.
26.03.07	78424	The CNMV has decided to temporarily suspend, effective immediately, trading in Endesa, S.A. shares and other securities that may give a right to subscribe or acquire those shares, in the following markets: securities markets and the Spanish stock market interconnection system. - In Meff Renta Variable, S.A.: contracts on these shares while significant information relating to the company is disseminated.
26.03.07	78427	E.ON announces that the Company's corporate bodies are currently meeting to evaluate a potential increase in the Offer price.
26.03.07	78430	E.ON 12 has agreed to increase the final consideration included in its Offer to Euro 40 per share and ADS, an all-cash price.
26.03.07	78445	The CNMV decides to lift today's temporary suspension of trading on Endesa, S.A. shares as of 12:30pm, 26 March 2007 on the following markets: - In the securities markets and the Spanish stock market interconnection system: all shares and other securities which may give a right to subscribe or acquire these shares. - In MEFF Renta Variable, S.A.: all contracts on these shares.
26.03.07	78447	As a follow-up to Significant Event 78443, the full text of the takeover agreement for Endesa, S.A. launched by Acciona and Enel is attached.

Registration date	Registration number	Summary of Content
26.03.07	78448	Acciona and Enel sign an agreement to develop a joint management project for ENDESA under the leadership of Acciona.
26.03.07	78452	Acciona rectifies part of the English translation of Significant Event 78448.
26.03.07	78458	The Company announces that at the Board of Directors meeting on 26 March 2007 it was unanimously agreed to endorse the takeover offer submitted by E.ON at Euro 40 per share, whose acceptance period closes 3 April 2007.
26.03.07	78465	Enel, S.p.A. releases its agreement with Acciona to develop a joint management project for ENDESA.
26.03.07	78473	Enel attaches the full text of the takeover agreement for Endesa, S.A. undertaken by Acciona and Enel.
26.03.07	78479	Caja Madrid announces a formal equity swap transaction with E.ON, in which Caja Madrid will transfer its respective voting rights for a 9.936% stake in ENDESA's share capital to E.ON for 2 years.
27.03.07	78515	E.ON acquires the 9.9% stake held by Caja Madrid in ENDESA through an Equity Swap transacted with the Spanish savings bank. According to the agreement, Caja Madrid will not sell its shares to E.ON in the current tender offer process.
27.03.07	78528	Enel files Schedule 13D/A on Endesa, S.A. with the US Securities and Exchange Commission (SEC).
28.03.07	78563	ENDESA and the Greek company Mytilineos create the largest independent energy operator in the Greek market.
28.03.07	78586	The CNMV announces the authorisation of the price increase made by E.ON Zwölfte Verwaltungs GmbH in its takeover bid for ENDESA on 28 March 2007. It also announces a tentative schedule for the publication of the bid's outcome.
28.03.07	78593	State Holding Company <i>Sociedad Estatal de Participaciones Industriales</i> (SEPI) announces its decision to not take part in the takeover bid submitted by E.ON for Endesa, S.A.
29.03.07	23031	E.ON announces it has filed a request with the Supreme Court to stop the takeover bid being made by Enel and Acciona for ENDESA.
29.03.07	78599	E.ON sends Amendment 24 to the Tender Offer Statement on Schedule TO regarding the Equity Swap undertaken with Caja Madrid, filed with the US Securities and Exchange Commission. Translation of the Confirmation of Share Swap Transaction is also attached.
29.03.07	78600	Caja de Ahorros y Monte de Piedad de Madrid sends modification to Schedule 13D filed with SEC.
30.03.07	78679	ENDESA releases a report made by its Board of Directors on the takeover bid made by E.ON following its price increase announced on 26 March 2007.
30.03.07	78681	ENDESA releases fairness opinions regarding E.ON's takeover bid following the price increase announced on 26 March 2007.
30.03.07	78705	Enel releases the modification to Schedule 13D filed with the SEC.
02.04.07	23119	E.ON issues the ad hoc Spanish translation of the announcement made in Germany regarding its agreement with Enel and Acciona.
02.04.07	23120	E.ON issues the press release on the agreement with Enel and Acciona.
02.04.07	78772	E.ON announces an agreement has been reached with Acciona and Enel regarding a takeover bid for ENDESA.
02.04.07	78773	E.ON releases the full text of the agreement with Enel and Acciona.
02.04.07	78775	Acciona announces that an agreement has been reached with E.ON and Enel regarding ENDESA.
02.04.07	78777	Enel announces that an agreement has been reached with Acciona and E.ON regarding the takeover bid for ENDESA.
03.04.07	78779	Acciona releases Spanish translation of its agreement with E.ON and Enel.
03.04.07	78781	Enel issues an amendment to its agreement with Acciona and E.ON regarding the takeover bid for ENDESA.
03.04.07	78794	Enel publishes the full text of its agreement with E.ON and Acciona.
04.04.07	23169	Enel announces it has filed Modification 6 to Schedule 13D/A with the US Securities and Exchange Commission.



Registration date	Registration number	Summary of Content
04.04.07	78885	Acciona releases the full appendices of its agreement with Enel and E.ON.
10.04.07	78922	CNMV announces outcome of takeover bid submitted by E.ON Zwölfte Verwaltungs GmbH for Endesa, S.A.
11.04.07	78973	The CNMV suspends trading in ENDESA shares for the presentation of the takeover bid.
11.04.07	78974	Acciona and Enel submit a takeover bid for ENDESA.
11.04.07	78975	Acciona and Enel submit a takeover bid for ENDESA.
11.04.07	78994	The Company issues a press release relating to the takeover bids.
11.04.07	78996	Acciona and Enel submit guarantees for their takeover bid for ENDESA.
16.04.07	79150	Enel announces it has filed Amendments 7, 8, and 9 to the Schedule 13D/A and Schedule TO forms with the US Securities and Exchange Commission on 10, 12 and 13 April 2007.
24.04.07	23269	ENDESA announces the release of non-audited 1Q07 results scheduled for 05/04/07.
24.04.07	79434	Caja Madrid publishes an amendment to Schedule 13D filed with the SEC.
27.04.07	79731	Enel publishes the CNE decision concerning its stake in ENDESA.
04.05.07	23389	The Company releases its presentation on 1Q07 results.
04.05.07	23390	Acciona and Enel issue a joint statement concerning the request for authorisation filed with the CNE this morning.
04.05.07	79921	The Company releases 1Q07 results information.
16.05.07	80351	The Company publishes the agenda for its Annual General Shareholders' Meeting, to be held at first call on 20 June 2007 and at second call on 21 June 2007.
16.05.07	80360	The Company publishes its 2006 Corporate Governance Report.
17.05.07	80417	The Company releases documentation pertaining to the Annual General Shareholders' Meeting scheduled for 20 June 2007, at first call.
18.05.07	80447	Enel announces that it has conceded to Enel Energy Europe SrL the exercise of the voting rights relating to the shares acquired and committed to the limit of 24.99% of Endesa, S.A.'s share capital.
01.06.07	80942	The Company announces that following settlement of the Equity Swaps with UBS and Mediobanca, its total stake in ENDESA stands at 24.972%.
05.06.07	80981	The Company releases form 20-F filed with the SEC.
07.06.07	81073	Enel announces a change in the custodianship of its 9.9% stake in ENDESA.
11.06.07	81129	Today the Madrid Mercantile Registry has deposited at the request of Acciona and Enel and in accordance with article 112 of Spanish Securities Market law, and Act 26/2003, of 17 July, governing transparency, the shareholders' agreement relating to the restrictions on the free transfer of ENDESA's shares contained in clause 12 of the agreement signed by Acciona and Enel on 26 March 2007 relating to the joint management of Endesa, S.A. under the leadership of Acciona.
12.06.07	81148	The shareholders' agreement filed with the Mercantile Registry relating to restrictions on the free transfer of ENDESA shares as specified in clause 12 of the agreement signed by Acciona and Enel on 26 March 2007 relating to the joint management of Endesa, S.A. under the leadership of Acciona, is attached.
14.06.07	81198	The Company publishes the Board resolutions to be submitted at the General Shareholders' Meeting.
21.06.07	23727	The Company announces the payment of a final dividend.
21.06.07	23728	At the Company's Annual General Shareholders' Meeting on 20 June 2007 the dividend for 2006 was set at Euro 1.64 per share.
21.06.07	23733	The Company publishes its General Shareholders' Meeting presentation.

Registration date	Registration number	Summary of Content
21.06.07	81416	The Company publishes the resolutions passed at the General Shareholders' Meeting.
22.06.07	81474	The Company publishes the changes made to its Board of Directors, Executive Committee, Appointments and Compensation Committee, and the Audit and Compliance Committee.
25.06.07	23744	The Company releases the presentation: Endesa Distribución
25.06.07	23745	The Company releases the presentation: Spain and Portugal
25.06.07	23746	The Company releases the presentation: Endesa Europe
25.06.07	23747	The Company releases the presentation: Endesa Latin America
25.06.07	23748	The Company releases the presentation: De-regulated markets
25.06.07	23749	The Company releases the presentation: Renewables: Current portfolio position and outlook.
02.07.07	81747	Information relating to the takeover bid launched by Acciona and Enel for ENDESA's share is disclosed.
03.07.07	23840	Enel publishes information filed with the SEC relating to the takeover bid for ENDESA.
04.07.07	81913	The CNE releases an official statement stating that Acciona, S.A. and Enel Energy Europe, S.r.l. have been granted authorisation to acquire the shares of Endesa, S.A. resulting from the settlement of the takeover bid made by Acciona, S.A., (which could obtain a stake of up to 25.01%) and Enel Energy Europe, S.r.l. (which could eventually obtain up to 74.99%).
05.07.07	82018	The European Commission authorises the bid made by Enel and Acciona to acquire ENDESA.
06.07.07	23867	Acciona and ENDESA sign a confidentiality agreement, by virtue of which ENDESA or its legal representatives agree to provide Acciona with specific confidential information to help facilitate the bid.
18.07.07	82290	Acciona, S.A. publishes credit agreement.
25.07.07	23976	The Company publishes its 1H07 results presentation.
25.07.07	82475	The Company releases information on 1H07 results.
25.07.07	82493	The CNMV announces that the takeover bid launched by Acciona, S.A. and Enel Energy Europe, S.r.l. for ENDESA has been authorised on 25 July 2007.
27.07.07	82581	The Company announces that it has reached an agreement with Gas Natural, SDG, S.A., pursuant to which both parties will carry out all the necessary steps to finalise the legal and administrative proceedings pending between them in relation to the takeover bids submitted by Gas Natural, SDG, S.A. and E.ON AG for ENDESA's shares.
27.07.07	82600	ENEL S.p.A. announces the agreement made by the Council of Ministers on 27 July 2007, conceding Enel Energy Europe S.r.l. the right to exercise the voting rights on the shares corresponding to the company following the completion of the takeover bid launched jointly with Acciona, S.A. for 100% of Endesa, S.A.'s shares.
30.07.07	82606	The CNMV announces the acceptance period for the takeover bid made by Acciona, S.A. and Enel Energy Europe, S.r.l. for Endesa, S.A.
03.08.07	82792	The Company announces that Acciona, S.A. and Enel Energy Europe, S.r.l. have lodged an appeal against some of the conditions imposed by the CNE Board of Directors resolution signed on 4 July 2007, which granted Acciona, S.A. and Enel Energy Europe S.r.l. authorisation to acquire ENDESA's shares.
06.08.07	82797	ENDESA publishes a call notice for an Extraordinary General Shareholders' Meeting to be held on 25 September 2007 at first call.
06.08.07	82798	The Company's Board issues a report on the joint takeover bid made by Acciona and Enel Energy S.r.L.
06.08.07	82799	ENDESA publishes the fairness opinions of its financial advisors relating to the takeover bid presented jointly by Acciona and Enel Energy Europe S.r.L.

Registration date	Registration number	Summary of Content
06.08.07	82802	The Company publishes the 14D-9 form filed with the SEC containing the fairness opinions issued by ENDESA's financial advisors.
07.08.07	82875	ENDESA publishes the full text of the resolutions to be proposed at the forthcoming Extraordinary General Shareholders' Meeting.
07.08.07	82883	ENDESA publishes the text of the call notice for the next Extraordinary General Shareholders' Meeting.
07.08.07	82884	ENDESA issues a director's report on the resolutions for Bylaw amendments included on the agenda of the Extraordinary General Shareholders' Meeting.
31.08.07	83522	ENDESA announces that the Ministry of Industry has ruled against the CNE's decision.
10.09.07	24190	Video message from the CEO to ENDESA's shareholders.
11.09.07	83737	The Offerors confirm that the attendance bonus of Euro 0.15 gross paid to shareholders will not be discounted from the price of Euro 40.16 for each share or ADS of Endesa, S.A.
18.09.07	24237	Caja Madrid publishes the amendment to form 13 D filed with the Securities and Exchange Commission (SEC).
18.09.07	83905	Caja de Ahorros y Monte de Piedad de Madrid's position vis-a-vis Endesa, S.A.'s Extraordinary General Shareholders' Meeting and the takeover bid launched by Acciona, S.A. and Enel Energy Europe S.r.L. for Endesa, S.A.
18.09.07	83911	Members of the Board of Directors express their intention of accepting the takeover bid.
18.09.07	83913	Information on the majorities required at the Extraordinary General Shareholders' Meeting to modify the Company's Bylaws.
20.09.07	83998	At 9 a.m. Citigroup Global Markets Limited will complete the private placement a block of 1,820,183 shares of Red Eléctrica de España, S.A. owned by ENDESA among qualified investors, accounting for approximately 1.35% of the Company's share capital.
20.09.07	84000	Citigroup Global Markets Limited finalises the private placement among qualified investors of a block of 1,820,183 shares of Red Eléctrica de España, S.A. owned by ENDESA, accounting for approximately 1.35% of the company's share capital, at a price of Euro 34.95 per share.
20.09.07	84001	Endesa, S.A. sells 2,705,400 shares of Red Eléctrica de España, S.A. accounting for 2% of that company's share capital.
25.09.07	84171	Full text of the resolutions passed relating to each item on the agenda of the Extraordinary General Shareholders' Meeting.
26.09.07	24273	The modifications made to articles 32, 37, 38 and 42 of the Company's Bylaws are filed at the Mercantile Registry.
26.09.07	84186	The Offerors announce that the modification of the Bylaws adopted at Endesa, S.A.'s Extraordinary General Shareholders' Meeting held on 25 September 2007 have been duly filed with the Madrid Mercantile Registry, therefore, the condition described in section II.8.2 can be deemed to be met.
28.09.07	84271	The SEPI announces its acceptance of Acciona-Enel's bid for ENDESA.
05.10.07	84547	The CNMV announces the result of the takeover bid made by Acciona, S.A. and Enel Energy Europe, S.r.L. for Endesa, S.A.
18.10.07	84942	Caja de Ahorros y Monte de Piedad de Madrid publishes the modification made to form 13D filed with the Securities and Exchange Commission (SEC) in relation with its investment in ENDESA.
18.10.07	84956	ENDESA's Board of Directors adopts the necessary agreements for its restructuring to adapt to the new ownership structure after Acciona and Enel's successful takeover bid.
22.10.07	85077	Shareholders' agreement signed by Acciona and Enel on 26 March 2007 with relation to their joint management of Endesa, S.A.
22.10.07	85078	Acciona publishes an erratum to Significant Event N° 84965 as a result of an inconsistency in the deeds relating to the agreement on ENDESA's shares.
24.10.07	85239	Release of half-yearly consolidated financial statements of the Endesa group at 30 June 2007 in addition to the report on the limited review of these statements drawn up by Deloitte, S.L.

Registration date	Registration number	Summary of Content
06.11.07	85632	Significant events 84957 and 84965, duly modified by significant event 85076, relating to the publication of the Full Shareholders' Agreement subscribed by Acciona, S.A. and Enel, S.p.A., on 26 March 2007 and governing the joint management of Endesa, S.A., were filed with the Madrid Mercantile Registry on 30 October 2007. A copy of this filing is attached.
15.11.07	24709	The Company releases its 9M07 results presentation
15.11.07	86080	The Company releases information on 3Q07 results
16.11.07	24744	ENDESA agrees to cease trading on the NYSE
20.12.07	25257	ENDESA announces an interim dividend against 2007 results
21.12.07	25265	ENDESA's Board of Directors, at its meeting on 19 December 2007, agrees to pay a gross interim dividend charged against 2007 earnings of Euro 0.50 per share after 2 January 2008.

The obligation to disclose significant events on the Company's website is imposed by Law 26/2003 of 17 July, amending Securities Market Law 24/1988 of 28 July, and the Revised Corporations Law, with a view to reinforcing the transparency of listed corporations, and, lastly, Order ECO/3722/2003 of 26 December on annual corporate governance reports and other reporting instruments of listed corporations and other entities, which regulates the minimum disclosure of webpages of listed corporations and which empowered the National Securities Market Commission to determine the technical and legal specifications and the information that must be included, in line with Spanish National Securities Market Commission Circular 1/2004 of 17 March.

## FEES PAID TO EXTERNAL AUDITORS

The fees paid to the various auditors of both Endesa, S.A. and its subsidiaries in 2007 were as follows:

### ENDESA, S.A.

- Audit by Deloitte of the financial statements: Euro 6,838,229.
- Other audits and audit-related services performed by Deloitte: Euro 144,722.
- Other non-audit services from Deloitte: Euro 1,464,063.
- Reviews of the financial statements performed by other auditors: Euro 578,260.
- Other non-audit services performed by other auditors: Euro 480,312.

### SUBSIDIARIES

- Audit by Deloitte of the financial statements: Euro 4,600,050.
- Other audits and audit-related services performed by Deloitte: Euro 2,618,285.
- Other non-audit services performed by Deloitte: Euro 1,103,355.
- Audits of financial statements made by other auditors: Euro 1,921,560.
- Other audits and audit-related services performed by other auditors: Euro 310,549.
- Other non-audit services performed by other auditors: Euro 364,023.





**EXHIBIT I**  
**SPANISH NATIONAL SECURITIES MARKET COMMISSION (CNMV)**  
**CIRCULAR 4/2007 – EXHIBIT I**  
**ANNUAL CORPORATE GOVERNANCE REPORT**  
**FOR LISTED CORPORATIONS**  
**2007 – ENDESA, S.A.**

ANNUAL CORPORATE GOVERNANCE REPORT

SOCIEDADES ANÓNIMAS COTIZADAS

Listed Corporations

DATOS IDENTIFICATIVOS DEL EMISOR

Issuer's particulars

YEAR ENDED: 31/12/2007

Tax ID number: A -28023430

Corporate name: ENDESA, S.A.

MODEL ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED  
CORPORATIONS

For an easier understanding of the model and its subsequent preparation, instructions for filling out the model are included at the end of this report.

A - OWNERSHIP STRUCTURE

A.1. Fill out the following table on the Company's share capital:

Date of Last Modification	Share capital (euros)	Number of Shares	Number of voting rights
01/10/1999	1.270.502.540,40	1.058.752.117	1.058.752.117

If there are different classes of shares, indicate these in the following table:

NO

1. A.2. List the direct and indirect owners of significant holdings in your company at year-end, excluding Directors:
2. A.3. Fill out the following tables on the members of the Company's Board of Directors who own shares in the Company.

Shareholder's Name or Corporate Name	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
ENEL ENERGY EUROPE, S.R.L.	709.923.858	0	67,053
ENEL, S.P.A.	0	709.923.858	67,053
ENTRECANALES GROUP	0	264.793.905	25,010
FINANZAS DOS, S.A.	211.750.424	0	20,000
ACCIONA, S.A.	53.043.481	0	5,010

[3/4]

Name or Corporate Name of Direct Owner of Holding	Through: Name or Corporate Name of Direct Owner of Holding	Number of direct voting rights	% of total voting rights
ENEL, S.P.A.	ENEL ENERGY EUROPE, S.R.L.	709.923.858	67,053
ENTRECANALES GROUP	FINANZAS DOS, S.A.	211.750.424	20,000
ENTRECANALES GROUP	ACCIONA, S.A.	53.043.481	5,010

Indicate the most significant variations in the Shareholder structure during the year:

Shareholder's Name or Corporate Name	Transaction Date	Transaction Description
ENEL, S.P.A.	27/02/2007	Increase in shareholding to over 5%
ENEL, S.P.A.	01/06/2007	Increase in shareholding to over 20%
CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID	05/10/2007	Decrease in shareholding to below 5%
ENTRECANALES GROUP	18/01/2007	Increase in shareholding to over 20%
UBS LIMITED	01/03/2007	Increase in shareholding to over 5%
UBS LIMITED	01/06/2007	Decrease in shareholding to below 5%
MEDIOBANCA, S.P.A.	01/03/2007	Increase in shareholding to over 3%
MEDIOBANCA, S.P.A.	02/03/2007	Increase in shareholding to over 5%
MEDIOBANCA, S.P.A.	12/03/2007	Increase in shareholding to over 5%
MEDIOBANCA, S.P.A.	01/06/2007	Decrease in shareholding to below 5%

Name or Corporate Name of Director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
JOSÉ MANUEL ENTRECANALES DOMEQ	10	0	0,000
ANDREA BRENTAN	100	0	0,000
CARMEN BECERRIL MARTÍNEZ	10	0	0,000
CLAUDIO MACHETTI	100	0	0,000
ESTEBAN MORRAS ANDRÉS	10	0	0,000
LUIGI FERRARIS	100	0	0,000
VALENTÍN MONTOYA MOYA	10	0	0,000

% total de derechos de voto en poder del consejo de administración

0,000

Total voting rights in possession of Board of Directors (%) 0.000

Fill out the following tables on the members of the Company's Board of Directors who hold rights over shares in the Company:

A.4. Indicate, as appropriate, any relationships of a family, commercial, contractual or corporate nature existing between the owners of significant holdings, insofar as they are known to the Company, unless they have scant relevance or arise from the ordinary course of business:

**Type of relationship:**

Corporate

**Brief Description:**

The Entrecanales Group owns 59.541% of Acciona, which in turn controls 100% of Finanzas Dos.

Nombre o denominación social relacionados
ACCIONA, S.A.
FINANZAS DOS, S.A.
GRUPO ENTRECANALES

Related name or corporate name

**Type of relationship:**  
Corporate

**Brief Description:**  
Enel Energy Europa, S.r.l. is fully integrated in Enel, S.P.A.

Nombre o denominación social relacionados
ENEL ENERGY EUROPE, S.R.L.
ENEL, S.P.A.

Related name or corporate name

**Type of relationship:**  
Contractual

**Brief Description:**  
Agreements on ENDESA, S.A. shares dated 26 March 2007.

Nombre o denominación social relacionados
ACCIONA, S.A.
FINANZAS DOS, S.A.
ENEL ENERGY EUROPE, S.R.L.
ENEL, S.P.A.

Related name or corporate name

A.5. Indicate, as appropriate, any relationships of a commercial, contractual or corporate nature existing between the owners of significant holdings and the Company, unless they have scant relevance or arise from the ordinary course of business:

**Type of relationship:**  
Contractual

**Brief Description:**  
Trustee agreement stating that until E.ON A.G. takes control of Endesa Italia an independent management team will control the Italian subsidiary.

Nombre o denominación social relacionados
ENEL, S.P.A.
ACCIONA, S.A.

Related name or corporate name

**Type of relationship:**  
Corporate

**Brief Description:**  
Endesa Generación, S.A. and Enel S.P.A. have shareholdings in Elcogas, S.A. of 40.88% and 4.31%, respectively.

Nombre o denominación social relacionados
ENEL, S.P.A.

Related name or corporate name

A.6 Specify whether the company has been informed of any shareholders' agreements that may affect it pursuant to article 112 of the Spanish Securities Market Act (LMV). If so, give a brief description of the agreement and list the shareholders bound by it:

YES

**% of share capital affected**

:

**Brief Description of Agreement:**

The shareholders' agreement filed with the Mercantile Registry relating to restrictions of the free transfer of ENDESA shares as specified in clause 12 of the agreement signed by ACCIONA and ENEL on 26 March 2007 relating to the joint management of ENDESA, S.A. under the leadership of ACCIONA.

Intervinientes del pacto parasocial
ENEL S.P.A.
ACCIONA, S.A.

Signatories of shareholders' agreement

Indicate whether the company is aware of any concerted actions between shareholders. If so, give a brief description:

YES

**% of share capital affected:****Brief description of concerted action:**

On 26 March 2007 ACCIONA and ENEL signed a joint management agreement for ENDESA, S.A. under the leadership of ACCIONA.

Intervinientes acción concertada
ENEL S.P.A.
ENEL ENERGY EUROPE, S.R.L.
ACCIONA, S.A.
FINANZAS DOS, S.A.

Persons involved in concerted action

Expressly indicate any amendment to or termination of such agreements or concerted action during the year:

NO AMENDMENTS OR TERMINATIONS WERE MADE

A.7. Indicate whether there is any individual or legal entity that exercises, or can exercise, control over the Company, in accordance with Article 4 of the Securities Market Law : :

YES

Nombre o denominación social
ACCIONA - ENEL
Observaciones
El 26 de marzo de 2007, ACCIONA Y ENEL firman un contrato de gestión compartida de ENDESA, S.A. (Ver apartado A.6).

Name or Corporate Name

Comments

On 26 March 2007 ACCIONA and ENEL signed a joint management agreement for ENDESA, S.A. (see section A.6 above).

A.8 Fill out the following tables on the Company's treasury stock:

At year-end:

Número de acciones directas	Número de acciones indirectas (*)	% total sobre capital social
0	0	0.000

Number of Direct Shares

Number of Indirect Shares (\*)

Total as % of Share Capital

(\*) Through:



Give details of any significant variations during the year, in accordance with Royal Decree 1362/2007:

Plusvalías/Minusvalías de las acciones propias enajenadas durante el período:	0
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Capital gains/(losses) on the treasury stock sold during the period

A.9 Give details of the conditions and time period(s) from the Shareholders' Meeting for acquisitions or transfers of treasury stock.

At the Annual General Shareholders' Meeting on 20 June 2007 authorisation was given for the derivative acquisition of treasury stock by the Company and its subsidiaries in accordance with article 75 and the 1<sup>st</sup> additional provision of the LSA.

I. ♦ To revoke and render void the authority for the derivative acquisition of Company shares granted by the Annual General Shareholders' Meeting held on 26 February 2006.

II. ♦ To grant a new authority for the derivative acquisition of treasury stock, as well as pre-emptive rights of subscription of treasury stock, in accordance with article 75 of the LSA, under the following conditions:

a) Acquisitions may be made by any legally permitted means, directly by ENDESA, S.A. itself, by companies of its Group, or by an interposed person, up to the maximum figure permitted by the Law.

b) Acquisitions shall be made at a minimum price per share of its par value and a maximum price equal to its market price plus an additional 5%.

c) The term of this authority shall be 18 months.

III Acquisitions may only be made following the publication of the outcome of the takeover bid made by Acciona and Enel for ENDESA S.A.'s shares, or, if appropriate, from the moment in which the takeover bid is deemed to be invalid for any reason (or if a rival bid is launched), in accordance with applicable securities market legislation.

A.10 Indicate, as appropriate, any statutory or bylaw restrictions on the exercise of voting rights, and any statutory restrictions on the acquisition or transfer of holdings in the share capital. Indicate any statutory and bylaw restrictions on the exercise of voting rights:

NO

Porcentaje mínimo de derechos de voto que puede ejercer un accionista por restricción legal	0
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Maximum percentage of voting rights that may be exercised by a shareholder due to legal restrictions

Indicate any statutory and bylaw restrictions on the exercise of voting rights:

NO

Porcentaje mínimo de derechos de voto que puede ejercer un accionista por una restricción estatutaria	0
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Maximum percentage of voting rights that may be exercised by a shareholder due to legal restrictions

Indicate any statutory restrictions on the acquisition or transfer of holdings in the share capital:

NO

A.11 Indicate if the General Shareholders Meeting has agreed to adopt neutralisation measures in response to any takeover bid pursuant to the provisions of Act 6/2007.

NO

If so, explain the measures approved and the circumstances in which the foregoing restrictions would be rendered ineffective.

## B - MANAGEMENT STRUCTURE OF THE COMPANY

### B.1 Board of Directors

- B.1.1 Give details of the maximum and minimum number of Directors provided for in the Bylaws:
- B.1.2 Fill out the following table with Directors' particulars:
- B.1.3 Fill out the following tables on the members of the Board and their status:

[11/12]

Número máximo de consejeros	15
Número mínimo de consejeros	9

Maximum number of Directors

Minimum number of Directors

Name or Corporate Name of Director	Representative	Board Office	Date of first appointment	Date of last appointment	Appointment Procedure
JOSÉ MANUEL ENTRECANALES DOMEQ		CHAIRMAN	18/10/2007	18/10/2007	CO-OPTION
ANDREA BRENTAN		DEPUTY CHAIRMAN	18/10/2007	18/10/2007	CO-OPTION
RAFAEL MIRANDA ROBRED		CHIEF EXECUTIVE OFFICER	11/02/1997	27/05/2005	VOTE AT SHAREHOLDERS' MEETING
BORJA PRADO EULATE		DIRECTOR	20/06/2007	20/06/2007	VOTE AT SHAREHOLDERS' MEETING
CARMEN BECERRIL MARTÍNEZ		DIRECTOR	18/10/2007	18/10/2007	CO-OPTION
CLAUDIO MACHETTI		DIRECTOR	18/10/2007	18/10/2007	CO-OPTION
ESTEBAN		DIRECTOR	18/10/2007	18/10/2007	CO-OPTION
MORRAS ANDRÉS		DIRECTOR	20/06/2007	20/06/2007	VOTE AT SHAREHOLDERS' MEETING
FERNANDO DORNELLAS SILVA		DIRECTOR	18/10/2007	18/10/2007	CO-OPTION

VALENTÍN MONTOYA MOYA		DIRECTOR	18/10/2007	18/10/2007	CO-OPTION
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Número total de consejeros	10
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Total number of Directors

Indicate any Board members who vacated their office during the year: EXECUTIVE DIRECTORS

Name or Corporate Name of Director	Status of Director at the time of resignation	Date Vacated Office
MANUEL RÍOS NAVARRO	INDEPENDENT	20/06/2007
JOSE MANUEL FERNANDEZ NORNIELLA	OTHER EXTERNAL DIRECTOR	20/06/2007
ALBERTO ALONSO UREBA	INDEPENDENT	20/06/2007
RAFAEL GONZALEZ-GALLARZA MORALES	INDEPENDENT	20/06/2007
JOSE Mª FERNANDEZ CUEVAS	INDEPENDENT	20/06/2007
JUAN RAMÓN QUINTÁS SEOANE	INDEPENDENT	18/10/2007
MIGUEL BLES DE LA PARRA	PROPRIETARY	18/10/2007
JUAN ROSELL LASTORTRAS	OTHER EXTERNAL DIRECTOR	18/10/2007
FRANCISCO JAVIER RAMOS GASCÓN	INDEPENDENT	18/10/2007
MANUEL PIZARRO MORENO	EXECUTIVE	18/10/2007
ALBERTO RECARTE GARCÍA-ANDRADE	OTHER EXTERNAL DIRECTOR	18/10/2007
JOSÉ SERNA MASÍA	INDEPENDENT	18/10/2007

Name or Corporate Name of Director	Committee Proposing Appointment	Office per Company Organisational Chart
JOSÉ MANUEL ENTRECANALES DOMEQ	APPOINTMENTS AND COMPENSATION COMMITTEE	CHAIRMAN

RAFAEL MIRANDA ROBREDO	APPOINTMENTS AND COMPENSATION COMMITTEE	CHIEF EXECUTIVE OFFICER
ESTEBAN MORRAS ANDRÉS	APPOINTMENTS AND COMPENSATION COMMITTEE	ASSISTANT GENERAL MANAGER

Número total de consejeros ejecutivos	3
% total del consejo	30.000

Total number of executive directors

total of board (%)

#### EXTERNAL PROPRIETARY DIRECTORS

Name or Corporate Name of Director	Committee Proposing Appointment	Name or Corporate Name of Significant Shareholder Represented or Proposing Appointment
ANDREA BRENTAN	APPOINTMENTS AND COMPENSATION COMMITTEE	ENEL, S.P.A.
CARMEN BECERRIL MARTÍNEZ	APPOINTMENTS AND COMPENSATION COMMITTEE	ACCIONA, S.A.
CLAUDIO MACHETTI	APPOINTMENTS AND COMPENSATION COMMITTEE	ENEL, S.P.A.
LUIGI FERRARIS	APPOINTMENTS AND COMPENSATION COMMITTEE	ENEL, S.P.A.
VALENTÍN MONTOYA MOYA	APPOINTMENTS AND COMPENSATION COMMITTEE	ACCIONA, S.A.

Número total de consejeros dominicales	5
% total del Consejo	50.000

#### Total number of proprietary directors total of board (%)

#### EXTERNAL INDEPENDENT DIRECTORS

Name or Corporate Name of Director  
FERNANDO DORNELLAS SILVA

Profile  
Graduate of ICADE-E3 (Law and Business Administration), CEO of Bergé Automoción; Chairman of Lexus España; Chairman of Hyundai España.

Total number of independent directors	1
total of board (%)	10.000

#### OTHER EXTERNAL DIRECTORS

Name or Corporate Name of Director	Committee Proposing Appointment
BORJA PRADO EULATE	APPOINTMENTS AND COMPENSATION COMMITTEE

Total number of external directors	1
total of board (%)	10.000

List the reasons why they are not considered Proprietary or Independent Directors and their links to the company, its senior officers or its shareholders:.

Name or Corporate Name of Director  
BORJA PRADO EULATE

Company, officer or shareholder with whom the link is held  
MEDIOBANCA, S.P.A.

Reasons  
In accordance with the Unified Good Governance Code, Mr. Prado cannot be considered a proprietary director. According to the CNMV, Mr. Prado, who was appointed a director of Endesa on 20 June 2007, cannot be considered an independent director as in March 2007 Mediobanca and Enel Spa (significant shareholder of Endesa) signed three share swap agreements which were closed on 1 June 2007. On 24 July 2007 the Mediobanca board of directors agreed to set up Mediobanca Sucursal en España and appoint Mr. Prado director of this company.

Indicate any variations in the status of each Director that may have occurred during the year:

[15/16]

List the reasons why they are not considered Proprietary or Independent Directors and their links to the company, its senior officers or its shareholders:.

Indicate any variations in the status of each Director that may have occurred during the year:

B.1.4 Explain, where applicable, the reasons for which external proprietary Directors have been appointed on the proposal of shareholders with holdings of less of 5% of total capital.

Indicate whether any formal requests for representation on the Board presented by shareholders with holdings equal to or greater than those of other shareholders on the request of whom external controlling shareholders have been appointed have been refused. If so, explain the reasons for refusal.

NO

B.1.5 Indicate whether any Director has left office before the end of his/her term, if the Director in question explained his/her reasons to the Board and, if so, through what media, and, if such explanation was submitted to the entire Board in writing, explain below the reasons given:

YES

**Name of Director**

ALBERTO RECARTE GARCÍA- ANDRADE

**Reasons for leaving**

Following the settlement of the takeover bid launched by Acciona and Enel for ENDESA, the company's shareholder structure changed substantially. ENDESA now has two controlling shareholders, with a stake of over 92%. The Board of Directors reacted to this situation accordingly, with the following directors tendering their resignation on 18 October 2007.

**Name of Director**

FRANCISCO JAVIER RAMOS GASCÓN

**Reasons for leaving**

Following the settlement of the takeover bid launched by Acciona and Enel for ENDESA, the company's shareholder structure changed substantially. ENDESA now has two controlling shareholders, with a stake of over 92%. The Board of Directors reacted to this situation accordingly, with the above mentioned directors tendering their resignation on 18 October 2007.

**Name of Director**

JOSÉ SERNA MASÍÁ

**Reasons for leaving**

Following the settlement of the takeover bid launched by Acciona and Enel for ENDESA, the company's shareholder structure changed substantially. ENDESA now has two controlling shareholders, with a stake of over 92%. The Board of Directors reacted to this situation accordingly, with the above mentioned directors tendering their resignation on 18 October 2007.

**Name of Director**

JUAN RAMÓN QUINTÁS SEOANE

**Reasons for leaving**

Following the settlement of the takeover bid launched by Acciona and Enel for ENDESA, the company's shareholder structure changed substantially. ENDESA now has two controlling shareholders, with a stake of over 92%. The Board of Directors reacted to this situation accordingly, with the above mentioned directors tendering their resignation on 18 October 2007.

**Name of Director**

JUAN ROSELL LASTORTRAS

**Reasons for leaving**

Following the settlement of the takeover bid launched by Acciona and Enel for ENDESA, the company's shareholder structure changed substantially. ENDESA now has two controlling shareholders, with a stake of over 92%. The Board of Directors reacted to this situation accordingly, with the above mentioned directors tendering their resignation on 18 October 2007.

**Name of Director**

MANUEL PIZARRO MORENO

**Reasons for leaving**

Following the settlement of the takeover bid launched by Acciona and Enel for ENDESA, the company's shareholder structure changed substantially. ENDESA now has two controlling shareholders, with a stake of over 92%. The Board of Directors reacted to this situation accordingly, with the above mentioned directors tendering their resignation on 18 October 2007.

**Name of Director**

MIGUEL BLES DE LA PARRA

**Reasons for leaving**

Following the settlement of the takeover bid launched by Acciona and Enel for ENDESA, the company's shareholder structure changed substantially. ENDESA now has two controlling shareholders, with a stake of over 92%. The Board of Directors reacted to this situation accordingly, with the above mentioned directors tendering their resignation on 18 October 2007.

B.1.6. Indicate which powers, if any, have been delegated to the Chief Executive Officer(s):

**Name or Corporate Name of Director**

JOSÉ MANUEL ENTRECANALES DOMEQ

**Brief Description**

AT ITS MEETING ON 18 OCTOBER 2007 THE BOARD OF DIRECTORS DELEGATED TO THE CHAIRMAN ALL OF THE POWERS OF THE BOARD OF DIRECTORS DELEGABLE BY LAW OR UNDER THE COMPANY'S BYLAWS. THESE POWERS SHALL BE EXERCISED JOINTLY WITH THE CHIEF EXECUTIVE OFFICER.

**Name or Corporate Name of Director**

RAFAEL MIRANDA ROBREDO

**Brief Description**

ON 27 MAY 2005, THE BOARD OF DIRECTORS DELEGATED TO THE CHIEF EXECUTIVE OFFICER EACH AND EVERY ONE OF THE POWERS OF THE BOARD OF DIRECTORS DELEGABLE BY LAW OR UNDER THE COMPANY'S BYLAWS. ON 18 OCTOBER 2007 THE BOARD OF DIRECTORS AMENDED THE POWERS CONFERRED TO THE CHIEF EXECUTIVE OFFICER, RAFAEL MIRANDA ROBREDO. THESE POWERS SHALL BE EXERCISED JOINTLY WITH THE CHAIRMAN OF THE BOARD OF DIRECTORS.

1. B.1.7. Identify, as appropriate, which members of the Board hold office as Directors or executives at other companies forming part of the listed Company's Group:
2. B.1.8. Give details, as appropriate, of any Directors of the Company who are members of the Boards of Directors of other entities outside the Group that are listed on official securities markets in Spain, as disclosed to the Company:
3. B.1.9 Indicate and where applicable explain if the company has established rules restricting the number of boards on which its Directors may have a seat::

Name or Corporate Name of Director	Corporate Name of Group Company	Office
RAFAEL MIRANDA ROBREDO	ENDESA EUROPA. S.L.	CHAIRMAN
RAFAEL MIRANDA ROBREDO	ENDESA INTERNACIONAL. S.A.	CHAIRMAN
RAFAEL MIRANDA ROBREDO	ENERSIS. S.A.	DEPUTY CHAIRMAN

Nombre o denominación social consejero	Denominación social de la entidad cotizada	Cargo
DON JOSÉ MANUEL ENTRECANALES DOMEQO	ACCIONA. S.A.	PRESIDENTE

Name or Corporate Name of Director  
Corporate name of the listed company  
Office  
Chairman

Name or Corporate Name of Director	Corporate name of the listed company	Office
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BORJA PRADO EULATE	GESTEVISIÓN TELECCINCO. S.A.	DIRECTOR
ESTEBAN MORRAS ANDRÉS	ACCIONA. S.A.	DIRECTOR
VALENTÍN MONTOYA MOYA	ACCIONA. S.A.	DIRECTOR

NO

1. B.1.10 In relation to recommendation number 8 of the Unified Code, indicate the general company policies and strategies that the Board, in full session, has responsibility for approving:
2. B.1.11. Fill out the following tables on the aggregate compensation of Directors paid during the year:

Investment and financing policy	YES
Design and structure of the corporate group	YES
Corporate governance policy	YES
Corporate responsibility policy	YES
The strategic or business plan, management targets and annual budgets	YES
Remuneration and performance evaluation of senior officers	YES
Risk control and management, and periodic monitoring of internal information and control systems	YES
Dividend policy, including the policies applying to treasury stock and the limitations of these policies.	YES

a) At the Company to which this report relates: b) Due to membership of the Company's Directors of other boards of Directors and/or of the senior management of Group companies:

Item	Thousand euros
Fixed compensation	3.111
Variable compensation	5.099

Item	Thousand euros
Attendance fees	1.160

[19/20]

Statutory fees	0
Stock options and/or other financial instruments	0
Other	14.129

<b>Total</b>	<b>23.499</b>
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Total

Other benefits	Thousand euros
Advances	293
Loans granted	0
Pension funds and plans: Contributions	606
Pension funds and plans: Obligations undertaken	0
Life insurance premiums	254
Guarantees provided by the Company for Directors	12.226

Item	Thousand euros
Fixed compensation	0
Variable compensation	0
Attendance fees	434
Statutory fees	0
Stock options and/or other financial instruments	0
Other	0

<b>Total</b>	<b>434</b>
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Total

Other benefits	Thousand euros
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Advances	0
Loans granted	0
Pension funds and plans: Contributions	0
Pension funds and plans: Obligations undertaken	0
Life insurance premiums	0
Guarantees provided by the Company for Directors	0

c) Total compensation by type of Director:

Type of Director	By Company	By Group
EXECUTIVE DIRECTORS	21,213	148
EXTERNAL PROPRIETARY DIRECTORS	264	0
EXTERNAL INDEPENDENT DIRECTORS	1.344	160
OTHER EXTERNAL DIRECTORS	678	126

<b>Total</b>	<b>23.499</b>	<b>434</b>
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Total

d) With respect to income attributed to the parent company:

Remuneración total consejeros(en miles de euros)	9.804
Remuneración total consejeros/beneficio atribuido a la sociedad dominante (expresado en %)	0.9

Total Directors' compensation (thousands of euros)

Total Directors' compensation/income attributed to parent company (%)

1. B.1.12. Identify Senior Management members who are not, in turn, executive Directors, and indicate



the total compensation paid to them during the year:

2. B.1.13. Identify in aggregate terms whether there are any safeguard or protective clauses for Senior Management members, including executive Directors of the Company or of its Group, in the event of dismissal or changes in control. Indicate whether these contracts have to be disclosed to and/or approved by the bodies of the Company or of its Group:

3. B.1.14. Indicate the process for setting the compensation of the members of the Board of Directors and, if appropriate, the corresponding Bylaw provisions:

Name or Corporate Name	Office
PÍO CABANILLAS ALONSO	GENERAL MANAGER FOR COMMUNICATION

Name or Corporate Name	Office
JUAN GALLARDO CRUCES	GENERAL MANAGER FOR FINANCE
M ISABEL FERNÁNDEZ LOZANO	ASSISTANT SENIOR DEPUTY CHAIRMAN - SERVICES
FRANCISCO BORJA ACHA BESGA	SENIOR DEPUTY CHAIRMAN LEGAL ADVISER
ALBERTO MARTÍN RIVALS	CHAIRMAN/GENERAL MANAGER OF ENDESA FRANCE
JAVIER URIARTE MONEREO	SENIOR DEPUTY CHAIRMAN - SUPPLY
JOSE DAMIAN BOGAS GALVEZ	EXECUTIVE DEPUTY CHAIRMAN - SPAIN AND PORTUGAL
IGNACIO ANTOÑANZAS ALVEAR	GENERAL MANAGER OF ENERSIS
RAFAEL MATEO ALCALÁ	GENERAL MANAGER OF ENDESA CHILE
AMADO FRANCO LAHOZ	CHAIRMAN OF ADVISORY BOARD OF ERZ-ENDESA ARAGÓN
JAIME LUIS REGUART PELEGRI	GENERAL MANAGER OF GESA-ENDESA BALEARIC ISLANDS
JAIME GROS BAÑERES	GENERAL MANAGER ARAGÓN

JOSÉ MARÍA PLANS GÓMEZ	CHAIRMAN OF ADVISORY BOARD OF UNELCO-ENDESA CANARY ISLANDS
SALVADOR MONTEJO VELILLA	GENERAL SECRETARY AND SECRETARY TO THE BOARD OF DIRECTORS
GERMAN MEDINA CARRILLO	SENIOR DEPUTY CHAIRMAN - HUMAN RESOURCES
ANTONIO PAREJA MOLINA	SENIOR DEPUTY CHAIRMAN- SERVICES
ALVARO QUIRALTE ABELLO	GENERAL MANAGER – ENERGY MANAGEMENT
RAFAEL LÓPEZ RUEDA	GENERAL MANAGER OF CHILECTRA

Name or Corporate Name	Office
JOSÉ LUIS PUCHE CASTILLEJO	SENIOR DEPUTY CHAIRMAN - AUDIT
JAIME YBARRA LLOSENT	CHAIRMAN OF ADVISORY BOARD OF SEVILLANA ENDESA ANDALUCÍA AND EXTREMADURA
JOSÉ A. MARTÍNEZ FERNÁNDEZ	GENERAL MANAGER OF SEVILLANA-ENDESA ANDALUCÍA AND EXTREMADURA
JOAQUÍN GALINDO VÉLEZ	CHAIRMAN/GENERAL MANAGER OF ENDESA ITALIA
HÉCTOR LÓPEZ VILASECO	GENERAL MANAGER
ANTÓN COSTAS COMESAÑA	CHAIRMAN OF ADVISORY BOARD OF FECSA-ENDESA CATALUÑA
JOSÉ MARÍA ROVIRA VILANOVA	GENERAL MANAGER OF FECSA-ENDESA CATALUÑA
GABRIEL CASTRO VILLALBA	SENIOR DEPUTY CHAIRMAN - COMMUNICATION
ANDREU ROTGER AMENGUAL	GENERAL MANAGER BALEARICS

PABLO CASADO REBOIRO	GENERAL MANAGER CANARY ISLANDS
JOSÉ LUIS MARÍN LÓPEZ-OTERO	GENERAL MANAGER OF ENDESA RED
JOSE ANTONIO GUTIERREZ PEREZ	GENERAL MANAGER OF ERZ-ENDESA ARAGÓN
CARLOS TORRES VILA	SENIOR DEPUTY CHAIRMAN-STRATEGY
JOSÉ LUÍS PALOMO ÁLVAREZ	SENIOR DEPUTY CHAIRMAN - FINANCE AND CONTROL
JESÚS OLMOS CLAVIJO	EXECUTIVE DEPUTY-PRESIDENT - EUROPE
PABLO YRARRÁZABAL VALDÉS	CHAIRMAN OF ENERSIS
MARIO VALCARCE DURÁN	CEO AND CHAIRMAN OF ENDESA CHILE
JORGE ROSEMBLUT RATINOFF	CHAIRMAN OF CHILECTRA

Name or Corporate Name	Office
PEDRO LARREA PAGUAGA	EXECUTIVE DEPUTY-CHAIRMAN – LATIN AMERICA
BARTOLOMÉ REUS BELTRÁN	CHAIRMAN OF ADVISORY BOARD OF GESA-ENDESA BALEARIC ISLANDS
MANUEL MORÁN CASERO	SENIOR DEPUTY-CHAIRMAN - GENERATION
FRANCESCO BURESTI	GENERAL MANAGER – PROCUREMENTS

Remuneración total alta dirección (en miles de euros)	30.606
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Total senior management compensation (thousands of euros)

Número de beneficiarios	33	
	Consejo de Administración	Junta General
Órgano que autoriza las cláusulas	SI	NO
¿Se informa a la Junta General sobre las cláusulas?		
		SI

Number of beneficiaries

Board of Directors

Shareholders' Meeting

Body authorising the clauses

Is the Shareholders' Meeting informed of the clauses?

Process for setting the compensation of the members of the Board of Directors and, if appropriate, the corresponding Bylaw provisions
The compensation of the members of the Board of Directors is reported by the Appointments and Compensation Committee and approved by the Board of Directors, within the terms established in article 40 of the Corporate Bylaws and in greater detail in article 33 of the Board Regulations:
33.1 Directors' compensation is composed of the following items: . a fixed monthly salary and a share in income. The overall annual compensation for the entire Board and for all the above items will be 0.1% of consolidated group income, as approved at the General Shareholders' Meeting, although the Board of Directors may reduce this percentage in such fiscal years as it sees fit. All without prejudice to the terms established in the third paragraph of this section relating to attendance fees.

Process for setting the compensation of the members of the Board of Directors and, if appropriate, the corresponding Bylaw provisions
It will fall to the Board of Directors to distribute the aforementioned amount between the previous items and the Directors when, as and how it freely sees fit.

33.2 The members of the Board of Directors will also receive fees for attending each meeting of the Company's governing bodies and its Committees. The maximum amount of these expenses,, in conformity with the previous paragraphs, may not exceed the fixed monthly salary. The Board of Directors may establish, within this limit, the attendance fees paid.
33.3 The compensation provided for in the preceding sections and relating to membership of the Board of Directors will be compatible with other payments receivable by the Directors as professionals or employees for any other executive or advisory functions performed by them for the Company other than those of supervision and collective decision-making which are specific to their status as Directors and will be subject to any legislation applicable to them.
33.4 In conformity with the provisions of article 130 of LSA, compensation in the form of a share in income may only be received by the Directors after all the requirements of the legal reserve and Bylaw reserve have been met and the shareholders have been paid a minimum dividend of 4%.
33.5 Directors who do not have a professional or labour relationship with the Company will not receive any other compensation, except for group and liability insurance for the fiscal year in which they act as Directors.
33.6 In accordance with section 3 of this article, the Chairman will also receive the compensation established when determining the specific legal framework governing his/her relationship with the Company.
Apart from the provisions of the preceding sections for Directors of the Company and in accordance with section 3 of this article, the Chief Executive Officer will also receive the compensation stipulated in the contract between him/her and the Company, which will specify his/her rights and obligations during and after his/her relationship with the Company.
The amounts of fixed compensation, variable compensation and the compensation of the Chairman and of the Chief Executive Officer under their specific arrangements, must be proposed by the Appointments and Compensation Committee to the Board, and will be subject to transparency obligations.
33.7 The Appointments and Compensation Committee will draft an annual report on the policy regarding Directors' compensation and details of the compensation received by each of them as such, with a breakdown of all items provided. Although a more detailed breakdown will be provided at a later stage, the compensation of Directors who are related professionally and permanently to the Company will be indicated globally for all of them, indicating the number of Directors receiving each salary item.

Indicate whether responsibility for passing resolutions on the following matters is reserved for the Board in full session.

On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.	YES
Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.	YES

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and specify the issues over which it passes judgement: :

YES

The amount of the fixed components, itemised where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to	YES
Variable compensation	YES
The main characteristics of pension systems, with an estimate of their amount or annual equivalent cost.	YES
The terms and conditions of the contracts of executive directors exercising senior management functions	YES

B.1.16 Indicate whether the Board submits a report on Directors' remuneration policy to the vote at the General Shareholders' Meeting, as a separate item on the agenda and for the purposes of consultation. If applicable, explain the elements of the report on remuneration policy approved by the Board for future years, the most significant changes in these policies relative to those applied during the past year, and an overall summary of how remuneration policy was applied in the year. Specify the role of the Remunerations Committee, whether external advisory services have been used and, if so, the name of the external consultants that provided the services:

NO

Role of the Compensation Committee	
The Appointments and Compensation Committee is responsible for reporting on and proposing the remuneration policy for senior management and their remuneration.	
In order to establish a remuneration policy, the Appointments and Compensation Committee shall prepare a study to ensure the best corporate governance practices are carried out. All remuneration components and concepts must be fully transparent, including any compensation agreed in the event of vacation of office.	
The amount paid to Directors shall be in keeping with the amounts paid by other listed companies.	
The Appointments and Compensation Committee will draft an annual report on the policy regarding Directors' compensation and details of the compensation received by each of them, with a breakdown of all the items of which it is comprised.	
Also, pursuant to the Unified Good Governance Code, the Appointments and Compensation Committee shall present to the Board of Directors an annual report on the Directors' remuneration policy. This report is approved by the Board of Directors and shall be made available to the shareholders at the General Shareholders' Meeting.	
Has the company used external advisory services?	YES

Name of external consultants

Role of the Compensation Committee

- Towers Perrin  
- CliffordChance  
- JAGarrigues

B.1.17. Indicate, as appropriate, which members of the Board are, in turn, members of the Boards of Directors or executives of companies that own significant holdings in the listed Company and/or in entities of its Group:

Name or Corporate Name of Director	Corporate Name of Significant Shareholder	Office
JOSÉ MANUEL ENTRECANALES DOMEQ	ACCIONA, S.A.	CHAIRMAN
ANDREA BRENTAN	ENEL ENERGY EUROPE, S.R.L.	DIRECTOR
ANDREA BRENTAN	ENEL, S.P.A.	DIRECTOR IBERIA AND LATIN AMERICA
CARMEN BECERRIL MARTÍNEZ	ACCIONA, S.A.	GENERAL MANAGER CORPORATE RESOURCES AND INSTITUTIONAL RELATIONS
CLAUDIO MACHETTI	ENEL, S.P.A.	CHIEF FINANCIAL OFFICER (CFO)-Executive Finance Deputy Chairman
ESTEBAN MORRAS ANDRÉS	ACCIONA, S.A.	DIRECTOR
LUIGI FERRARIS	ENEL, S.P.A.	CHIEF FINANCIAL OFFICER (CFO)-Executive deputy chairman of Accounting, Planning and Control
VALENTÍN MONTOYA MOYA	ACCIONA, S.A.	DIRECTOR AND GENERAL MANAGER FOR FINANCE

Give details, as appropriate, of any material relationships, other than those envisaged under the preceding heading, of the members of the Board of Directors with significant Shareholders and/or at entities in its Group:

B.1.18 Indicate, as appropriate, whether any amendments have been made to the Board Regulations during the year:

NO

B.10.19. Indicate the procedures for the appointment, reappointment, evaluation and removal of Directors. Give details of the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

Article 37 of the Corporate Bylaws stipulates that "the Shareholders' Meeting is responsible for appointing and removing Directors. The office of Director may be waived, revoked and be the subject of reappointment."

The appointment and reappointment of Directors is regulated in the Board Regulations:

Article 5. Structure and composition of the Board

"5.3. The persons proposed by the Board for appointment or reappointment as Directors will be persons of renowned prestige who have adequate experience and professional knowledge to discharge their duties and who give a commitment to perform the tasks of the Board with sufficient dedication."

Article 22. Appointment of Directors

"The Shareholders' Meeting or, as the case may be, the Board will be responsible for appointing Board members in conformity with the provisions of the LSA and the Corporate Bylaws.

The Board shall propose appointments after a report from the Appointments and Compensation Committee.'

Article 25 of the Board Regulations regulates the reappointment of directors, stipulating that:

"The Appointments and Compensation Committee must report on any proposal for the reappointment of Directors that the Board decides to submit to the Shareholders' Meeting."

Article 26 of the Board Regulations regulates the dismissal of directors, stipulating that:

"26.1. The Directors will vacate their office when the term for which they were appointed has expired, as well as in all other applicable cases in accordance with the Law, Corporate Bylaws and these Regulations.

1. 26.2. Directors must tender their resignations to the Board and duly resign formally when they become subject to any legally established case of incompatibility or prohibition, or when, following a report from the Appointments and Compensation Committee, the Board resolves that the Director in question is in gross breach of his/her obligations.

2. 26.3. When a Director vacates his office for whatever reason, he/she may not work at another competing entity for two years, unless the Board grants a dispensation from this obligation or curtails the duration of this prohibition."

The procedure followed and the criteria used are as provided for in the LSA and the Mercantile Registry Regulations.

B.1.20 Indicate the cases in which the Directors must resign.

The cases in which the Directors must tender their resignations to the Board of Directors are regulated by article 26. "Vacation of office by Directors" of the Board Regulations:

"26.1. The Directors will vacate their office when the term for which they were appointed has expired, as well as in all other applicable cases in accordance with the Law, the Corporate Bylaws and these Regulations.

1. 26.2. The Directors must tender their resignations to the Board and duly resign formally when they become subject to any legally established case of incompatibility or prohibition, or when, following a report from the Appointments and Compensation Committee, the Board resolves that the Director in question is in gross breach of obligation.

2. 26.3. When a Director vacates office for whatever reason, he/she may not work at another competing entity for two

years, unless the Board grants a dispensation from this obligation or curtails the duration of this prohibition.”

B.1.21 Explain whether the function of the Company's chief executive falls to the office of Chairman of the Board. If appropriate, indicate what measures have been taken to limit the risks of power being concentrated in the hands of one person:

YES

Measures to limit risks
On 18 October 2007 the Board of Directors delegated to the Company's Executive Chairman, José Manuel Entrecanales Domecq, each and every one of the powers of the Board of Directors delegable by law or under the Corporate Bylaws. These powers shall be exercised jointly with the Chief Executive Officer.

Indicate and, where appropriate, explain whether any rules empowering one of the Independent Directors to ask for meetings to be convened or new items to be included on the agenda, to coordinate and report the concerns of the External Directors and to oversee the Board's evaluation of its Chairman have been established.

NO

B.1.22 Are qualified majorities, other than the statutory majorities, required for any type of decision?

NO

Indicate how resolutions are adopted on the Board of Directors and specify, at least, the minimum attendance quorum and the type of majority for adopting resolutions:

#### Description of Resolution

Board Meetings will be validly convened if one half plus one of the members of the Board attend in person or through a representative. Resolutions must be adopted by the affirmative vote of the majority of the Directors attending in person or through a representative.

Quorum	%
One half plus one	60.0 0

Type of Majority	%
Absolute	60.0 0

B.1.23. Explain whether there are any specific requirements, apart from those relating to the Directors, to be appointed Chairman:

NO

B.1.24. Indicate whether the Chairman has a casting vote:

YES

Matters on which there is a casting vote
As per article 46 of the Corporate Bylaws “the Board will debate on the business stated on the agenda and also on all other points proposed by the Chairman or the majority of the Directors attending the meeting in person or by proxy, even though they are not included on the agenda. Resolutions will be adopted by an absolute majority of the Directors, attending the Meeting in person or by proxy. In the event of a tie, the Chairman or whoever stands in for him/her at the meeting will have the casting vote. The provisions of this section are deemed to be without prejudice to those resolutions that may only be adopted with a qualified majority of Directors, under these Corporate Bylaws or current legislation.” Likewise, article 11 of the Board Regulations provides that “in the event of a tie, the Chairman or whoever stands in for him/her will have the casting vote.”

B.1.25. Indicate whether the Bylaws or the Board Regulations impose any limit on the age of Directors:

NO

Age limit for Chairman	Age limit for Chief Executive Officer	Age limit for Directors
0	0	0

B.1.26 Indicate whether the Bylaws or the Board Regulations establish a limited term of office for independent Directors:

NO

Maximum term of office	0
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B.1.27 If there are few or no female directors, explain the reasons and the steps taken to rectify this situation.

Explanation and steps taken
Currently 10% of ENDESA's Directors are female. ENDESA has an Equality Plan in place which underpins its commitment to ensuring sexual equality and covers: <ul style="list-style-type: none"> <li>- Human resources issues (positive action: recruitment, training, remuneration and sexual harassment).</li> <li>- Work-life balance (paid leave, leave of absence, reduced/amended working days, etc.). The following initiatives are of particular note: Flexibility of working hours (up to one hour per day) and the possibility of changing this temporarily, under certain circumstances, to a continuous working day.</li> <li>- Protection of the rights of pregnant employees plus maternity and paternity rights: special working hours for female</li> </ul>

employees with closed shifts.

- Protection provided to victims of domestic violence.
- Protocol in the event of sexual harassment.

As part of its Corporate Social Responsibility policy ENDESA's hiring policy includes:

Positive action clauses promoting the access of female employees, with equal opportunities, to positions where they are under-represented.

In any event, the Appointments and Compensation Committee shall ensure that selection procedures are not affected by implied bias preventing the appointment of directors due to their personal circumstances.

In particular, state whether the Appointments and Compensation Committee has established procedures to ensure that selection procedures contain no implicit bias that will encumber the selection of female directors and that female candidates who possess the professional experience required are specifically sought out:

YES

#### Indicate the main procedures

The Appointments and Compensation Committee will report on and propose the appointment of the members of the Board of Directors, whether in the event of co-option or for proposal to the Shareholders' Meeting.

Article 5 of the Board of Directors' Regulations stipulates that "the persons proposed by the Board for appointment or reappointment as Directors will be persons of renowned prestige who have adequate experience and professional knowledge to discharge their duties and who give a commitment to performing the tasks of the Board with sufficient dedication."

**B.1.28. Indicate whether there are any formal procedures for granting proxies to vote at Board meetings. If so, give a brief description.**

Article 44 of the Corporate Bylaws provides that "proxies must be granted in writing specifically for each Board Meeting. No Director may hold more than three proxies, with the exception of the Chairman, to whom this restriction shall not apply, although he may not represent the majority of the Board."

Also, article 11 of the Board Regulations provides that "each Director may appoint another member of the Board to represent him in accordance with the provisions of the Company's Bylaws."

**B.1.29 State the number of meetings the Board of Directors held in the year. Indicate the number of times, if any, on which the Board met in the absence of its Chairman:**

Number of Board meetings	27
Number of Board meetings held in the absence of the Chairman	0

Indicate the number of Board committee meetings held over the year:

Number of Executive or Delegated Committee meetings	33
Number of Audit and Compliance Committee meetings	8
Number of Appointments and Compensation Committee meetings	8
Number of Appointment Committee meetings	0
Number of Compensation Committee meetings	0

1. B.1.30. State the number of meetings the Board of Directors held in the year without all members in attendance. In the calculation, representations exercised without specific instructions shall be treated as non-attendance:
2. B.1.31. Indicate whether the individual and consolidated financial statements submitted for approval by the Board are certified previously:

Number of instances of non-attendance in the year	12
Number of instances of non-attendance in the year as % of total votes	3.727

YES

Indicate, as appropriate, who certified the Company's individual and consolidated financial statements, for formal preparation by the Board:

Name	Office
JUAN GALLARDO CRUCES	GENERAL MANAGER FOR FINANCE
RAFAEL MIRANDA ROBREDO O	CHIEF EXECUTIVE OFFICER

**B.1.32. Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements prepared by it from being submitted at the Shareholders' Meeting with a qualified auditors' report:**

There are no special procedures in this respect, although pursuant to the mercantile legislation currently in force and with a view to having them approved at the corresponding General Shareholders' Meeting, the Directors define the accounting policies and establish the systems of control required to prepare the individual and consolidated financial statements so that they present a true and fair view of the net worth, financial position, results of operations and the funds obtained and applied by the Consolidated Group.

Also, to check for differences between the methods referred to above and the policies followed, the external auditors verify the financial statements and are apprised regularly of the controls and procedures defined by the Company and its subsidiaries; they perform their work with full independence; they have access to the Audit and Compliance Committee in order to set forth their conclusions and recommendations, and to the minutes of the meetings of the Board of Directors, Executive Committee, Audit and Compliance Committee and Appointments and Compensation Committee.

Furthermore, for the past 18 years the external auditors have expressed an unqualified opinion in their audit reports for the



related consolidated financial statements.

**B.1.33. Is the Board Secretary a Director?**

NO

**B.1.34** Explain the procedure for the appointment and dismissal of the Board Secretary, stating whether his/her appointment and dismissal are the subject of a prior report from the Appointments Committee and approved by the Board in full session.

**Procedure for appointment and dismissal**

Article 38 of the Board of Directors' Regulations stipulates that the Board will, at the Chairman's proposal, appoint a Secretary.

<b>Does the Appointments Committee propose appointments?</b>	YES
<b>Does the Appointments Committee advise on dismissals?</b>	YES

<b>Do appointments have to be approved by the Board in full session?</b>	YES
<b>Do dismissals have to be approved by the Board in full session?</b>	YES

**Is the Board Secretary given responsibility for specifically monitoring compliance with the good governance recommendations?**

YES

**Comments**

Article 38 of the Board of Director's Regulations stipulates that the Secretary must "ensure observance of corporate governance principles and rules and the provisions of the Corporate Bylaws and Regulations".

**B.1.35. Indicate the mechanisms, if any, established by the Company to preserve the independence of the auditors, financial analysts, investment banks, and rating agencies:**

Pursuant to Article 51 of the Corporate Bylaws, the Audit and Compliance Committee is responsible for ensuring good corporate governance and transparency in all the actions of the Company in the economic/financial and external audit area and in the compliance and internal audit area. To achieve this, it is entrusted with the function of liaising with the external auditors to receive information on any matters that might jeopardise their independence and any other matters relating to the process of auditing the financial statements, as well as any other communications established in audit legislation and in technical audit standards.

There are no relationships other than those arising from professional dealings with financial analysts, investment banks and

rating agencies.

**B.1.36** State whether the company changed its external auditor in the year. If so, give the names of the outgoing and incoming auditors:

NO

Outgoing auditor	Incoming auditor

If there were disagreements with the outgoing auditor, give details of the disagreements:

NO

- B.1.37.** Indicate whether the audit firm performs other non-audit work for the Company and/or its Group, and if so, state the amount of fees received for such work and the percentage they represent out of the fees billed to the Company and/or its Group:
- B.1.38** State whether the auditor's report to the previous year's financial statements contained any provisos or qualifications. If so, detail the reasons given by the Chairman of the Audit Committee to explain the content and scope of these provisos or qualifications.

YES

	Company	Group	Total
<b>Amount of other non-audit work (thousand euros)</b>	1.464	1.103	2.567
<b>Amount from non-audit services/ total amount billed by the audit firm (%)</b>	17,330	13,250	15,300

NO

- B.1.39.** Indicate the number of years which the current audit firm has been uninterruptedly auditing the financial statements of the Company and/or the Group. Also indicate the number of years audited by the current audit firm as a percentage of the total number of years during which the financial statements have been audited:
- B.1.40.** Indicate any holdings, disclosed to the Company, owned by the members of the Company's Board of Directors in the capital of entities engaging in a business of a kind identical, similar or complementary to the business constituting the corporate purpose of the Company or of its Group. Also, indicate the offices they hold

	Company	Group

Number of uninterrupted years	27	20
	<b>Company</b>	<b>Group</b>
Number of years audited by current firm/number of years during which the Company has been audited (%)	100,0	100,0

or the functions they perform at these companies: B.1.41. Indicate whether there is a procedure for Directors to be able to receive outside counselling services, and if so, give details:

Name or Corporate Name of Director	Name of Investee	% Holding	Office / Functions
RAFAEL MIRANDA ROBREDO	ENAGAS. S.A.	0,000	NONE

YES

Details of Procedure
<p>The right to counsel and information is regulated by article 31 of the Board of Directors' Regulations: "The Directors will, whenever the performance of their functions so requires, have access to all the Company's services and may request such information and counselling as they may require on any matter. The right to information extends to investees and the request will be made by the Chairman through the Board Secretary.</p> <p>The Directors will, by majority, also have the power to propose to the Board the engagement, at the Company's expense, of such legal, accounting, technical, financial, commercial or other advisers as they consider necessary in order to be aided in the discharge of their duties where it concerns specific problems of a certain importance and complexity related to the performance of their work.</p> <p>The above proposal must be notified to the Company Chairman through the Board Secretary and will be conveyed by the Chief Executive Officer. The Board may refuse to approve financing for the counselling services referred to in the preceding section on the grounds that they are not necessary for the performance of the functions entrusted, that their amount is disproportionate to the importance of the problem, or if it considers that such technical assistance could be adequately provided by Company personnel."</p>

B.1.42. Indicate whether there is a procedure for the Directors to be able to receive the necessary information to prepare for meetings of the managing bodies sufficiently in advance, and if so, give details:

YES

Details of Procedure
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Article 41 of the Corporate Bylaws stipulates that: "a Director must by virtue of his/her office: request the necessary information and properly prepare for meetings of the Board and of the corporate bodies to which he/she belongs." In conformity with the foregoing, the Company's services furnish the Directors with information for a meeting seven days in advance, where possible, but in any case 48 hours beforehand.

B.1.43 State whether the company has established rules requiring Directors to report and, if applicable, resign in situations that could compromise the credit rating and reputation of the company:

YES

Details of the rules
<p>Article 26 of the Board of Directors' Regulations stipulates that Directors will vacate their office when the term for which they were appointed has expired, as well as in all other applicable cases in accordance with the Law, the Corporate Bylaws and these Regulations.</p> <p>The Directors must tender their resignations to the Board and duly resign formally when they become subject to any legally established case of incompatibility or prohibition, or when, following a report from the Appointments and Compensation Committee, the Board resolves that the Director in question is in gross breach of obligation.</p>

B.1.44 Indicate whether any member of the Board of Directors has informed the company that he/she has been indicted or has had an order to initiate trial proceedings issued against him/her for an offence specified under article 124 of the LSA:

NO

State whether the Board of Directors examined the case. If so, detail the rationale behind the decision taken on whether or not the Director should remain in his/her position.

NO

Decision taken	Explanation of rationale

B.2 Board of Directors' Committees

B.2.1 List all Board Committees and their members:

APPOINTMENTS AND COMPENSATION COMMITTEE

Name	Position	Type of Director
FERNANDO DORNELLAS SILVA	CHAIRMAN	INDEPENDENT
ANDREA BRENTAN	MEMBER	PROPRIETARY
BORJA PRADO EULATE	MEMBER	OTHER EXTERNAL DIRECTOR
CARMEN BECERRIL MARTÍNEZ	MEMBER	PROPRIETARY

### EXECUTIVE OR DELEGATED COMMITTEE

Name	Position	Type of Director
JOSÉ MANUEL ENTRECANALES DOMEQ	CHAIRMAN	EXECUTIVE DIRECTORS

Name	Position	Type of Director
ANDREA BRENTAN	MEMBER	PROPRIETARY
ESTEBAN MORRAS ANDRÉS	MEMBER	EXECUTIVE DIRECTORS
LUIGI FERRARIS	MEMBER	PROPRIETARY
RAFAEL MIRANDA ROBREDO	MEMBER	EXECUTIVE DIRECTORS
VALENTÍN MONTOYA MOYA	MEMBER	PROPRIETARY

### AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Type of Director
BORJA PRADO EULATE	CHAIRMAN	OTHER EXTERNAL DIRECTOR
ANDREA BRENTAN	MEMBER	PROPRIETARY
FERNANDO DORNELLAS SILVA	MEMBER	INDEPENDENT
VALENTÍN MONTOYA MOYA	MEMBER	PROPRIETARY

### INDUSTRIAL PLANNING, STRATEGY AND SYNERGIES COMMITTEE

Name	Position	Type of Director
ANDREA BRENTAN	MEMBER	PROPRIETARY

CARMEN BECERRIL MARTÍNEZ	MEMBER	PROPRIETARY
ESTEBAN MORRAS ANDRÉS	MEMBER	EXECUTIVE DIRECTORS
LUIGI FERRARIS	MEMBER	PROPRIETARY
RAFAEL MIRANDA ROBREDO	MEMBER	EXECUTIVE DIRECTORS
VALENTÍN MONTOYA MOYA	MEMBER	PROPRIETARY

### FINANCIAL AND INVESTMENT COMMITTEE

Name	Position	Type of Director
ANDREA BRENTAN	MEMBER	PROPRIETARY
CARMEN BECERRIL MARTÍNEZ	MEMBER	PROPRIETARY
CLAUDIO MACHETTI	MEMBER	PROPRIETARY

Name	Position	Type of Director
ESTEBAN MORRAS ANDRÉS	MEMBER	EXECUTIVE DIRECTORS
LUIGI FERRARIS	MEMBER	PROPRIETARY
VALENTÍN MONTOYA MOYA	MEMBER	PROPRIETARY

B.2.2 Indicate whether the Audit Committee performs the following functions.

Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.	YES
Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.	YES
Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its report.	YES
Establish and supervise a mechanism whereby staff can report, confidentially and where appropriate anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.	YES

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Make recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement.	YES
Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations.	YES
Monitor the independence of the external auditor.	YES
In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.	YES

B.2.3. Describe the rules of organisation and functioning, and the responsibilities attributed to each of the Board committees:

#### Name of Committee

APPOINTMENTS AND COMPENSATION COMMITTEE

#### Brief Description

Article 15 of the Board of Directors' Regulations regulates the Appointments and Compensation Committee:

15.1. The Appointments and Compensation Committee will be composed of at least four and no more than six members of the Board of Directors, designated by the affirmative vote of the majority of the Board itself. A majority of the members of the Committee must be Directors whose relationship with the Company is confined to their membership of the Board.

15.2. The Chairman of the Appointments and Compensation Committee will be designated by the Board of Directors from among the members whose relationship with the Company is confined to their membership of the Board, by the affirmative vote of the majority of the Board itself. The Chairman must be substituted every four years, and may be reappointed one year after vacating office.

In the Chairman's absence, the Committee Member designated provisionally by the Board of Directors will act as substitute and, failing this, the oldest Committee member.

15.3. The Appointments and Compensation Committee will meet as often as called by its Chairman, whenever so decided by the majority of its members, or at the request of the Board of Directors. Committee meetings will take place at the Company's registered office or at any other venue as may be determined by the Chairman and stated in the call notice.

The Committee will be validly convened when the majority of its members attend.

1. 15.4. Resolutions must be adopted by the affirmative vote of the majority of the Directors attending the meeting. In the event of a tie, the Chairman, or Acting Chairman, will have the casting vote.
2. 15.5. The Secretary of the Board of Directors will be the Secretary of the Committee and will draw up minutes of the resolutions adopted, on which he/she will report to the Board.
3. 15.6. The Appointments and Compensation Committee will be entrusted with, among other functions, the functions of reporting on and proposing the appointment of the members of the Board of Directors, whether in the event of co-option or for proposal to the General Shareholders' Meeting. It will also report on their compensation.

The Committee will also be entrusted with the following functions:

- To report to the Board of Directors on ENDESA Senior Management appointments (at present, tiers I to III), and on Chief Executive appointments at Enersis, Chilectra and Endesa Chile.

- To approve the compensation of the members of Senior Management in the terms defined in the preceding section.

- To decide on the adoption of compensation arrangements for Senior Management that take into account the Company's earnings. Also, it must ascertain and assess the Company's policy on executives, particularly in the areas of training, promotion and recruitment.

- To determine the specific rules on relationships between the Chairman and the Chief Executive Officer, and the Company.

- To prepare and approve the Charter Governing Senior Management.

These functions will be deemed to be without limitation and without prejudice to such other functions as may be entrusted to the Committee by the Board of Directors. The Board may require the Committee to prepare reports on matters falling specifically within its jurisdiction.

#### Name of Committee

EXECUTIVE OR DELEGATED COMMITTEE

#### Brief Description

Article 13 of the Board of Directors' Regulations regulates the Executive Committee:

13.1. The Executive Committee will be composed of at least five and not more than seven Directors, including the Chairman and the Chief Executive Officer. It will meet at least once a month.

The Chairman of the Board of Directors will chair Executive Committee Meetings and the Board Secretary will act as meeting Secretary. The rules on substituting these officers are as stipulated for the Board of Directors.

13.2. The Executive Committee has the following powers:

- a. To adopt resolutions pursuant to the powers delegated to it by the Board.
- b. To perform functions relating to overseeing the management of the Company.
- c. To study and propose the guidelines that must define the business strategy, and supervise its implementation, with particular attention to activities in the international and diversification areas.
- d. To debate and report, for referral to the Board, on issues relating to the following matters, whether or not they have been delegated by the Board:

- Budgets of the Company with a detail of the projections for each line of business and monitoring of economic management, budgetary deviations and proposed corrective measures.

- Tangible or financial investments and alliances or agreements which are relevant for the Company.

- Financial transactions of economic importance and medium-term action plans.

- Assessment of the extent to which the various operating units of the Company are meeting their objectives.

1. 13.3. The appointment of the members of the Executive Committee will require the affirmative vote of at least two-thirds of the members of the Board.
2. 13.4. Resolutions of the Executive Committee on matters for which it has been delegated powers by the Board must be implemented as soon as they have been adopted. However, in cases where, in the opinion of the Chairman or of the majority of the members of the Executive Committee, the importance of the matter so advises, the resolutions of the Executive Committee will be submitted for subsequent ratification by the Board.
3. 13.5. The Secretary of the Executive Committee, who will be the Secretary of the Board, will draw up minutes of the resolutions adopted, and apprise the Board of them in conformity with the provisions of the Corporate Bylaws.

**Name of Committee**

AUDIT AND COMPLIANCE COMMITTEE

**Brief Description**

Article 14 of the Board of Directors' Regulations regulates the Audit and Compliance Committee:

1. 14.1. The Audit and Compliance Committee will be composed of at four and not more than six members of the Board of Directors, designated by the affirmative vote of the majority of the Board itself. A majority of the members of the Committee must be Directors whose relationship with the Company is confined to their membership of the Board.

2. 14.2. The Chairman of the Audit and Compliance Committee will be designated by the Board of Directors from among the members whose relationship with the Company is confined to their membership of the Board, by the affirmative vote of the majority of the Board itself. The Chairman must be substituted every four years, and may be reappointed one year after vacating office.

In the Chairman's absence, the Committee member designated provisionally by the Board of Directors will stand in, and, failing this, the oldest Committee member.

14.3. The Audit and Compliance Committee will meet as often as called by its Chairman, whenever so decided by the majority of its members or at the request of the Board of Directors. Committee meetings will take place at the Company's registered office or at any other venue as may be determined by the Chairman and stated in the call notice.

The Committee will be validly convened when the majority of its members attend.

1. 14.4. Resolutions must be adopted by the affirmative vote of the majority of the Directors attending the meeting. In the event of a tie, the Chairman, or Acting Chairman, will have the casting vote.

2. 14.5. The Secretary of the Board of Directors will be the Secretary of the Committee and will draw up minutes of the resolutions adopted, on which he/she will report to the Board.

3. 14.6. The main function of this Committee will be to ensure good corporate governance and transparency in all the actions of the Company in the economic/financial and external audit area and in the compliance and internal audit area, and the Committee will in any case be entrusted with the following functions:

.a. To report to the General Shareholders' Meeting on the issues raised at the meeting by shareholders in matters falling within its jurisdiction.

.b. To propose to the Board of Directors for submission to the General Shareholders' Meeting the appointment of the external auditors, in conformity with Article 57 of the Corporate Bylaws.

.c. To oversee the internal audit service, should such a body exist within the business organisation.

.d. To be apprised of the financial reporting process and of the Company's reporting and internal control systems.

.e. To liaise with the external auditors on receiving information on issues that may jeopardise their independence and on any other audit-related issues, as well as other communications provided for in audit legislation and in technical auditing standards.

These functions will be deemed to be without limitation and without prejudice to such other functions as may be entrusted to the Committee by the Board of Directors.

**Name of Committee**

INDUSTRIAL PLANNING, STRATEGY AND SYNERGIES COMMITTEE

**Brief Description**

Under article 17 of the Corporate Bylaws, at its meeting of 14 November 2007, the Board of Directors resolved to set up an Industrial Planning, Strategy and Synergies committee. The purpose of this committee will be to report to the Board of Directors and prepare its tasks, although it will not be delegated any decision-making powers by the Board.

Its main objective is to determine the Company's strategy, co-ordinate its industrial plan and analyse all existing synergies.

**Name of Committee**

FINANCIAL AND INVESTMENT COMMITTEE

**Brief Description**

Under article 17 of the Corporate Bylaws, at its meeting of 14 November 2007, the Board of Directors resolved to set up a Financial and Investment committee. The purpose of this committee will be to report to the Board of Directors and prepare its tasks, although it will not be delegated any decision-making powers by the Board.

Its main functions are:

To draw up shareholders' reports.

Receive and analyse ENDESA's results on a monthly basis.

Review the annual budget.

Analyse possible large investments, acquisitions or supply purchases.

B.2.4. Indicate, as appropriate, the advisory and consultative powers and any delegated authority held by each of the committees:

**Name of Committee**

APPOINTMENTS AND COMPENSATION COMMITTEE

**Brief Description**

POWER TO ADVISE, PROPOSE, REPORT AND APPROVE.

**Name of Committee**

EXECUTIVE OR DELEGATED COMMITTEE

**Brief Description**

DELEGATION BY THE BOARD OF DIRECTORS

**Name of Committee**

AUDIT AND COMPLIANCE COMMITTEE

**Brief Description**

POWER TO ADVISE, PROPOSE, REPORT, OVERSEE AND APPROVE.

**Name of Committee**

INDUSTRIAL PLANNING, STRATEGY AND SYNERGIES COMMITTEE

**Brief Description**

POWER TO ADVISE

**Name of Committee**

FINANCIAL AND INVESTMENT COMMITTEE

**Brief Description**

POWER TO ADVISE.

B.2.5. Indicate, as appropriate, whether there are any regulations for the Board committees, if so the place where they can be consulted, and whether any amendments have been made during the year. Also indicate whether any annual report on the activities of each committee has been prepared voluntarily:

**Name of Committee**

APPOINTMENTS AND COMPENSATION COMMITTEE

**Brief Description**

The Appointments and Compensation Committee is regulated by the Company's Corporate Bylaws and the Board of Directors' Regulation and was not amended in 2007. These documents are available on the corporate website at [www.endesa.es](http://www.endesa.es). The Appointments and Compensation Committee has drawn up an annual report on the policy regarding Directors' remuneration.

**Name of Committee**

EXECUTIVE OR DELEGATED COMMITTEE

**Brief Description**

The Appointments and Compensation Committee is regulated by the Company's Corporate Bylaws and the Board of Directors' Regulation and was not amended in 2007. These documents are available on the corporate website at [www.endesa.es](http://www.endesa.es).

**Name of Committee**

AUDIT AND COMPLIANCE COMMITTEE

**Brief Description**

The Audit and Compliance Committee is regulated by the Company's Bylaws and the Board of Directors' Regulation and was not amended in 2007. These documents are available on the corporate website at [www.endesa.es](http://www.endesa.es). The Audit and Compliance Committee has prepared a report on its activities the year ended 31 December 2006.

B.2.6. Indicate whether the composition of the executive committee reflects the participation of the various directors on the Board according to their status:

NO

**If "no," explain the composition of the executive committee**

The Board comprises 50% proprietary directors, 30% proprietary executives, 10% independent directors and 10% other external directors. There are currently six members of the Executive Committee, 50% are proprietary directors and 50% executive proprietary directors. The independent director and other external director do not form part of the Executive Committee which is why this committee's structure is not exactly the same as the Board's.

## C - RELATED-PARTY TRANSACTIONS

C.1 Indicate whether responsibility for approving transactions made by the company with Directors, significant shareholders or shareholders represented on the Board, or with persons related to Directors or shareholders, is reserved for the Board in full session:

NO

1. C.2 Give details of material transactions entailing a transfer of funds or obligations between the Company or entities of its group and the significant Shareholders of the Company:
2. C.3 Give details of material transactions entailing a transfer of funds or obligations between the Company or entities of its group and the Company's Directors or executives:
3. C.4 Give details of material transactions by the Company with other companies of the same Group, where such transactions are not eliminated in the process of preparing the consolidated financial statements and do not fall within the course of the Company's ordinary business, as regards their subject-matter or terms and conditions:
4. C.5 State whether, in the course of 2007, the members of the Board of Directors encountered any situations of conflict of interest, as defined in article 127 of the Spanish Companies Act.

Name or Corporate Name of Significant Shareholder	Name or Corporate Name of Company or Group Company	Nature of Relationship	Type of Transaction	Amount (thousands of euros)
ENEL, S.P.A.	ENDESA DISTRIBUCIÓN ELÉCTRICA	Contractual	Services	11.698
ENEL, S.P.A.	ENDESA DISTRIBUCIÓN ELÉCTRICA	Contractual	Services	1.696
ENEL, S.P.A.	ENDESA ENERGÍA, S.A.	Contractual	Sale of assets (finished or in progress)	5.256

Name or Corporate Name of Significant Shareholder	Name or Corporate Name of Company or Group Company	Nature of Relationship	Type of Transaction	Amount (thousands of euros)
ENEL, S.P.A.	ENDESA EUROPA, S.L.	Contractual	Sale of assets (finished or in progress)	5.309
ENEL, S.P.A.	ENDESA EUROPA, S.L.	Contractual	Services	2.072
ENEL, S.P.A.	ENDESA EUROPA, S.L.	Contractual	Other revenues	2.807
ENEL, S.P.A.	ENDESA EUROPA, S.L.	Contractual	Sale of assets (finished or in progress)	1.684
ENEL, S.P.A.	ENDESA EUROPA, S.L.	Contractual	Sale of assets (finished or in progress)	4.954
ENEL, S.P.A.	ENDESA EUROPA, S.L.	Contractual	Purchase of assets (finished or in progress)	1.753



ENEL, S.P.A.	ENDESA EUROPA, S.L.	Contractual	Sale of assets (finished or in progress)	36.103
ENEL, S.P.A.	ENDESA EUROPA, S.L.	Contractual	Sale of assets (finished or in progress)	2.780
ENEL, S.P.A.	ENDESA EUROPA, S.L.	Contractual	Sale of assets (finished or in progress)	3.550
ENEL, S.P.A.	ENDESA EUROPA, S.L.	Contractual	Purchase of assets (finished or in progress)	5.627
ENEL, S.P.A.	ENDESA EUROPA, S.L.	Contractual	Purchase of assets (finished or in progress)	2.759
ENEL, S.P.A.	ENDESA GENERACIÓN, S.A.	Contractual	Sale of assets (finished or in progress)	25.392
ENEL, S.P.A.	ENDESA GENERACIÓN, S.A.	Contractual	Services	9
ENEL, S.P.A.	ENDESA GENERACIÓN, S.A.	Contractual	Sale of assets	7.902

Name or Corporate Name of Significant Shareholder	Name or Corporate Name of Company or Group Company	Nature of Relationship	Type of Transaction	Amount (thousands of euros)
	S.A.		(finished or in progress)	
ENEL, S.P.A.	ENDESA GENERACIÓN, S.A.	Contractual	Sale of assets (finished or in progress)	38.559
ENEL, S.P.A.	ENDESA GENERACIÓN, S.A.	Contractual	Sale of assets (finished or in progress)	6.369
ENEL, S.P.A.	ENDESA INTERNACIONAL, S.A.	Contractual	Purchase of assets (finished or in progress)	8.300

ENEL, S.P.A.	ENDESA INTERNACIONAL, S.A.	Contractual	Services	10
ENEL, S.P.A.	ENDESA, S.A.	Contractual	Sale of assets (finished or in progress)	8.673
ENEL, S.P.A.	ENDESA, S.A.	Contractual	Purchase of assets (finished or in progress)	9
ENEL, S.P.A.	ENDESA, S.A.	Contractual	Sale of assets (finished or in progress)	5.754
ENTRECANALES GROUP	ENDESA DISTRIBUCIÓN ELÉCTRICA	Contractual	Services	2.071
ENTRECANALES GROUP	ENDESA DISTRIBUCIÓN ELÉCTRICA	Contractual	Services	10.773
ENTRECANALES GROUP	ENDESA DISTRIBUCIÓN ELÉCTRICA	Contractual	Services	1.128
ENTRECANALES GROUP	ENDESA DISTRIBUCIÓN ELÉCTRICA	Contractual	Services	2.703
ENTRECANALES GROUP	ENDESA DISTRIBUCIÓN ELÉCTRICA	Contractual	Services	3.868
ENTRECANALES GROUP	ENDESA DISTRIBUCIÓN ELÉCTRICA	Contractual	Services	4.626
ENTRECANALES GROUP	ENDESA DISTRIBUCIÓN ELÉCTRICA	Contractual	Services	1.872

Name or Corporate Name of Significant Shareholder	Name or Corporate Name of Company or Group Company	Nature of Relationship	Type of Transaction	Amount (thousands of euros)
ENTRECANALES GROUP	ENDESA ENERGÍA, S.A.	Contractual	Services	15
ENTRECANALES GROUP	ENDESA ENERGÍA, S.A.	Contractual	Sale of assets (finished or in progress)	14.166
ENTRECANALES GROUP	ENDESA ENERGÍA, S.A.	Contractual	Other revenues	11

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ENTRECANALES GROUP	ENDESA EUROPA, S.L.	Contractual	Management or co—operation agreement	60.000
ENTRECANALES GROUP	ENDESA GENERACIÓN, S.A.	Contractual	Services	20
ENTRECANALES GROUP	ENDESA GENERACIÓN, S.A.	Contractual	Services	4
ENTRECANALES GROUP	ENDESA GENERACIÓN, S.A.	Contractual	Services	335
ENTRECANALES GROUP	ENDESA GENERACIÓN, S.A.	Contractual	Services	22
ENTRECANALES GROUP	ENDESA GENERACIÓN, S.A.	Contractual	Services	2
ENTRECANALES GROUP	ENDESA GENERACIÓN, S.A.	Contractual	Acquisition of tangible, intangible or other assets	63.712
ENTRECANALES GROUP	ENDESA GENERACIÓN, S.A.	Contractual	Services	49
ENTRECANALES GROUP	ENDESA INTERNACIONAL, S.A.	Contractual	Services	11.269
ENTRECANALES GROUP	ENDESA SERVICIOS, S.L.	Contractual	Purchase of assets (finished or in progress)	22.626
ENTRECANALES GROUP	ENDESA SERVICIOS, S.L.	Contractual	Services	68.386
CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID	ENDESA CHILE, S.A.	Contractual	Financial expenses	164

Name or Corporate Name of Significant Shareholder	Name or Corporate Name of Company or Group Company	Nature of Relationship	Type of Transaction	Amount (thousands of euros)
CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID	ENDESA ENERGÍA, S.A.	Contractual	Sale of assets (finished or in progress)	8.595

CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID	ENDESA ENERGÍA, S.A.	Contractual	Services	6
CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID	ENDESA, S.A.	Contractual	Financial expenses	19.028
CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID	ENDESA, S.A.	Contractual	Financial revenues	15.497
CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID	ENDESA, S.A.	Contractual	Guarantees and deposits received	81.910
CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID	ENERGÍAS DE LA MANCHA, S.A.	Contractual	Financial expenses	62
CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID	ENERSIS, S.A.	Contractual	Financial expenses	1.311
CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID	GAS ARAGON, S.A.	Contractual	Financial expenses	192
CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID	INTERNATIONAL ENDESA B.V.	Contractual	Financial revenues	20.510
CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID	INTERNATIONAL ENDESA B.V.	Contractual	Financial expenses	21.143

NO

C.6. Give details of the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the Company and/or its Group and its Directors, executives or significant Shareholders:

Article 30 of the Board of Directors' Regulations stipulates that:

Directors may not use the Company's name or rely on their status as Directors of the Company to engage in transactions on their own account or on that of persons related to them.

No Director may, on their own account or for that of persons related to them, make an investment or engage in any

transaction relating to the Company's assets that has come to his attention by reason of his office, where that investment or transaction would have been offered to the Company or the Company would have been interested in it, provided that the Company has not rejected the investment or transaction without the influence of the Director..

Directors must disclose to the Board of Directors any direct or indirect conflict of interest between themselves and the Company. In the event of a conflict of interest, the Director in question will refrain from involvement in the transaction to which the conflict of interest relates.

In any event, information on any conflicts of interest affecting Company Directors will be provided in the annual report on corporate governance.

Directors must disclose any interest held by them in the capital of a company engaging in an activity of a type identical, analogous or complementary to that constituting the corporate purpose, as well as any offices held or functions performed by them at such company, as well as the pursuit, on their own account or on behalf of a third party, an activity of a type identical, analogous or complementary to that constituting the corporate purpose.. This information will be included in the report.

Article 27 of the same regulations governing Directors' duties stipulates that:

It is the duty of all Directors to contribute to the role of the Board to promote and oversee the management of the Company. In performing their functions, they will act faithfully in the corporate interest, and with loyalty and due diligence. Their conduct must be guided solely by the corporate interest, interpreted with full independence, and they will ensure at all the times that the interests of the shareholders as a whole, from whom their authority originates and to whom they are accountable, are best defended and protected.

A Director must, by virtue of his office, disclose transactions by family members and by companies related, by ownership, to the Director if such transactions are material to the management of the Company.

Article 29 regarding the use of information and corporate assets, stipulates that:

Directors may not use for private purposes non-public information related to the Company, unless there is no detriment to the Company, or if the information is irrelevant for transactions to buy or sell securities of the Company.. In any event, the rules of conduct established by legislation and by the Company's Internal Regulations on Conduct in Securities Markets must be observed.

No Director may personally use the assets of the Company or use his position in the Company to obtain a financial advantage unless a sufficient consideration is paid. If the Director has dispensation from the obligation to pay such consideration, the financial advantage thus obtained will be treated as indirect compensation and must be authorised by the Appointments and Compensation Committee.

Finally, the Code of Conduct in Stock Markets regarding conflicts of interest states that:

Persons subject to these Regulations (Directors, Senior Management, employees, external advisors) must inform the General Secretary of any conflict of interest that may arise in connection with the ownership of personal or family property or with any cause that interferes with the pursuit of the activities subject to these Regulations.

Should there be any doubt over the existence of a conflict of interest, the persons subject to these Regulations must consult the General Secretary who will rule on it in writing. The General Secretary may refer the matter to the Audit and Compliance Committee if he sees fit due to its importance or difficulty.

If the person affected by the potential conflict of interest is a member of the Audit and Compliance Committee or the Chief Executive Officer, the Committee will rule on its existence or absence. If the person affected is the General

Secretary, he must communicate to the Chief Executive Officer the potential conflict of interest so that the latter rule on its existence or, as the case may be, refer the matter to the Audit and Compliance Committee.

#### C.7 Is more than one company of the Group listed for trading in Spain?

NO

List the subsidiaries that are listed for trading in Spain:

## D. RISK CONTROL SYSTEMS

### D.1. General description of the risk policy of the Company and/or its Group, giving details of and evaluating the risks covered by the system, together with evidence that the system is appropriate for the profile of each type of risk:

The main principles defined by the ENDESA Group when establishing its policy for the management of the principal risks

are as follows:

- Comply with principles of good corporate governance
- Comply strictly with all ENDEDA's rules.
- Each business and corporate area defines:

- The markets and product lines in which it can operate on the basis of its know-how and capabilities

to ensure effective risk management.

- Criteria concerning counterparties.
- The authorised operators.

The businesses and corporate areas establish for each market in which they operate the level of risk that they are prepared to assume on a basis that is consistent with the strategy defined. The limits of the businesses and corporate areas are approved by their respective Risk Committees or, should they not have one, by the ENDESA Risk Committee. All the businesses and corporate areas must conduct their business within the limits approved in each case. The businesses, corporate areas, lines of business and companies establish the risk management controls required to ensure that the transactions are performed in the markets in accordance with the policies, principles and procedures of ENDESA. ENDESA's businesses expose it to a series of risks, grouped as follows:

Business risk: risk inherent to each specific industry (e.g. uncertainty regarding demand and rainfall), including regulatory risk (uncertainty regarding changes in legislation).

Market risk: risk of financial profit or loss caused by exposure to fluctuations in market prices. The main risks are:

- commodity risk, or risk that commodity prices (e.g. fuels, electricity, emission rights) will change
- interest rate risk or risk that interest rates will change.
- foreign currency risk, or risk that foreign exchange rates will change.

Credit risk: the risk of loss due to a debtor's non-payment, or more generally, risk related to uncertainties surrounding

a debtor's ability or willingness to meet its obligations (contractual disputes and arbitrage are normally considered operational risk).

Operational risk: risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

ENDESA's Risk Control System, in which global risk is defined as the risk resulting from the consolidation of all the risks to which ENDESA is exposed (market, credit, operating, and business risks) having regard to the effects of mitigating the various exposures to and categories of risk, makes it possible to consolidate and evaluate the risk exposure of all the business units and areas of the Company, as well as prepare the corresponding management information for making decisions on risk and the adequate use of capital.

The risk control process is the result of a model based, on the one hand, on the ongoing analysis of the risk profile, on the best practices prevailing in the energy industry or as benchmarks in risk management, on uniform measurement standards, on the separation between risk managers and controllers, and on the other hand, on ensuring the connection between the risk borne and the resources necessary to operate the businesses and on optimising the risk/return ratio of the businesses.

The risk control and management cycle is the set of activities related to the identification, measurement, control and management of the different risks incurred by the businesses and corporate areas aimed at providing adequate risk control and management.

Identification. The objective of risk identification of the ENDESA Group is to maintain a prioritised and up-to-date repository of all risks borne by the corporation for coordinated and efficient involvement at all levels of the Company. This process entails the following tasks:

- Ongoing detection of new significant risks/opportunities assumed by the Corporation.
- Inclusion and regular update of the characteristics/descriptions of the risks detected.
- Preliminary quantification of the risks identified.
- Prioritisation of risks based on a defined set of classification criteria by relative importance.
- Addition of the data obtained to the Endesa Group risk map included in the corporate reporting scheme. .

Measurement. The objective of risk management at the Endesa Group is to obtain a global rating of risk exposure by the Corporation, including all the Group's positions. Depending on the scope of the decision-making, the following parameters will be used: Economic Capital, Value at Risk, EBITDA at Risk, Margin at risk. To achieve this objective, the following steps are taken.

- Obtain timely, unique, consistent and reliable data on positions and risk factors.
- Model positions and risk factors consistently.
- Obtain parameters that encompass all the risks of the ENDESA Group.
- Obtain supplementary parameters to understand the structure of the risk borne by the ENDESA Group.
- Include data obtained from the measurement process in the corporate risk reporting scheme. . Control. The aim of risk control is to guarantee the appropriate level of risk is borne by ENDESA as a whole and by each business and corporate area individually. To achieve this objective, the following steps are taken.

-Define quantitative benchmarks (limits) that reflect ENDESA's strategy and the risk tolerance established by Senior Management.

-Monitor the established limits.

-Identify and consider potential breaches of established limits.

-Establish the actions, procedures and information flows required to allow for the temporary revision of the limit structure to leverage specific opportunities that arise in each business. . Management. The objective of risk management is to carry out the actions aimed at matching the levels of risk assumed at each level in the Company to the establish level of risk tolerance. Risk management is conducted throughout the Company, with each business and/or corporate area in charge of its scope of responsibility: tolerate (retain), address (mitigate), terminate (eliminate), transfer (take out insurance).

D.2 Indicate whether any of the various types of risks that affect the Company and/or its Group (operational, technological, financial legal, reputational, tax, etc) have materialised in the year:

YES

If so, detail the circumstances responsible for their occurrence and whether the control systems established worked correctly.

D.3 Indicate whether there are any committees or other governing bodies in charge of establishing and overseeing these control systems.

YES

If so, detail the functions of each.

**Name of the Committee of Body**  
ENDESA RISK COMMISSION  
**Description of functions**

The main functions of the ENDESA Risk Commission are:  
To monitor regularly the level of risk exposure of ENDESA, its businesses and corporate areas and analyse the key risks that could affect its estimates.  
To help the ERC carry out its functions:

-Analyse and draw up recommendations on adapting risk control procedures. -Analyse failure to comply with the Risk Policy and propose actions to the ERC. -Monitor breaches of risk limits and the corrective measures decided by the ERC.  
Regular meetings are held on a monthly basis and extraordinary meetings are held whenever called by the Chairman.

**Name of the Committee of Body**  
AUDIT AND COMPLIANCE COMMITTEE  
**Description of functions**

The Board of Directors is entrusted with the function of approving and overseeing the system for the evaluation and control of risks material to ENDESA and its subsidiaries.

**Name of the Committee of Body**  
ENDESA RISK COMMITTEE  
**Description of functions**

The ENDESA Risk Committee (ERC) reports to the Audit and Compliance Committee. Regular meetings are quarterly, while extraordinary meetings are held whenever called by the Chairman. Its main functions are:

To establish and keep ENDESA's Risk Policy updated, tailoring it to ENDESA's various businesses and corporate areas. - To approve the risk policies of each business and corporate area. - To approve the global risk measurement methods of the ENDESA Group. - To establish global risk limits by business and corporate area. - To resolve conflicts arising in any risk-related issue.

To review periodically ENDESA's level of risk exposure. - To analyse the level of risk exposure of ENDESA, its businesses and corporate areas. - To authorise transactions which, because of their large impact on the level of risk, exceed the limits established by the Risk Committee, passing them over, where appropriate, to the Executive Management Committee of ENDESA. - To give remedial instructions in the event of non-compliance with any issue covered in the Risk Policy or ENDESA's internal

regulations.

Composition of the Risk Committee:

Chairman:  
Chief Executive Officer

Members:

Deputy General Manager in the Chairman's Office  
General Manager - Spain and Portugal  
General Manager - Latin America  
General Manager - Europe  
General Manager - Energy Management  
Senior Deputy Chairman – Legal Advisor  
Corporate Services Director  
General Manager for Finance  
Deputy General Manager for Finance  
Deputy Chairman – Equity and Accounting  
Deputy Chairman Control  
Deputy Chairman – Finance  
Committee Secretariat  
Manager – Risk Control  
Deputy Director Risk Control and Finance

#### Name of the Committee of Body

BUSINESS RISK COMMITTEE

#### Description of functions

There are also Business Risk Committees (Spain and Portugal; Europe; Latin America), which meet periodically to implement and oversee their risk policies, adapting them to the various businesses and companies, and to review the risk exposure of their business.

#### Name of the Committee of Body

FINANCIAL COMMITTEE

#### Description of functions

The Financial Committee meets periodically to approve the interest and foreign exchange risk management policies.

#### D.5. Identification and description of the procedures for compliance with the various regulations affecting the Company and/or its group.

The Company and its subsidiaries conduct business within the framework of various : sets of industry-specific, securities-market, environmental, labour, tax and other regulations in Spain and in other countries where they operate. Therefore, rules, procedures and controls have therefore been established to prevent non-compliance or to promptly rectify any instances of non-compliance. Each of the Company's business or corporate areas is responsible for complying with the regulations applicable to the industry in which it conducts business. However, there are four units with clearly defined responsibilities that ensure compliance with the internal and external regulations affecting ENDESA and its subsidiaries:

Office of the General Secretary and Secretary of the Board of Directors, which sees to it that the activities of the Company's governing bodies are lawful from the formal and substantive standpoints, checks that they are compliant with the Corporate Bylaws and with the provisions made by regulatory bodies, and ensures that the principles and rules of good governance are respected.

Corporate Legal Advisory Department, which is responsible for promoting measures that ensure compliance

by ENDESA and its Group companies with the regulations in force in all applicable respects. To achieve this, internal procedures ensure that the Department participates in all areas of the business where there may be significant legal consequences. The Company also seeks the necessary advice on the regulations affecting it both in Spain and in the other countries in which it has a presence.

Corporate Audit Department, the brief of which is to ensure compliance with internal regulations directly applicable at ENDESA's wholly-owned investees. At ENDESA's other investees, its representatives on the governing and managing bodies encourage the option of these internal rules. The Department is also responsible for coordinating and overseeing the work performed by the external audit firms engaged.

General Finance Department, which oversees and coordinates the financing of the business areas and subsidiaries. Insofar as risk control is concerned, it identifies, evaluates and controls risks, and measures whether the businesses and corporate areas are within the set limits.

## E - SHAREHOLDERS' MEETING

1. E.1 Describe the differences, if any, from the minimum requirement established under the Spanish Public Companies Act (LSA) with regards to the minimum number of attendees required to constitute a quorum at General Meetings.
2. E.2 Describe the differences, if any, from the system established under the LSA for the adoption of corporate resolutions.

NO NO

	Difference in % of quorum as set out in article 102 of the LSA for ordinary circumstances	Difference in % of quorum as set out in article 103 of the LSA for exceptional circumstances
Quorum required for meeting at first call	0	0
Quorum required for meeting at second call	0	0

Describe how they differ from the rules established in the LSA:

#### E.3. List all Shareholders' rights in relation to Shareholders' Meetings other than those established under the LSA.

Neither the Corporate Bylaws, nor the Shareholders' Meeting Regulations confer any rights on the Company's Shareholders different to those established in the LSA and regardless of whether the shares are common, non-voting, redeemable or preferred stock.

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**E.4. Indicate, as appropriate, the measures adopted to encourage participation by Shareholders at Shareholders' Meetings:**

In compliance with the Corporate Bylaws, the Company approved the Shareholders' Meeting Regulations with a view to bolstering Shareholder participation at Shareholders' Meetings by suitably arranging for mechanisms to provide them with information and encouraging them to contribute to the decision-making process at the Company by exercising their rights to participate in debates and to vote.

Where possible, ENDESA operates an active policy aimed at achieving the widest dissemination of call notices for Shareholders' Meetings, while seeking to encourage Shareholder participation through the following measures:

- Widest dissemination of call notices for Shareholders' Meetings by publishing them in the Official Mercantile Gazette (BORME) and various national, regional or local newspapers, and the maximum amount of time between the date of publication of the call notice and the date of holding of the Shareholders' Meeting. This period was 36 and 52 days in 2007 (Annual and Extraordinary Shareholders' Meeting), 32 days in 2006 and 35 days in 2005, so shareholders had ample time to familiarise themselves with the full wording of the resolutions and other supplementary information.
- Increase in the number of usual communication channels between Shareholders and the Company by making available to them an additional mailbox on the website under the "Shareholders' Meeting" section.
- Signing of agreements with financial institutions to encourage shareholder participation at Shareholders' Meetings through financial incentives agreed on with those institutions and based on the quorum achieved, regardless of whether the vote is for or against the resolution in question.
- Engagement of the services of a firm specialising in the identification and analysis of the Shareholder structure and in the preparation and sending of informational documentation and arranging proxies to the Shareholders.
- Live webcast of the General Shareholders' Meeting on the Company website ([www.endesa.es](http://www.endesa.es)).
- For the 2007, 2006 and 2005 General Meetings, voting and proxies by remote means of communication (conventional mail and e-mail).

In short, in recent years ENDESA has been making a constant effort to achieve the largest possible participation of shareholders at Shareholders' Meetings. Accordingly, the quorums for the past four years were as follows:

Year Quorum  
 2004 37.40%  
 2005 66.23%  
 2006 48.26%  
 2007 75.11% (General Shareholders' Meeting)  
 2007 93.57% (Extraordinary General Shareholders' Meeting)

**E.5. Indicate whether the Chairman of the Board of Directors chairs Shareholders' Meetings. Give details, as appropriate, of what measures are adopted to ensure the independence and sound functioning of the Shareholders' Meeting:**

YES

Details of measures
The existence of the Shareholders' Meeting Regulations provided for by the Company in 2003 ensures the independence and sound functioning of the Shareholders' Meeting. Article 1 provides that "pursuant to the legal provisions and the Company Bylaws" the Regulations "govern the organisation and functioning of the Shareholders' Meeting, its call notices, preparation, information, attendance and proceedings, with a view to facilitating the Shareholders' exercise of their related rights," thereby contributing to the corporate decision-making process through the exercise of their rights to participate in debates and to vote.

1. E.6. Indicate, as appropriate, any amendments introduced into the Shareholders' Meeting Regulations during the year.
2. E.7. Indicate the attendance data at the Shareholders' Meetings held in the year to which this report refers:
3. E.8. Briefly indicate the resolutions adopted at the General Shareholders' Meetings held in the year to which this report refers and the percentage of votes with which each resolution was adopted:

Attendance Data					
Date of Shareholders' Meeting	% attending in person	% represented by proxy	% Remote Voting		Total
			Electronic votes		
20/06/2007	59,229	15,517	0,002	0,365	75,113
25/09/2007	59,242	33,498	0,015	0,817	93,572

At the ANNUAL GENERAL SHAREHOLDERS' MEETING held on 20 June 2007, the resolutions adopted and results of the voting were as follows:

- 1) Examination and approval, as appropriate, of the financial statements (balance sheet, income statement and notes to the financial statements) and management report for the year ended 31 December 2006, as well as the conduct of the Company's business during the year.

"To approve the financial statements (balance sheet, statement of income and notes to financial statements) of the Company and of its consolidated group for the year ended 31 December 2006, as well as the conduct of the Company's business in that fiscal year".

This resolution was approved by a majority, with 378,817,507 shares (91.498%) for; 69,797 shares (0.017%) against; and 35,110,732 shares (8.481%) abstained and 14,810 shares (0.004%) submitted blank votes. The 381,240,910 shares belonging to the Acciona and ENEL groups did not vote as their voting rights are limited to 10% of the share capital, as stipulated in article 32 of ENDESA's Corporate Bylaws. Acciona and ENEL stated their opposition, in accordance with the rights applicable to them.

- 2) Appropriation of income and distribution of dividends. "To approve the appropriation of income for the year and the distribution of a dividend proposed by the Board of Directors". Income for 2006 amounted to Euro 1,804,770,201.61. This, combined with the Euro 648,793,745.87 of retained earnings in 2005, gives a total of Euro 2,453,563,947.48. The proposed appropriation is as follows:

Dividend (the maximum amount to be distributed at Euro 1.64 per share for a total of 1,058,752,117 shares)  
 -----1,736,353,471.88 euros -----To retained  
 earnings Euro 717,210,475.60 -----TOTAL  
 -----Euro 2,453,563,947.48

The Board resolved expressly to pay shares with dividend rights a gross amount of Euro 1.64 per share. This dividend will be paid on 2 July 2007 at the banks and financial institutions to be announced minus the gross Euro 0.50 per share interim dividend paid on 2 January 2007 following the resolution adopted by the Board of Directors on 24 October 2006.

This resolution was approved by a majority, with 386,630,073 shares (93.385%) for; 15,656 shares (0.004%) for; 27,355,933 shares (6.608%) abstained and 11,184 shares (0.003%) submitted blank votes. The 381,240,910 shares belonging to the Acciona and ENEL groups did not vote as their voting rights are limited to 10% of the share capital, as stipulated in article 32 of ENDESA's Corporate Bylaws. Acciona and ENEL groups stated their opposition, in accordance with the rights applicable to them.

3)

Appointment of account auditor for the Company and the consolidated group.

To appoint the current external auditors, Deloitte, S.L., as the auditors of ENDESA, S.A. and of its Consolidated Group for 2007.

To engage said audit firm for the external audit of the financial statements of ENDESA, S.A. and of its Consolidated Group for 2007, delegating authority to the Board of Directors, in the widest terms, to determine the other terms and conditions of its engagement." This resolution was approved by a majority with 386,312,072 shares (93.310%) for; 310,547 shares (0.075%) against; 27,376,085 shares (6.612%) abstained and 14,142 shares (0.003%) submitted blank votes. The 381,240,910 shares belonging to the Acciona and ENEL groups did not vote as their voting rights are limited to 10% of the share capital, as stipulated in article 32 of ENDESA's Corporate Bylaws. Acciona and ENEL stated their opposition, in accordance with the rights applicable to them.

4)

Authorisation for the derivative acquisition of shares of treasury stock by the Company and its subsidiaries in accordance with article 75 and 1<sup>st</sup> additional provision of the LSA.

I. To revoke and render void the authority for the derivative acquisition of shares of the Company granted by the General Shareholders' Meeting held on 25 February 2006.

II- To grant a new authority for the derivative acquisition of treasury stock, as well as pre-emptive rights of subscription of treasury stock, in accordance with article 75 of the LSA, under the following conditions:

a) Acquisitions may be made by any legally permitted means, directly by ENDESA, S.A. itself, by companies of its Group, or by an interposed person, up to the maximum figure permitted by the Law.

b) Acquisitions shall be made at a minimum price per share of its par value and a maximum price equal to its market price plus an additional 5%.

c) The term of this authority shall be 18 months.

III Acquisitions may only be made following the publication of the outcome of the take over bid made by ACCION and ENDEL for ENDESA S.A.'s shares, or, if appropriate, from the moment in which the takeover bid is deemed to be invalid for any reason (or if a rival bid is launched), in accordance with applicable securities market legislation.

This resolution was approved by a majority, with 386,255,369 shares (93.295%) in favour; 362,661 shares (0.088%) shares against; 27,380,163 shares (6.613%) abstained and 14,653 shares (0.004%) submitted blank votes. The 381,240,910 shares belonging to the Acciona and ENEL groups did not vote as their voting rights are limited to 10% of the share capital, as stipulated in article 32 of ENDESA's Bylaws. Acciona and ENEL stated their opposition, in accordance with the rights applicable to them.

5)

Article 37 of the Corporate Bylaws stipulates that the Board of Directors shall be formed by ten (10) members.

The Board of Directors shall be formed by ten (10) members, within the minimum and maximum numbers stipulated in the Corporate Bylaws.

This resolution was approved by a majority, with 386,572,905 shares (93.372%) for; 44,615 shares (0.011%) against; 27,381,634 shares (6.614%) abstained and 13,692 shares (0.003%) submitted blank votes. The 381,240,910 shares belonging to the Acciona and ENEL groups did not vote as their voting rights are limited to 10% of the share capital, as stipulated in article 32 of ENDESA's Corporate Bylaws. Acciona and ENEL stated their opposition, in accordance with the rights applicable to them.

6)

Appointment of Directors.

To appoint Fernando d'Ornellas Silva as a Director. By virtue of the provisions established in article 38 of the Company's Corporate Bylaws, Mr. d'Ornellas Silva shall hold office for a period of four years. His status as a member of the Board of Directors, as per the classification set out in article 37 of the Corporate Bylaws, is established as type b)."

This resolution was approved by a majority, with 317,153,298 shares (76.605%) in favour; 40,727,285 shares (9.837%) shares against; 56,112,848 shares (13.553%) abstained and 19,415 shares (0.005%) submitted blank votes. The 381,240,910 shares belonging to the Acciona and ENEL groups did not vote as their voting rights are limited to 10% of the share capital, as stipulated in article 32 of ENDESA's Corporate Bylaws. Acciona and ENEL stated their opposition, in accordance with the rights applicable to them.

7) Appointment of Directors.

To appoint Borja Prado Eulate as a director. By virtue of the provisions established in article 38 of the Corporate Bylaws, Mr. Pizarro Moreno shall hold office for a term of four years. His status as a member of the Board of Directors, under the classification set out in article 37 of the Corporate Bylaws, is established as type b)."

This resolution was approved by a majority, with 317,086,772 shares (76.589%) in favour; 40,789,918 shares (9.852%) shares against; 56,115,584 shares (13.553%) abstained and 20,572 shares (0.005%) submitted blank votes. The 381,240,910 shares belonging to the Acciona and ENEL groups did not vote as their voting rights are limited to 10% of the share capital, as stipulated in article 32 of ENDESA's Corporate Bylaws. Acciona and ENEL stated their opposition, in accordance with the rights applicable to them.

8)

Delegation to the Board of Directors power to execute, develop and amend, as appropriate, the resolutions adopted at the General Shareholders' Meeting and to replace the powers received from it and grant powers to put them on record and execute them.

To delegate to the Company's Board of Directors the broadest authorities to adopt such resolutions as may be necessary or appropriate for the execution, implementation, effectiveness and successful conclusion of the General Shareholders' Meeting resolutions and, in particular, for the following acts, without limitation:

- (i) ♦clarify, specify and complete the resolutions of this General Meeting and resolve such doubts or aspects as are presented, remedying and completing such defects or omissions as may prevent or impair the effectiveness or registration of the pertinent resolutions; (ii) ♦execute such public and/or private documents and carry out such acts, legal businesses, contracts, declarations and transactions as may be necessary or appropriate for the execution and implementation of the resolutions adopted at this General Shareholders' Meeting; and
- (iii) ♦delegate, in turn, to the Executive Committee or one or more Directors, who may act jointly and individually, the powers conferred in the preceding paragraphs.

2. To empower the Chairman of the Board of Directors, Manuel Pizarro Moreno, the Chief Executive Officer (CEO) Rafael Miranda Robredo and the Secretary of the Board of Directors and Secretary General Salvador



Montejo Velilla, in order that, any of them, indistinctly, may:

(i) ♦ carry out such acts, legal businesses, contracts and transactions as may be appropriate in order to register the preceding resolutions with the Mercantile Registry, including, in particular, inter alia, the powers to appear before a Notary in order to execute the public deeds or notary records which are necessary or appropriate for such purpose, to publish the pertinent legal notices and formalise any other public or private documents which may be necessary or appropriate for the registration of such resolutions, with the express power to remedy them, without altering their nature, scope or meaning; and (ii) ♦ appear before the competent administrative authorities, in particular, the Ministries of Economy and Finance and Industry, Tourism and Commerce, as well as before other authorities, administrations and institutions, especially the Spanish Securities Market Commission ("Comisión Nacional del Mercado de Valores"), the Securities Exchange Governing Companies and any other which may be competent in relation to any of the resolutions adopted, in order to carry out the necessary formalities and actions for the most complete implementation and effectiveness thereof.'

This resolution was approved by a majority, with 386,526,580 shares (93.361%) in favour; 86,398 shares (0.021 %) shares against; 27,387,168 shares (6.615%) abstained and 12,700 shares (0.003%) submitted blank votes. The 381,240,910 shares belonging to the Acciona and ENEL groups did not vote as their voting rights are limited to 10% of the share capital, as stipulated in article 32 of ENDESA's Corporate Bylaws. Acciona and ENEL stated their opposition, in accordance with the rights applicable to them.

At the EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING held on 25 September 2007, the resolutions adopted and results of the voting were as follows:

1) Amendment of article 32 of the Corporate Bylaws (Limitation of voting rights).

a) ♦ To amend article 32 of the Corporate Bylaws (voting rights) as follows:

Article 32: Voting rights. Shareholders will be entitled to one vote for each share that they hold or represent, except for non-voting shares, which will be governed by the provisions of article 8 of the Corporate Bylaws.

This amendment will be effective once it has been registered with the Mercantile Register.

This resolution was approved by a majority with 562,419,633 shares (92.282%) in favour; 3,599,922 shares (0.591%) against; 43,257,848 shares (7.098%) abstained and 176,421 shares (0.029%) submitted blank votes; and by the majority of the capital holding 50% of the share capital with voting rights as stipulated in article 32 of the Corporate Bylaws, as shareholders holding 89.13% of the share capital voted in favour. The 381,240,910 shares belonging to the ACCIONA and ENEL groups did not vote as their voting rights are limited to 10% of the share capital, although these shares were counted taking into consideration 50% of the share capital with voting rights, as stipulated in article 32 of the Corporate Bylaws.

2)

Amendment of article 37 of the Corporate Bylaws („number and classes of Directors).

Amendment of article 37 of the Corporate Bylaws (number and classes of Directors) as follows:

Article 37: Number of Directors. The Board of Directors shall be formed by a minimum of nine members and a maximum of fifteen. The General Shareholders' Meeting shall be responsible for both the appointment and the removal of the members of the Board of Directors. The position of Director is eligible for resignation, revocation and re-election.

This amendment will be effective once it has been filed with the Mercantile Registry.

This resolution was approved by a majority, with 564,897,864 shares (92.689%) in favour; 1,065,806 shares (0.175%) against; 43,314,546 shares (7.107%) abstained and 175,608 shares (0.029%) submitted blank votes. The 381,240,910 shares belonging to the ACCIONA and ENEL groups did not vote as their voting rights are limited to 10% of the share capital, as stipulated in article 32 of ENDESA's Corporate Bylaws.

3)

Amendment of article 38 of the Corporate Bylaws (Term of office of Directors).

Amendment of article 37 of the Corporate Bylaws (number and classes of Directors) as follows:

Article 38: Term of office of Directors. The term of office of Directors shall be four years. They may be re-elected for periods of like duration. For the purpose of computing the term of office of the mandate of Directors, the year shall be deemed to begin and end on the date on which the Annual General Meeting is held, or the last day possible on which it should have been held. If during the term to which the directors were appointed vacancies should take place, the Board may appoint, from among the shareholders, persons to fill them until the first General Meeting.

This amendment will be effective once it has been filed with the Mercantile Registry.

This resolution was approved by a majority, with 564,614,912 shares (92.643%) in favour; 2,156,978 shares (0.354%) against; 42,502,760 shares (6.974%) abstained and 179,174 shares (0.029%) submitted blank votes. The 381,240,910 shares belonging to the ACCIONA and ENEL groups did not vote as their voting rights are limited to 10% of the share capital, as stipulated in article 32 of ENDESA's Corporate Bylaws.

4)

Amendment of article 42 of the Corporate Bylaws (Incompatibilities of Directors).

Amendment of article 42 of the Corporate Bylaws (Incompatibilities of Directors) as follows:

Article 42: Incompatibilities of Directors. Those persons subject to the prohibitions of article 124 of the LSA and other legal provisions may not be appointed as directors.

This amendment will be effective once it has been filed with the Mercantile Registry.

This resolution was approved by a majority, with 564,936,004 shares (92.695%) in favour; 1,065,071 shares (0.175%) against; 43,276,127 shares (7.101%) abstained and 176,622 shares (0.029%) submitted blank votes. The 381,240,910 shares belonging to the ACCIONA and ENEL groups did not vote as their voting rights are limited to 10% of the share capital, as stipulated in article 32 of ENDESA's Corporate Bylaws.

5)

Delegation to the Board of Directors power to execute, develop and amend, as appropriate, the resolutions adopted at the General Shareholders' Meeting and to replace the powers received from it and grant powers to put them on record and execute them.

1. To delegate to the Company's Board of Directors the broadest authorities to adopt such resolutions as may be necessary or appropriate for the execution, implementation, effectiveness and successful conclusion of the General Shareholders' Meeting resolutions and, in particular, for the following acts, without limitation:

(i) ♦ clarify, specify and complete the resolutions of this General Meeting and resolve such doubts or aspects as

are presented, remedying and completing such defects or omissions as may prevent or impair the effectiveness or registration of the pertinent resolutions;; (ii) ♦ execute such public and/or private documents and carry out such acts, legal businesses, contracts, declarations and transactions as may be necessary or appropriate for the execution and implementation of the resolutions adopted at this General Shareholders' Meeting; and (iii) ♦ delegate, in turn, to the Executive Committee or one or more Directors, who may act jointly and individually, the powers conferred in the preceding paragraphs.

2. To empower the Chairman of the Board of Directors, Manuel Pizarro Moreno, the Chief Executive Officer (CEO) Rafael Miranda Robredo and the Secretary of the Board of Directors and Secretary General Salvador Montejo Veilla, in order that, any of them, indistinctly, may:

(i) ♦ carry out such acts, legal businesses, contracts and transactions as may be appropriate in order to register the preceding resolutions with the Mercantile Registry, including, in particular, inter alia, the powers to appear before a Notary in order to execute the public deeds or notary records which are necessary or appropriate for such purpose, to publish the pertinent legal notices and formalise any other public or private documents which may be necessary or appropriate for the registration of such resolutions, with the express power to remedy them, without altering their nature, scope or meaning; and appear before the competent administrative authorities, in particular, the Ministries of Economy and Finance and Industry, Tourism and Commerce, as well as before other authorities, administrations and institutions, especially the Spanish Securities Market Commission ("Comisión Nacional del Mercado de Valores"), the Securities Exchange Governing Companies and any other which may be competent in relation to any of the resolutions adopted, in order to carry out the necessary formalities and actions for the most complete implementation and effectiveness thereof.

This resolution was approved by a majority, with 565,142,083 shares (92.729%) for; 784,653 shares (0.129 %) against; 43,336,848 shares (7.111%) abstained and 190,240 shares (0.031%) submitted blank votes. The 381,240,910 shares belonging to the Acciona and ENEL groups did not vote as their voting rights are limited to 10% of the share capital, as stipulated in article 32 of ENDESA's Corporate Bylaws.

E.9 Indicate whether the Bylaws establish a minimum number of shares necessary to be able to attend General Shareholders' Meetings.

YES

Number of shares necessary to be able to attend the General Meeting	50
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E.10. Indicate and explain the policies followed by the Company with respect to proxy voting at Shareholders' Meetings.

The policy followed by the Company in this respect is in keeping with the provisions of its Corporate Bylaws, the Shareholders' Meeting Regulations and the legislation currently in force.

E.11. Indicate whether the Company is aware of the policy of institutional investors regarding whether or not to participate in the Company's decision-making:

NO

E.12. Indicate the URL and means of accessing corporate governance content on your website:

The URL for the Company's website is [www.endesa.es](http://www.endesa.es), although it can be accessed from [www.endesa.com](http://www.endesa.com). From the home page, corporate governance content can be accessed by two different routes:

- Corporate Governance.
- Shareholder and Investor Information.

This information is also provided in English, although it is structured differently.

## F - DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with Corporate Governance recommendations. Should the company not comply with any of the afore-mentioned recommendations, explain the recommendations, rules, practices or criteria the company applies. 1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See points: A.9, B.1.22, B.1.23 and E.1, E.2

Complies

2. When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on: a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies; b) The mechanisms in place to resolve possible conflicts of interest.

See points: C.4 and C.7

Not applicable

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular: a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former; b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose; c) Operations that effectively add up to the company's liquidation.

Complies

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4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 28, should be made available at the same time as the publication of the Meeting notice.

Proposed resolutions regarding Directors' appointments are made available at the same time as the Board adopts said resolution.

5. Separate votes should be taken at the General Shareholders' Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

- a) The appointment or ratification of directors, with separate voting on each candidate;;
- b) Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.

See point: E.8

Complies

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See point: E.4

Complies

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Complies

8. The board should see the core components of its mission as to approve the company's strategy and authorise the organisational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board in full should reserve the right to approve:

- a) The company's general policies and strategies, and in particular: i) The strategic or business plan, management targets and annual budgets; ii) Investment and financing policy; iii) Design of the structure of the corporate group; iv) ♦ Corporate governance policy; v) ♦ Corporate social responsibility; vi) ♦ Remuneration and evaluation of senior officers; vii) Risk control and management, and the periodic monitoring of internal information and control systems; viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See points: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions : i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

See point: B.1.14

ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

See point: B.1.14

iii) The financial information that all listed companies must periodically disclose; iv) ♦ Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting; v) ♦ The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto ("related-party transactions"). However, board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions: 1. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients; 2. They go through at market rates, generally set by the person supplying the goods or services; 3. Their amount is no more than 1% of the company's annual revenues. It is advisable that related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or some other committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full board.

See points: C.1 and C.6

Complies

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See point: B.1.1

Complies

10. External directors, proprietary and independent, should occupy an ample majority of board places, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

See points: A.2, A.3, B.1.3 and B.1.14

Complies

11. In the event that an external director can be deemed neither proprietary nor independent, the company should disclose this circumstance and the links that person maintains with the company or its senior officers, or its shareholders.

*See point: B.1.3*

#### Explain

In accordance with the Unified Good Governance Code, Mr. Prado cannot be considered a proprietary director. According to the CNMV, Mr. Prado, who was appointed a director of Endesa on 20 June 2007, cannot be considered an independent director as in March 2007 Mediobanca and Enel Spa (significant shareholder of Endesa) signed three share swap agreements which were closed on 1 June 2007. On 24 July 2007 the Mediobanca board of directors agreed to set up Mediobanca Sucursal en España and appoint Mr. Prado director of this company.

12. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent: 1. In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.

In companies with a plurality of shareholders represented on the board but not otherwise related.

*See points: B.1.3, A.2 and A.3*

#### Complies

13. The number of independent directors should represent at least one third of all board members.

*See point: B.1.3*

#### Explain

There is currently one independent director out of a total of 10. Looking at Endesa's share capital structure, the proportion of independent directors, 10%, is higher than proprietary directors which, even though they represent 50% of the Board, own 92.063% of Endesa's share capital. It must be noted that Proprietary Directors are listed companies' "natural" directors when the share capital is highly concentrated.

14. The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Appointments Committee. The said Report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

*See points: B.1.3 and B.1.4*

#### Complies

15. When women directors are few or non existent, the board should state the reasons for this situation and the measures taken to correct it; in particular, the Appointments Committee should take steps to ensure that:

- a) The process of filling board vacancies has no implicit bias against women candidates; b) The company makes a conscious effort to include women with the target profile among the candidates for board places.

*See points: B.1.2, B.1.27 and B.2.3*

#### Complies

16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive, along with the chairmen of the relevant board committees.

*See point: B.1.42*

#### Partially complies

ENDESA, S.A. does not carry out regular evaluations of the board.

17. When a company's Chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the Chairman.

*See point: B.1.21*

#### Explain

Article 43 of the Articles of Association stipulates that the Board of Directors will meet as often as the Chairman calls a meeting, at his discretion or when the majority of the Board Members so request. The notice of the meeting will contain the agenda, which will be fixed by the Chairman.

Article 10 of the Board of Directors Regulations stipulates that the Chairman may call a Board Meeting as often as he sees fit. The Chairman must do so if so requested by the majority of the members of the Board.

The Chairman will set the agenda for all Board Meetings. One third of the members of the Board may, prior to the holding of the Meeting, request the inclusion of such items as they may see fit to deal with.

Endesa's internal regulations do not include the obligation to lead the board's evaluation of the Chairman.

18. The Secretary should take care to ensure that the board's actions: a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies; b) Comply with the company bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others; c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to. In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Appointments Committee and approved by a full board meeting; the relevant appointment and removal procedures being spelled out in the board's regulations.

*See point: B.1.34*

#### Complies

19. The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

*See point: B.1.29*

Partially complies. Regarding the inclusion of new items on the agenda, article 46 of the Corporate Bylaws stipulates that "the Board will deliberate on the matters listed in the agenda and also on all those matters that the Chairman or majority of the Members present or represented, propose, although they are not included in the agenda". Also, article 10.2 of the Board of Directors' Regulations stipulates that "one third of the members of the Board may, prior to the holding of the Meeting, request the inclusion of such items as they may see fit to deal with".

20. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

*See points: B.1.28 and B.1.30*

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Complies

21. When directors or the Secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.

Not applicable

22. The board in full should evaluate the following points on a yearly basis: a) The quality and efficiency of the board's operation; b) Starting from a report submitted by the Appointments Committee, how well the Chairman and chief executive have carried out their duties; c) The performance of its committees on the basis of the reports furnished by the same.

*See point: B.1.19*

Explain

In 2007 ENDESA, S.A.'s board of directors did not carry out any evaluations of the Board or its Committees.

23. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

*See point: B.1.42*

Complies

24. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

*See point: B.1.41*

Complies

25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise

Complies

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such: a) Directors should apprise the Appointments Committee of any other professional obligations, in case they might detract from the necessary dedication;

b) Companies should lay down rules about the number of directorships their board members can hold.

*See points: B.1.8, B.1.9 and B1.17*

Partially complies. The amendments made to the Corporate Bylaws at the General Shareholders' Meeting on 25 September 2007, removed the rule regarding the number of directorships its board members can hold.

27. The proposal for the appointment or renewal of directors which the board submits to the General Shareholders' Meeting, as well as provisional appointments by the method of co-option, should be approved by the board: a) On the proposal of the Appointments Committee, in the case of independent directors; b) Subject to a report from the Appointments Committee in all other cases.

*See point: B.1.2*

Complies

28. Companies should post the following director particulars on their websites, and keep them permanently updated: a) Professional experience and background; b) Directorships held in other companies, listed or otherwise; c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with; d) The date of their first and subsequent appointments as a company director, and; e) Shares held in the company and any options on the same.

Complies

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

*See point: B.1.2*

Complies

30. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

*See points: A.2, A.3 and B.1.2*

Complies

31. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the board, based on a proposal from the Appointments Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

*See points: B.1.2, B.1.5 and B1.26*

Complies

32. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in article 124 of the LSA, the board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

*See points: B.1.43 and B.1.44*

Complies

33. All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The terms of this Recommendation should also apply to the Secretary of the board; director or otherwise.

Not applicable

34. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

*See point: B.1.5*

Complies

35. The company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

- a) The amount of the fixed components, itemised where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to;
- b) Variable components, in particular:
  - i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
  - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration; iii) The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks. c) ♦ The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount of annual equivalent cost. d) ♦ The conditions to apply to the contracts of executive directors exercising senior management functions. Among them:
    - i) Duration;

ii) Notice periods; and

iii) Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive director.

*See point: B.1.15*

Complies

36. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

*See points: A.3 and B.1.3*

Complies

37. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Complies

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Not applicable

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Complies

40. The board should submit a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year, with a global summary of how the policy was applied over the period in question. The role of the Compensation Committee in designing the policy should be reported to the Meeting, along with the identity of any external advisors engaged.



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See point: B.1.16

Partially complies. From the date the General Shareholders' Meeting is announced the Board of Directors makes available to shareholders a report on directors' remuneration covering the issues listed in Recommendation 35 and any other relevant matters. However, the terms of the Board of Directors' and Board Regulations do not state that this must be voted upon.

41. The notes to the annual accounts should list individual directors' remuneration in the year, including:

- a) A breakdown of the compensation obtained by each company director, to include where appropriate: i) Participation and attendance fees and other fixed director payments; ii) Additional compensation for acting as chairman or member of a board committee; iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual; iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes; v) Any severance packages agreed or paid; vi) Any compensation they receive as directors of other companies in the group; vii) The remuneration executive directors receive in respect of their senior management posts; viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.
- b) An individual breakdown of deliveries to directors of shares, share options or other share-based instruments, itemised by: i) ♦ Number of shares or options awarded in the year, and the terms set for their execution; ii) ♦ Number of options exercised in the year, specifying the number of shares involved and the exercise price; iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions; iv) ♦ Any change in the year in the exercise terms of previously awarded options.
- c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of enterprise results.

Complies

42. When the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the board itself. The Secretary of the board should also act as secretary to the Executive Committee.

See points: B.2.1 and B2.6

Partially complies

The Board comprises 50% proprietary directors, 30% proprietary executives, 10% independent directors and 10% other external directors. There are currently six members of the Executive Committee, 50% are proprietary directors and 50% executive proprietary directors. The independent director and other external director do not form part of the Executive Committee which is why this committee's structure is not exactly the same as the Board's.

43. The board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all board members should receive a copy of the Committee's minutes.

Explain

Decisions made by the Executive Committee shall be notified at each board meeting.

44. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a committee, or two separate committees, of Appointments and Compensation.

The rules governing the make-up and operation of the Audit Committee and the committee or committees of Appointments and Compensation should be set forth in the board regulations, and include the following:

- a) The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;
- b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation;
- c) Committees should be chaired by an independent director.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meeting proceedings should be minuted and a copy sent to all board members.

See points: B.2.1 and B.2.3

Partially complies

Regarding c) above, it should be indicated that the Chairman of the Audit and Compliance Committees is not independent. Nevertheless, it should be indicated that this situation is in accordance with the Board of Directors regulations which stipulates that the Chairman of the Audit and Compliance Committee will be designated by the Board of Directors from among the members whose relationship with the Company is confined to their membership of the Board and is compliant with law 44/2002 governing the reform of the financial system which states in article 47 that the Chairman of the Audit Committee must be elected from non-executive directors.

Regarding e) above, it should be indicated that all members of the Audit and Compliance and Appointments and Compensation Committees are also directors. The Chairman of each committee notifies the agreements taken by the Board.

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Appointments Committee or, as the case may be, separate Compliance or Corporate Governance committees.

Complies

46. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Complies

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

Complies

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Complies

49. Control and risk management policy should specify at least: a) ♦ The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks; b) ♦ The determination of the risk level the company sees as acceptable; c) ♦ Measures in place to mitigate the impact of risk events should they occur; and d) ♦ The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.



See point: D

Complies

50. The Audit Committee's role should be:

1. With respect to internal control and reporting systems: a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles; b) Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed; c) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports; and d) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.
2. With respect to the external auditor: a) Make recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement; b) Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations; and c) Monitor the independence of the external auditor, to which end:
  - i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same; ii) The Committee should ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence; and iii) The Committee should investigate the issues giving rise to the resignation of any external auditor.
- d) In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.

See points: B.1.35, B.2.2, B.2.3 and D.3

Complies

51. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies

52. The Audit Committee should prepare information on the following points from Recommendation 8 for input to board decision-making: a) The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review; b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the

transparency of the group; and c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See points: B.2.2 and B.2.3

Complies

53. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See point: B.1.38

Complies

54. The majority of Nomination Committee members – or Appointments and Compensation Committee members as the case may be – should be independent directors.

See point: B.2.1

Explain. The Appointments and Compensation Committee comprises four members including the Company's two independent directors.

55. The Appointments Committee should have the following functions in addition to those stated in earlier recommendations: a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties; b) Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner; c) Report on the senior officer appointments and removals which the chief executive proposes to the board; and d) Report to the board on the gender diversity issues discussed in Recommendation 14 of this Code.

See point: B.2.3

Partially met.

With regard to b) above, the company does not have an internal code of conduct

56. The Appointments Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors. Any board member may suggest directorship candidates to the Appointments Committee for its consideration.

Complies

57. The Compensation Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Make proposals to the Board of Directors regarding: i) The remuneration policy for directors and senior officers; ii) The individual remuneration and other contractual conditions of executive directors; and iii) The standard conditions for senior officer employment contracts.
- b) Oversee compliance with the remuneration policy set by the company.

[75/76]

See points: B.1.14 and B.2.3

Complies

58. The Compensation Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies

**G – OTHER INFORMATION OF INTEREST** If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report, indicate and explain below.

A.2.

ENDESA's shares are represented by book entries and are registered in the Central Register of IBERCLEAR, the entity in charge of the accounting record for the shares. They are listed on the Spanish Stock Exchanges and on the Off-Shore Stock Exchange in Santiago, Chile, and they form part of the IBEX 35, Eurotop 100, DJ Eurostoxx 500, DJ Eurostoxx Utilities and DJ Stoxx 600 Utilities stock market indices.

ENDESA ceased trading on the NYSE Following the successful takeover bid launched by Acciona and Enel for 100% of Endesa, the company's free float has fallen to below 8%. Of this free float, ENDESA's American Depositary Receipts (ADRs) which were listed on the NYSE represented at least 0.3% of the share capital. Also the trading volume on the NYSE over the past 12 months represented less than 1% of the total traded on the markets where ENDESA is listed. Given the scant liquidity from this market and the high costs involved, at its meeting on 14 November, 2007, ENDESA's Board decided to delist the company's ADRs from the NYSE. Accordingly, the company registered this delisting with the Securities and Exchange Commission ('SEC').

Following the board's decision to delist the company's ADRs from the NYSE, remove the company from the register and cancel its obligation to provide information as per the U.S. Securities Exchange Act of 1934, on 7 December 2007, Endesa filed Form 15F with the SEC. This form is available in the SEC's EDGAR database under Endesa's original corporate name, Nacional Electric Co.

Accordingly, on 27 November 2007, ENDESA filled in Form 25 whereby the last date for trading in ENDESA's ADRs on the NYSE would be 6 December 2007. ENDESA's ADR deposit agreement ended on 24 December 2007.

◆ Regarding those shareholders with significant holdings in ENDESA, S.A. we should state that ENEL ENERGY EUROPE S.R.L. is 100% owned by ENEL, S.P.A. and that FINANZAS DOS, S.A. is 100% owned by ACCIONA, S.A. Also, the ENTRECANALES, S.A. GROUP owns 59.60% of ACCIONA, S.A.

Following the application of Royal Decree 1362/2007 reforming the Securities Market Law regarding the transparency of information on issuers whose securities are listed on a Spanish official secondary market, on 6 March 2008, the CNMV was informed, via the 'model for notifying voting rights allocated to shares in listed companies for individuals who are not directors of the issuer', of relevant information regarding the CONCERTED ACTION by ENEL, ENEL ENERGY EUROPE, ACCIONA AND FINANZAS DOS on ENDESA. The percentage of voting rights involved in this Concerted Action was 92.063%.

The most significant variations in the Shareholder structure during the year were:

On 2 October 2006, STATE STREET BANK AND TRUST CO confirms that, in accordance with its records, none of the customers domiciled in a tax haven possesses a holding equal to or greater than 1%, and none of its customers domiciled outside a tax haven possesses holdings greater than or equal to 5%.

On 14 November 2006, Chase Nominees, Ltd. filed a notice with the CNMV of a decrease in its holding in Endesa, S.A. In addition, on 3 May 2007, AXA, S.A. filed a notice with the CNMV of a decrease in its holding in Endesa, S.A.

On 25 September 2006, Acciona informed the CNMV that it had acquired 105,875,211 shares of ENDESA, S.A., equivalent to 10% of its capital, for an amount greater than Euro 3,388 million.

On 10 November 2006, Acciona, S.A. announced that, once the mandatory administrative authorisation was obtained from the Spanish National Energy Commission to increase its stake in Endesa, S.A. to a percentage that will not require the submission of a takeover bid, Acciona, S.A. acquired in the market 101,983,965 shares of ENDESA, S.A., equivalent to 9.63% of its capital.

On 20 November 2006, Finanzas Dos, S.A., a wholly owned subsidiary of Acciona, S.A. (Grupo Entrecanales, S.A. is owner of 59.541% of Acciona's capital stock) notified the CNMV that it had acquired 3,891,248 shares of ENDESA, S.A., which represents a 0.37% stake, raising its total holding to 20%.

In addition, on 18 January 2007, ACCIONA, S.A. directly owns 10,964,099 shares of ENDESA, S.A., representing 1.035 % of its capital stock, on deposit at brokerage firm Bestinver.

On 27 February 2007, Enel S.p.A. acquired, through Enel Energy Europe S.r.l. (Enel S.p.A. owns 100% of Enel Energy Europe S.r.l.), 105,800,000 shares of ENDESA, S.A., representing a 9.993% stake.

On 1 March 2007, Enel S.p.A. notified the CNMV that Enel Energy Europe S.r.l. had entered into a share swap agreement with UBS Limited for 74,112,648 shares of ENDESA, S.A. and a share swap agreement with Mediobanca for 48,488,949 shares of ENDESA, S.A.

On 2 March 2007, Enel Energy Europe S.r.l. entered into a share swap agreement with Mediobanca for 4,500,000 shares of ENDESA, S.A.

On 12 March 2007, Enel Energy Europe S.r.l. executed the share swap agreement with Mediobanca whose underlying was up to 31,500,000 shares of ENDESA, S.A.

On 1 June 2007, UBS AG and Mediobanca SPA notified that they had sold 74,112,648 and 84,488,949 share in ENDESA, S.A., respectively. Likewise Enel, S.p.A. stated that Enel Energy Europe, S.r.l. had begun to settle the Share Swap Transaction Agreements held with UBS Limited and Mediobanca through the delivery of the shares in ENDESA to which these contracts refer. Consequently, Enel Energy Europe, S.r.l. acquired a total of 158,601,597 shares in ENDESA, S.A., representing 14.98% of its share capital. Therefore, Enel, S.p.A.'s direct and indirect holding in ENDESA, S.A. comprises 264,401,597 shares of ENDESA, S.A. representing 24.972% of its share social.

On 4 July 2007 the CNE granted authorisation to Acciona, S.A. and Enel Energy Europe, S.r.l., to acquire the resulting shares in ENDESA, S.A. following the takeover bid.

On 5 October 2007, Caja de Ahorros y Monte de Piedad de Madrid, notified that it had sold 105,076,269 shares, representing 9.925% of ENDESA, S.A.'s share capital, under the framework of the takeover bid launched jointly by Enel, S.P.A. and Acciona, S.A. for ENDESA, S.A..

On 5 October 2007, the CMNV stated that the takeover bid launched by Acciona, S.A. and Enel Energy Europe, S.r.l., involving 100% of ENDESA, S.A.'s shares, which excludes 487,116,120 shares, equivalent to 46.01% of the share capital which had been immobilised by their respective holders as per the Offer Prospectus, that this had been accepted by 487,601,643 shares, representing 85.30% of the shares involved in the bid and 46.05% of the share capital of the company in question. Of this amount, 4,541,626 shares corresponded to the US bid.

#### B.1.3

José Manuel Entrecanales Domecq (Executive Chairman), Rafael Miranda Robredo (Chief Executive Officer) and Esteban Morrás Andrés (Member), are both Executive and Proprietary Directors.

#### B.1.12

At the meeting of the ENDESA, S.A. board of directors on 9 May 2008, the following appointments were approved: Jesús Olmos Clavijo who was previously General Manager of Endesa Europe became General Manager of Corporate Development; Alfonso Arias Cañete was appointed General Manager of Nuclear Energy; Rafael Montes Caracuel was appointed Assistant General Manager of Human Resources and Félix Rivas Anoro was appointed Assistant General Manager for Purchasing, Planning and Media.

#### B.1.25

Prior to 25 September 2007, article 42 of the Corporate Bylaws included a number of incompatibilities for Directors including age. This restriction was removed at the Extraordinary General Shareholders' Meeting held on 25 September 2007. The Board of Directors' Regulations must also be amended.

#### B.1.26.

Prior to 25 September 2007 article 38 of the Corporate Bylaws limited an Independent Director's term of office to eight years (two terms). This restriction was removed at the Extraordinary General Shareholders' Meeting held on 25 September 2007. The Board of Directors' Regulations must also be amended.

#### B.1.30.

The number of instances of non-attendance in the year as a percentage of total votes is calculated by multiplying the total number of Board meetings by the number of Directors.

#### B.2.1

At the meeting of the ENDESA, S.A.'s Board of Directors on 9 May 2008, the following amendments were approved: Carmen Becerril Martínez was replaced by Valentín Montoya Moya as a member of the Appointments and Compensation Committee.

In addition to the members listed in B.2.1. above, the Financial and Investment Committee also comprises two non-executive members: Juan Gallardo Cruces and Paolo Bondi (under the terms of the application with the CNMV, non-executive members may not be included).

This section can include any other information, clarification or qualification relating to the previous sections of the report, provided that it is material and not repetitive.

In particular, indicate whether the Company is subject to any legislation other than the Spanish legislation on corporate governance, and if so, include the information that it is required to furnish, where such information differs from that required in this report.

#### Binding definition of Independent Director:

Please state whether any of the independent directors hold or has held any kind of relationship with the company, its significant shareholders or its senior officers that, had it been sufficiently significant or important, would have meant that the director could not have been considered as an independent director in accordance with the definition included in section 5 of the Unified Good Governance Code:

NO

#### Date and signature:

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting on

27/05/2008

Indicate the Directors who voted against or abstained from the approval of this Report.

NO

**EXHIBIT II**  
**2007 AUDIT AND COMPLIANCE**  
**COMMITTEE REPORT**

## 1. LEGAL FRAMEWORK

The Audit and Compliance Committee will be composed of at least four and not more than six members of the Board of Directors, designated by the vote in favour of the majority of the Board itself. A majority of Committee members must be Directors whose relationship with the Company is confined to their status as Board members.

The Chairman of the Audit and Compliance Committee will be appointed by the Board of Directors from among the members whose relationship with the Company is confined to their membership of the Board, by the vote in favour of the majority of the Board itself.

The Chairman must be replaced every four years, and may be reappointed one year after vacating office.

In the Chairman's absence, the Committee member appointed provisionally by the Board of Directors will stand in for him/her and, in the absence of this member, the eldest Committee member.

The Audit and Compliance Committee will meet as often as called by its Chairman, when the majority of its members so decides, or at the request of the Board of Directors. Committee meetings will take place at the Company's registered office or at other such venues as may be determined by the Chairman and stated in the call notice.

The Committee will be validly convened when a majority of its members are present. Resolutions must be adopted by the vote in favour of the majority of the Directors attending the meeting. In the event of a tie the Chairman, or Acting Chairman, will have the casting vote.

The Secretary of the Board of Directors will be the Committee Secretary, and will draw up minutes of the resolutions adopted and apprise the Board of them.

The main function of this Committee will be to ensure good corporate governance and transparency in all the actions of the Company in the economic/financial and external audit area and in the compliance and internal audit area. The Committee will in any case be entrusted with the following functions:

- a) To report to the General Shareholders' Meeting on the issues raised at the meeting by shareholders in matters falling within its jurisdiction.
- b) To propose to the Board of Directors for submission to the General Shareholders' Meeting the appointment of the external auditors, in conformity with article 57 of the Corporate Bylaws.
- c) To oversee the internal audit service, should such a body exist within the business organisation.
- d) To be apprised of the financial reporting process and of the Company's reporting and internal control systems.
- e) To liaise with the external auditors on receiving information on issues that may jeopardise their independence and on any other audit-related issues, as well as other communications provided for in audit legislation and in technical auditing standards.

These functions are deemed to be without limitation and without prejudice to such other functions as may be entrusted to the Committee by the Board of Directors.

## 2. COMPOSITION

Office	Members	Date of Appointment	Type
Chairman	Borja Prado Eulate	20.06.2007	Independent
		18.10.2007 (1)	Director
Directors	Andrea Brentán	18.10.2007	External Director
	Fernando d'Ornellas Silva	20.06.2007	Independent Director
	Valentín Montoya Moya	18.10.2007	External Director
Secretary non Director	Salvador Montejo Velilla	01.07.1999	

(1) Date of appointment as Chairman of the Audit and Compliance Committee.

### 3. WORK PERFORMED IN 2007

#### 3.1. 2007 Consolidated Financial Statements

At its meeting of 20 February 2007, the Committee reported favourably on the consolidated results for the year ended 31 December 2006. The report was included in an appendix to the minutes.

The representatives of the external auditor, DELOITTE, S.L., presented a document detailing the results of the audit of ENDESA's consolidated financial statements for the year ended 31 December 2006. The report analysed the main issues dealt with by the auditor.

At its meeting of 30 March 2007 the Committee reported favourably and unanimously on the consolidated results for the year ended 31 December 2006 and the preparation of Endesa, S.A.'s financial statements for the same year.

#### 3.2. Quarterly Consolidated Financial Statements

On 3 March 2007, the Committee reported favourably on ENDESA's 1Q07 Consolidated Financial Statements. The representatives of the external auditor presented their report on the limited review carried out on these 1Q07 Financial Statements.

On 24 July 2007, the Deputy General Manager for Equity and Accounting released the general lines of the 1H07 Financial Statements. The 1H07 results document was included in an appendix to the minutes. The representative of the external auditor, DELOITTE, presented the results of the review of the Endesa group's Consolidated Financial Statements for the first half of the year, explaining the most significant aspects of this review.

On 14 November 2007, the Audit and Compliance Committee reported favourably on the Company's 9M07 results, its press release and presentation to analysts, to be disseminated on 15 November 2007. The representatives of the external auditor, DELOITTE, pre-

sented their conclusions on the audit of the Company's consolidated balance sheet and income statement at 30 September 2007.

#### 3.3. Press releases

On 20 February 2007, the Committee analysed the 2006 results press release.

On 3 May 2007, the Committee examined and approved the planned 1Q07 press release and the general lines of the presentation to analysts.

#### 3.4. Internal Audit Work

At its meeting on 20 February 2007, the Committee approved the engagement of non-audit services from the auditing firms which normally work for ENDESA. A list of these firms, the engagements and their amounts were included in an appendix to the minutes.

On 20 February 2007, the Senior Deputy-Chairman - Audit presented a chart showing the fees paid to the external auditor and auditors of the Company's subsidiaries which was included in an appendix to the minutes.

At the meeting of 30 March 2007, the Senior Deputy-Chairman - Audit presented the internal audit plan for April-August 2007, which was approved by the Committee.

He also presented the Audit Department report for 2006 and explained the audit work being carried out to comply with section 404 of the Sarbannes-Oxley act, known as the SCiIF Audit.

He also discussed the workings of the Ethics Channel, the incidents reported and the subsequent investigations carried out into these incidences.

Lastly, he submitted for the Committee's approval the non-audit services provided from the audit companies and their respective

budgets. The list of services provided and their budget, included in an appendix to the minutes, was approved by the Committee.

At its meeting of 3 May 2007, the Committee approved, at the proposal of the Corporate Audit Department, specific non-audit services to be performed by audit firms in addition to their respective budgets.

On 29 May 2007, the Committee was informed that, in relation to certificates required under sections 302 and 404 of the Sarbanes-Oxley Act, the CEO and the Senior Deputy-Chairman of Finance and Control affirm that the controls and procedures relating to the external dissemination of information are efficient and provide a reasonable guarantee that the information disseminated by the Company is reliable and sufficient and that its internal financial information control system for the year ended 31 December 2006 was effective.

On 29 May 2007, the Senior Deputy-Chairman - Audit submitted to the Committee a resolution to engage audit firms to perform specific non-audit services, in addition to their respective budgets. The list of these services and their budgeted amounts was unanimously approved by the Audit Committee.

On 24 July 2007, the Senior Deputy-Chairman - Audit presented a document listing the internal audit reports issued in 2007. He reported on the Audit Programme for the second four-month period of 2007 and submitted for the Committee's approval the Internal Audit Programme for the third four-month period of 2007.

He also requested the Audit Committee's approval for non-audit services to be provided by auditing firms. The list of services and their corresponding budget was unanimously approved by the Committee.

Lastly, he reported on the claims made through the Ethics Channel and on the revision of the internal financial information control system for 2007.

On 11 December 2007, the Senior Deputy-Chairman - Audit reported on the workings of the Ethics Channel, the status of the audit programme for the third four-month period in 2007, the extent the recommendations made by the internal audit had been implemented

and the progress made on the revision of the internal financial information control system.

With regard to the future development of the Ethics Channel, it was resolved that the Audit and Compliance Committee would obtain information relating to the general control procedures and that the internal auditor would release details of the most significant claims made, although these would be sent to all committee members in their entirety.

### 3.5. Corporate Governance

On 14 May 2007, the Committee examined and approved its annual report and the Corporate Governance report for 2006 which would be subsequently delivered to the CNMV and handed out to shareholders at the General Shareholders' Meeting.

On 29 May 2007, the Senior Deputy-Chairman of Finance and Control presented to the Committee the general lines of document 20-F to be filed with the SEC and the Share Registration statement required by the Spanish National Securities Market Commission (CNMV).













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