ENDESA, S.A.
and Subsidiaries

Consolidated Management Report
for the first quarter of 2011

Madrid, 10 May 2011

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Analysis for the period

Consolidated results

Endesa reports first quarter 2011 net income of Euro 669 million

Endesa reported net income of Euro 669 million in 1Q11, Euro 866 million (-56.4%) lower than in the same period last year.

The drop in net income is explained by the fact that net income for 1Q10 included an Euro 881 after-tax gain generated by the merger of ENDESA Cogeneración y Renovables, S.A.U. (now ENEL Green Power España, S.L., hereinafter "EGPE") with ENEL Green Power, S.p.A. (hereinafter, "EGP").

Stripping out the income from assets disposals in both periods, net income rose 4.9% in 1Q11.

The table below shows the breakdown of net income by region and the year-on-year change:

Endesa's net income for January-March 2011			
	Euro million	**% change vs. 1Q10**	**% of total net income**
Spain, Portugal and Other	524	(61.6)	78.3
Latin America	145	(15.2)	21.7
TOTAL	**669**	**(56.4)**	**100.0**

Electricity generation and sales

Endesa's power output in 1Q11 amounted to 33,428 GWh, 4.6% higher than in the same period in 2010. Electricity sales stood at 44,898 GWh, up 0.4%.

Power production and sales for January-March 2011				
	Output		**Sales**	
	GWh	**% change vs. 1Q10**	**GWh**	**% change vs. 1Q10**
Spain, Portugal and Other	18,397	6.3	27,628	(1.6)
Latin America	15,031	2.5	17,270	3.7
TOTAL	**33,428**	**4.6**	**44,898**	**0.4**

EBITDA: Euro 1,775 million

EBITDA and EBIT for 1Q11 fell by 5.5% and 6.1% year-on-year, respectively, to Euro 1,775 million and Euro 1,318 million.

The Euro 104 million decrease in EBITDA and Euro 85 million drop in EBIT were mainly due to:

- The recognition in the first quarter of 2011 of an expense of Euro 109 million in the Colombian subsidiaries for the accrual of patrimonial tax at 1 January 2011. This tax will be settled between 2011 and 2014.
- The reduction in the perimeter of consolidation due to the disposal of assets during 2010 with an EBITDA of Euro 78 million during 1Q10.

Excluding these effects, EBITDA and EBIT would have increased.

During the first quarter of 2011, revenues grew 8.7% to Euro 8,363 million, primarily because of higher sales prices. Variable costs rose by 13.9% as a result of a less favourable generation mix (with higher conventional thermal generation and lower hydro and nuclear output, thereby hiking up fuel costs) and a higher cost of energy purchases.

Fixed costs rose by 9.4% (Euro 86 million) due to the recognition of Euro 109 million of patrimonial tax in Colombia. Excluding this non-recurrent effect, fixed costs fell by Euro 23 million or 2.5%.

The table below shows the breakdown of EBITDA and EBIT by region and the year-on-year change:

	Revenues		**EBITDA**		**EBIT**	
	Euro million	**% change vs 1Q10**	**Euro million**	**% change vs 1Q10**	**Euro million**	**% change vs 1Q10**
Spain, Portugal and Other	5,922	5.6	1,094	(6.8)	767	(11.5)
Latin America	2,441	17.1	681	(3.4)	551	2.8
TOTAL	**8,363**	**8.7**	**1,775**	**(5.5)**	**1,318**	**(6.1)**

Net financial results improved by 59.1% to Euro 140 million

The net financial result for the first quarter of 2011 was Euro 140 million, a Euro 202 million improvement compared to the first quarter of 2010.

Net finance expense totalled Euro 153 million, down 52.2% year-on-year, while net exchange gains were Euro 13 million, compared to the losses of Euro 22 million in 1Q10.

Comparing the two years, it should be noted that the net financial result for 1Q10 included the Euro 77 million negative impact of adjusting interest relating to the financing of the revenue shortfall from regulated activities in Spain pursuant to Royal Decree Law 6/2010 (April 9th).

In addition, the evolution in long-term interest rates in the first quarter of 2011 resulted in higher provisions to cover obligations relating to the workforce reduction programme currently in force to the amount of positive Euro 33 million while between January and March 2010 this effect was negative Euro 55 million. These amounts have been recognised in the Income Statement under "Net finance expenses".

Cash flow from operating activities: Euro 1,014 million

Cash flow from operating activities in 1Q11 amounted to Euro 1,014 million compared to Euro 483 million in 1Q10. Discounting the effects of "Changes in working capital" on these cash flows, which show higher volatility, this figure would be Euro 1,411 million, up 16.8% on the first quarter of 2010.

Investments: Euro 487 million

Endesa invested a total of Euro 487 million in the first quarter of 2011. Of this figure, Euro 440 million was capex and investment in intangible assets and the remaining Euro 47 million corresponded to financial investments.

Investments

	Euro million			% change vs 1Q10
	Capex and intangible assets	**Financial investments**	**TOTAL**	
Spain, Portugal and Other	192	15	207	(21.6)
Latin America	248	32	280	58.2
TOTAL (*)	**440**	**47**	**487**	10.4

(*) Excludes investments in non-current assets held for sale from interrupted activities amounting to Euro 3 million.

Financial position

Endesa had net financial debt of Euro 12,657 million at 31 March 2011, a reduction of Euro 2,679 million compared to 31 December 2010.

Breakdown of Endesa's net debt by business line (*)

	Euro million			% change
	31 March 2011	**31 December 2010**	**Difference**	
Business in Spain, Portugal and Other	8,136	10,684	(2,548)	(23.8)
Business in Latin America	4,521	4,652	(131)	(2.8)
Enersis Group	4,082	4,188	(106)	(2.5)
Other	439	464	(25)	(5.4)
TOTAL	**12,657**	**15,336**	**(2,679)**	**(17.5)**

(*) Net financial debt = Non-current financial liabilities + Current financial liabilities – Cash and cash equivalents – Financial derivatives recognised under assets

The average cost of Endesa's debt was 5.6% in the first quarter of 2011, while the cost of debt corresponding to the Enersis Group was an average of 8.8%. Stripping out Enersis Group debt, the average cost of Endesa's debt was 4.0% in the period.

When assessing Endesa's debt levels, it must be remembered that at 31 March 2011, the company had the recognised right to collect Euro 6,143 million in connection with several regulatory matters affecting the Spanish electricity business: Euro 3,391 million for financing the revenue shortfall from regulated activities and Euro 2,752 million in compensation for stranded costs in non-mainland generation. Stripping out these regulatory items, Endesa's net debt at the end of March 2011 was Euro 6,514 million.

On 7 July 2010, Endesa informed the Deficit Securitisation Fund for the Electricity System of its irrevocable commitment to transfer all its deficit collection rights derived from the financing of the revenue shortfall from regulated activities and the compensation for stranded costs in non-mainland generation accumulated in the period 2001-2008. According to Royal Decree 437/2010 of 9 April, these rights must be securitised within a year from the notification date, barring exceptional market circumstances. Where applicable, the Inter-ministerial Commission must rule that such circumstances have arisen. A year after the notification date, the initial holders may dissolve the commitment to transfer any collection rights that have not been securitised by the fund.

During the first quarter of 2011, the Deficit Securitisation Fund for the Electricity System made issuances of Euro 6,000 million, of which Euro 3,116 million was collected by Endesa during the period.

During 1Q11, Endesa also received pending receivables of Euro 256 million of the compensation for stranded costs in non-mainland generation directly from the Spanish government's budgets through the compensation mechanism established by Royal Decree Law 6/2009, of 30 April.

In addition, the interim dividend of Euro 0.5 per share (gross) against 2010 earnings, for a total payout of Euro 529 million, approved by ENDESA, S.A.'s Board of Directors on 20 December 2010, was paid out in January.

Structure of Endesa's net financial debt at 31 March 2011 (Euro million)

	Endesa and direct subsidiaries		**Enersis Group**		**Total Endesa Group**	
	Euro million	**% of total**	**Euro million**	**% of total**	**Euro million**	**% of total**
Euro	8,512	99	-	-	8,512	67
Dollar	54	1	1,498	36	1,552	12
Other currency	9	-	2,584	64	2,593	21
TOTAL	**8,575**	**100**	**4,082**	**100**	**12,657**	**100**
Fixed rate	4,999	58	2,386	58	7,385	58
Hedged	1,577	18	-	-	1,577	12
Variable	1,999	24	1,696	42	3,695	30
TOTAL	**8,575**	**100**	**4,082**	**100**	**12,657**	**100**
Average life (years)	3.6		5.5		4.3	

Endesa had liquidity of Euro 6,909 million in Spain at 31 March 2011, sufficient to meet the group's total debt repayments over the next 15 months. Euro 5,398 million of this amount comprised undrawn sums on unconditional credit lines.

Meanwhile, the Enersis Group held cash and cash equivalents totalling Euro 1,458 million and Euro 686 million in undrawn, unconditional credit lines, covering debt maturities for the next 28 months.

As of the date of release of 1Q11 earnings, Endesa's long-term debt ratings are: Moody's "A3", Standard & Poor's "BBB+" and Fitch "A", all of them with a stable outlook.

Financial leverage

Endesa's consolidated equity was Euro 23,231 million at 31 March 2011, Euro 67 million higher than at 31 December 2010.

Euro 18,085 million of this amount corresponded to Endesa S.A. shareholders, and Euro 5,146 million to minority shareholders of group companies.

The changes in group equity and net debt resulted in a leverage ratio of 54.5% at 31 March 2011, compared to 66.2% at 31 December 2010.

Assets held for sale

At the end of 2010 Endesa started proceedings for the sale of its 100% stake in Endesa Ireland Ltd. (hereafter, "Endesa Ireland"). As a result, at 31 March 2011 Endesa's consolidated balance sheet classifies these assets as held for sale because proceedings had started by that date for their disposal and are expected to be completed within a year.

On 30 March 2011, Endesa entered into an agreement with its controlling shareholder ENEL Energy Europe, S.r.L. (hereinafter, "EEE") to transfer Endesa's telecommunications and systems business to EEE for Euro 250 million. This transaction is intended to ensure all telecommunications and systems services are jointly managed for both the Endesa Group and the Enel Group, as part of the overall business strategy aimed at generating synergies.

At 31 March 2011, this business was not reclassified to "Non-current assets held for sale and interrupted activities" and "Liabilities associated with non-current assets held for sale and discontinued operations" on Endesa's consolidated balance sheet because these assets were not ready for immediate sale on that date.

Net gains from asset disposals

Net gains from asset disposals during the first quarter of 2011 amounted to Euro 17 million, Euro 1,065 million lower than in 1Q10.

Of this amount, Euro 4 million corresponded to the business in Spain, Portugal and Other and Euro 13 million to the business in Latin America.

The main divestments during 1Q11 were as follows:

Compañía Americana de Multiservicios Ltda.

On 24 February 2011, Enersis sold Graña y Montero S.A. the assets of the group headed by the Chilean company, Compañía Americana de Multiservicios Ltda.

(hereafter, "CAM"). The agreed sale price for this company was USD 20 million, generating a before-tax gain of Euro 8 million.

Synapsis Soluciones y Servicios IT Ltda.

On 1 March 2011, Enersis sold Riverwood Capital L.P. the assets of the group headed by the Chilean company, Synapsis Soluciones y Servicios IT Ltda. (hereafter, "Synapsis"). This sale was made for USD 52 million, generating a before-tax gain of Euro 5 million.

Results by business line

Business in Spain, Portugal and Other

Net income – Spain, Portugal and Other: Euro 524 million

Net income from Endesa's business in Spain, Portugal and Other was Euro 524 million in 1Q11, Euro 840 million lower than in 1Q10, contributing 78.3% of the company's total net income.

The figure for the first quarter of 2010 included a gain of Euro 881 million relating to the merger of EGPE by EGP. Stripping out gains from asset disposals from both periods, this business's net income would have risen by 13.5%.

EBITDA was Euro 1,094 million, down 6.8% compared to 1Q10, and EBIT totalled Euro 767 million, down 11.5%.

The decline in EBITDA and EBIT is primarily due to the following factors:

- The effect of disposals of electricity transmission assets and gas transmission and distribution assets in the last quarter of 2010 with an impact at EBITDA of Euro 46 million.

- The integration of renewable energy assets held by Endesa in Spain and Portugal in EGP, which meant they were no longer fully consolidated in the consolidated financial statements of Endesa after the second quarter of 2010 with an impact at EBITDA of Euro 32 million.

- The less favourable power generation mix due to the drop in hydro and nuclear output, coupled with an increase in conventional thermal generation, leading to higher fuel costs.

- The higher average price on the electricity wholesale market during 1Q11 compared to that prevailing in the same period of 2010. This price hike has bumped up the cost of procuring electricity required to cover the gap between sales and output, thereby leading to a shrinking of the margin on these sales.

Despite the drop in EBIT, the net income of Spain, Portugal and Other during 1Q11, excluding gains from asset disposals, rose 13.5% thanks to a Euro 192 million improvement in financial results.

Highlights

During the first quarter of 2010, electricity demand has only risen by 1.06% year-on-year in 1Q11 (-0.54% not adjusted for working days and temperatures).

Additionally, between January and March 2011, wholesale electricity prices continued to rise by more than 48.5% compared to the same period in 2010.

During this period, Endesa obtained a market share in ordinary regime generation of 32.3%, a 41.9% share in distribution and a 38.7% share in sales to deregulated customers.

From a regulatory perspective, Ministerial Order ITC/3353/2010, of 28 December, established that access tariffs shall remain unchanged from 1 January 2011, while capacity payments payable by consumers have increased. This regulation sets out provisional remuneration to be received by distribution companies for 2011, in compliance with the methodology established in Royal Decree 222/2008, of 15 February.

The Resolution of 28 December 2010, establishing the Tariff of Last Resort (hereinafter, "LRT") to be applied in the first quarter of 2011, stipulated an average increase of 9.8% in this tariff.

The gap between the access tariffs collected during the first quarter of 2011 and the system costs during the same period led to a revenue shortfall from regulated activities of approximately Euro 544 million for the entire sector in 1Q11. Endesa must finance 44.16% of this deficit.

The access tariffs applicable from 1 April 2011 were revised on 30 March 2011 through publication of the ministerial order ITC/688/2011 and the TLR for the second quarter of 2011 was established. The LRT did not change after a 10.9% increase in the corresponding access tolls and a reduction in the cost of energy. For the remaining low-voltage tariffs, access tolls have gone up 7%, while medium and high-voltage tariffs have increased 2%. This Order also set the provisional interest rate, pending enacting regulations, applicable to the 2010 deficit until it is transferred at 2%.

Furthermore, Royal Decree 302/2011, of 4 March, was enacted on 5 March 2011, establishing a mechanism through which last resort suppliers (hereinafter, "LRS") must acquire financial contracts for a maximum amount of energy equivalent to the difference between the volumes they have applied for and those allocated to them through the CESUR auction. The selling agents are the special regime generators under the tariff option. The price of this energy will be settled by difference between the CESUR price and the spot price. This measure reduces the risk to LRSs regarding the energy they cannot acquire through auctions.

In relation to the mechanism to promote the production of coal in Spain (Royal Decree 134/2010, of 12 February, amended by Royal Decree 1221/2010, of 1 October), on 10 February 2011 a resolution was passed establishing the amounts of coal to be consumed in 2011, the maximum output covered by this mechanism, and the energy prices to be applied in this process. This mechanism began to be applied at the end of February 2011.

Revenues: Euro 5,922 million (+5.6%)

Endesa reported revenues of Euro 5,922 million from its Spain, Portugal and Other business in the first quarter of 2011, an increase of 5.6%.

Of this amount, revenues from sales accounted for Euro 5,416 million, 3.4% higher than in the first quarter of 2010, as shown below:

Sales in Spain, Portugal and Other				
	Euro million			%
	1Q11	1Q10	Difference	change
Electricity sales	4,271	4,200	71	1.7
Sales on the deregulated market	1,740	1,637	103	6.3
Last Resort Supplier sales	1,398	1,581	(183)	(11.6)
Wholesale market sales	337	182	155	85.2
CHP/renewables sales	-	28	(28)	na
Supply to deregulated customers outside Spain	160	83	77	92.8
Non-mainland compensation	412	338	74	21.9
Power trading	179	268	(89)	(33.2)
Other sales	45	83	(38)	(45.8)
Regulated revenue from electricity distribution	544	549	(5)	(0.9)
Regulated revenue from gas distribution	-	16	(16)	na
Gas supply	429	311	118	37.9
Other sales and services rendered	172	160	12	7.5
TOTAL	**5,416**	**5,236**	**180**	**3.4**

Electricity sales

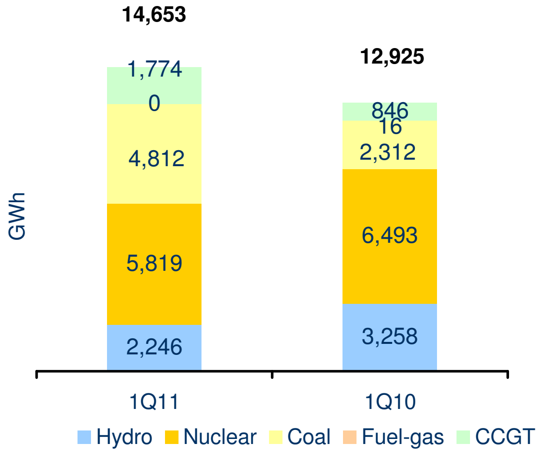
Endesa’s electricity output in the Spain, Portugal and Other business rose 6.3% year-on –year to 18,397 GWh in the first quarter of 2011. Of this amount, 18,089 GWh corresponded to Spain (+7.5%), 61 GWh to Portugal (-56.4%) and 247 GWh to the rest of the segment (-26.5%).

Endesa’s mainland electricity output stood at 14,653 GWh in 1Q11, 9.5% higher than in the first quarter of 2010.

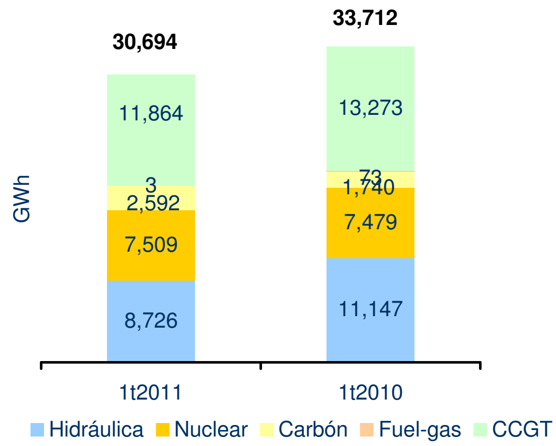
Nuclear and hydro technologies accounted for 55.0% of Endesa's mainland generation mix under the ordinary regime (75.4% in 1Q10), compared with 52.9% for the rest of the sector (55.3% in 1Q10).

Endesa’s output from non-mainland facilities was 3,436 GWh, a decrease of 0.3% compared to the first quarter of 2010.

Endesa ordinary regime mainland generation
Total: 14,653 GWh (+13.4%)



Rest of sector ordinary regime mainland generation
Total: 30,694 GWh (-9.0%)



Supply to deregulated customers

Endesa had 2,032,403 customers in the deregulated market at the end of the first quarter of 2011: 1,769,705 in the Spanish mainland market, 217,820 in the non-mainland market and 44,878 in European deregulated markets other than Spain.

Endesa sold a total of 18,705 GWh to these customers in the first quarter of 2011, an increase of 11.1%.

Sales in the Spanish deregulated market totalled Euro 1,740 million, up 6.3% on the first quarter of 2010. In turn, revenues from sales to customers in deregulated European markets other than Spain rose 92.8% year-on-year to Euro 160 million.

Last resort supplier sales

Endesa sold 8,636 GWh through its LRS in 1Q11, 20.7% less than in 1Q10, as a result of LRT customers opting for the deregulated market. These sales generated revenues of Euro 1,398 million, down 11.6% on the same period in 2010.

Electricity distribution

Endesa distributed 19,842 GWh of electricity in the Spanish market in 1Q11, 1.6% less year on year.

Despite the sale of power transmission assets in 2010, revenue from distribution activities amounted to Euro 544 million, a mere 0.9% less than in 1Q10, thanks to the calculation of distribution remuneration using the methodology stipulated in Royal Decree 222/2008, of 15 February.

Gas supply

Endesa sold 18,159 GWh of natural gas in the Spanish deregulated gas market during the first quarter of 2011, which represents an increase of 42.0% from the same period in 2010. Revenues from gas sales in the deregulated market increased 37.9% to Euro 429 million.

Operating expenses

The breakdown of operating expenses in the Spanish, Portuguese and Other business in the first quarter of 2011 is provided below:

Operating expenses in Spain, Portugal and Other				
	Euro million			%
	1Q11	1Q10	Difference	change
Procurements and services	4,280	3,849	431	11.2
Power purchases	1,615	1,352	263	19.5
Fuel consumption	601	439	162	36.9
Transmission expenses	1,499	1,567	(68)	(4.3)
Other supplies and services	565	491	74	15.1
Personnel expenses	265	271	(6)	(2.2)
Other operating expenses	314	351	(37)	(10.5)
Depreciation & amortisation charges and impairment losses	327	307	20	6.5
TOTAL	**5,186**	**4,778**	**408**	**8.5**

Procurements and services (variable costs)

Power purchases stood at Euro 1,615 million, an increase of 19.5% on 1Q10. This rise was mainly due to the higher unit cost of these purchases. Fuel consumption totalled Euro 601 million in 1Q11, a year-on-year rise of 36.9%, due to higher thermal production during the period.

Power transmission expenses were Euro 1,499 million, Euro 68 million lower than the figure registered in 1Q10.

Personnel and other fixed operating expenses

Fixed costs in 1Q11 totalled Euro 579 million, Euro 43 million lower (-6.9%) than in the first quarter of 2010. This change is due to a Euro 6 million reduction in "Personnel expenses" to Euro 265 million, and a Euro 37 decrease in "Other operating expenses" to Euro 314 million.

Depreciation & amortisation charges and impairment losses

Depreciation and amortisation charges and impairment losses totalled Euro 327 million, Euro 20 million more than in 1Q10.

Financial results: Euro 30 million (-86.5%)

Net financial results were Euro 30 million negative in 1Q11, Euro 192 million less than in the first quarter of 2010. This was due to a Euro 160 million decline in net finance expenses and a Euro 32 million increase in net exchange differences, which have moved from a loss of Euro 9 million in 1Q10 to a gain of Euro 23 million in 1Q11.

In 1Q10, the net finance expense included the negative impact of the restatement of Euro 77 million of finance revenues recorded in previous years resulting from the accrual of interest on the tariff deficit between the effective contribution date and the start of the following year, in accordance with the provisions of Royal Decree Law 6/2010 (April 9th)

The evolution in long-term interest rates in both the first quarter of 2011 and between January and March 2010 also required an update of provisions to cover obligations relating to the workforce reduction programme currently in force to the amount of positive Euro 33 million and negative Euro 55 million, respectively. These amounts have been recognised in the Income Statement under "Net finance expenses".

Net financial debt in the Spain, Portugal and Other business at 31 March 2011 stood at Euro 8,136 million, compared to Euro 10,684 million at the end of 2010. Of this amount, Euro 6,143 million was incurred to finance regulatory receivables: Euro 3,391 million to finance the revenue shortfall from regulated activities and Euro 2,752 million to fund the non-mainland generation deficit.

Cash flow from operating activities: Euro 707 million

Cash flow from operating activities in the business in Spain, Portugal and Other totalled Euro 707 million in 1Q11 compared to Euro 117 million in the first quarter of 2010.

Discounting the effects of "Changes in working capital" from this cash flow, which are more volatile, this figure would be Euro 957 million, up 37.9% on 1Q10.

Investments: Euro 207 million

Investments in the Spain, Portugal and Other business in the first quarter of 2011 totalled Euro 207 million, as detailed in the following table.

Total investments **Business in Spain, Portugal and Other**			
	Euro million		**% change**
	1Q11	**1Q10**	
Capex	183	223	(17.9)
Intangible	9	24	(62.5)
Financial investments	15	17	(11.8)
TOTAL (*)	**207**	**264**	**(21.6)**

(*) Excludes investments in non-current assets held for sale and interrupted activities amounting to Euro 3 million and Euro 7 million, respectively.

Capex Business in Spain, Portugal and Other			
	Euro million		**% change**
	1Q11	**1Q10**	
Generation	77	81	(4.9)
Distribution	104	138	(24.6)
Other	2	4	(50.0)
TOTAL	**183**	**223**	**(17.9)**

Capex in the power generation business includes in one hand usual maintenance investments, and on the other investments in new capacity, mainly the final investments for the construction of the combined cycle facilities Tejo II and Besós V as well as the repowering of the nuclear plant Almaraz.

Capex in the distribution business relates to investment to expand and optimise the network in order to improve efficiency and service quality. It also includes investment for the widespread roll-out of smart meters and their associated operating systems.

Business in Latin America

Net income in Latin America: Euro 145 million

In 1Q11, net income in Endesa's Latin America business declined 15.2% year-on-year to Euro 145 million.

Nonetheless, the impact of patrimonial tax in Colombia should be considered when analysing the net income of the Latin American business. In 2009, Law 1370 was passed in Colombia, resulting in the establishment of a 4.8% patrimonial tax on liquid equity held at 1 January 2011, payable in eight six-monthly instalments between 2011 and 2014. Furthermore, Decree Law 4825 was enacted on 29 December 2010 establishing a 25% surcharge on the patrimonial tax calculated in accordance with Law 1370. This tax amounted to Euro 109 million for all the Endesa Group subsidiaries with registered offices in Colombia, and was accrued in full at 1 January 2011. It was therefore recognised in full during the first quarter of 2011.

Stripping out the impact of the Columbian wealth tax, net income in Latin America would have risen 7.0%.

EBITDA amounted to Euro 681 million, a 3.4% decline on the first quarter of 2010 (+12.1% excluding the Colombian patrimonial tax). EBIT totalled Euro 551 million, up 2.8% on 1Q10 (+23.1% excluding the Colombian patrimonial tax).

Highlights

The economic environment in Endesa's Latin American operating markets was positive. Energy demand advanced in all countries during 1Q11, with especially noteworthy increases in Chile (SIC: +12.3%; SING: +5.9%), Peru (+8.6%), Argentina (+4.2%) and Brazil (+2.5%).

In this context, distribution sales by Endesa companies totalled 17,270 GWh, an increase of 3.7% on 1Q10, with rises recorded in all countries: Chile (+9.6%), Peru (+7.7%), Colombia (+3.8%), Brazil (+1.4%), and Argentina (+0.7%).

Output by Endesa's generation business advanced 2.5% to 15,031 GWh. By country, output increases were especially strong in Colombia (+21.4%), due to the increase in hydroelectric generation stemming from the "Niña" phenomenon; Peru (+16.7%); and Argentina (+5.9%). In contrast, output fell in Brazil (-41.4%), due to lower rainfall and the replacement of gas production with purchases in the market, and Chile (-6.1%), affected by the drought in the country's central-southern region.

Electricity generation and sales in Latin American business				
	Output (GWh)		**Sales (GWh)**	
	1Q11	**% change 1Q10**	**1Q11**	**% change 1Q10**
Chile	4,874	(6.1)	3,338	9.6
Argentina	4,364	5.9	4,345	0.7
Peru	2,493	16.7	1,632	7.7
Columbia	2,743	21.4	3,113	3.8
Brazil	557	(41.4)	4,842	1.4
TOTAL	**15,031**	**2.5**	**17,270**	**3.7**

Positive evolution of unit margins

The unit margin in the generation business increased by 13.2% to Euro 29.5/MWh. Improvements were achieved in all countries, especially in respect to generation margins in Columbia (+40.3%), Chile (+10.5%) and Brazil (+6.1%).

The unit margin on distribution activities in 1Q11 was Euro 32.5/MWh, an increase of 2.4% compared to 1Q10. This was mainly due to the better unit margins in Chile (+15.6%) and Columbia (+10.6), which offset the 3.3% decline in Brazil and 1.9% decline in Argentina. The unit margin on distribution activities in Peru remained practically stable (+0.3%).

New capacity development

Construction continued in 1Q11 on the 370 MW Bocamina II coal-fired plant in Chile which is due to be commissioned in the second half of 2011.

Construction of the 400 MW El Quimbo hydroelectric plant is in full swing and in February two windows were opened for the construction of the diversion tunnel for the Magdalena river.

Coordination meetings also started with contractors and suppliers for the 200 MW Talara thermal plant in Peru. The objective of these meetings is to reach agreement on technical and financial issues pending processing of the environmental impact study. The dual (diesel and natural gas) open cycle plant is slated to come on stream in the first half of 2013.

Regulatory update

Chile

On 17 February 2011 and in light of the prevailing drought, Chile's National Energy Commission issued a Rationing Decree setting out a series of measures aimed at guaranteeing supply. This Rationing Decree, which will end on 31 August 2011, includes operational measures such as reducing voltage and maintaining hydro reserves, etc.

Brazil

On 1 February 2011, the National Electrical Energy Agency (hereinafter, "ANEEL") initiated a public hearing to determine the provisional procedures of the Third Cycle of Tariff Reviews for distribution companies. The delay in finalising the methodology for this third cycle of tariff reviews means that the review for Companhia Energética do Ceará, S.A. (hereinafter, "Coelce"), which should have been performed in April 2011, will be provisional, with the existing tariffs remaining in force until the new methodology is defined.

On 15 March 2011 the annual Tariff Adjustment ("Indice Anual de Ajustes de la Tarifa", IRT) of Ampla Energía e Serviços, S.A. (hereinafter, "Ampla") was completed, establishing a 10.04% increase for Parcel B (DAV).

On 23 February 2011, the Ministry for Energy and Mines published Directive 126/2011 defining the conditions applicable to the connection of Compañía de Interconexión Energética, S.A. (hereinafter, "Cien") to the Brazilian transmission grid, which amends the first Directive (1,004/2010), also clarifying the indemnity guarantee for investments that are not depreciated at the end of the concession period. On 5 April 2011, Ministerial Directives 210/2011 and 211/2011 were published in the State Gazette, which adequate Cien as a regulated interconnection line, subject to payment of a regulated toll. The annual toll ("Receita Annual Permitida" - RAP) amounts to BRL 248 million, which will be adjusted in line with the Brazilian consumer price index (IPCA) in June of each year, and subject to tariff reviews every four years. The concession period runs until June 2020 for Line 1 and until July 2022 for Line 2, with an expected compensation fixed for any investments that are not depreciated. On 19 April 2011 contracts were signed that stipulate that as from that date, Cien is authorised to receive payments.

EBITDA: Euro 681 million

EBITDA in the Latin American business totalled Euro 681 million in the first quarter of 2011, a 3.4% decrease year on year. In like-for-like terms, stripping out the effect of Colombian patrimonial tax, EBITDA would have increased by 12.1%. Meanwhile, first-quarter 2011 EBITDA was Euro 34 million higher year-on-year due to trend in the rates of exchange between the euro and local currencies in the Group's operating markets.

EBIT amounted to Euro 551 million, a 2.8% increase on 1Q10 (+23.1% excluding the effect of Colombian patrimonial tax).

EBITDA and EBIT in the Latin American business

	EBITDA (Euro million)			EBIT (Euro million)		
	1Q11	**1Q10**	**% change**	**1Q11**	**1Q10**	**% % change**
Generation and transmission	379	379	0.0	329	288	14.2
Distribution	316	337	(6.2)	237	260	(8.8)
Other	(14)	(11)	n/a	(15)	(12)	n/a
TOTAL	**681**	**705**	**(3.4)**	**551**	**536**	**2.8**

The breakdown of these results by country is shown below:

EBITDA and EBIT in the Latin American business
Generation and transmission

	EBITDA (Euro million)			**EBIT (Euro million)**		
	1Q11	**1Q10**	**% change**	**1Q11**	**1Q10**	**% % change**
Chile	176	167	5.4	144	132	9.1
Colombia	55	75	(26.7)	42	61	(31.1)
Brazil	52	51	2.0	46	45	2.2
Peru	58	47	23.4	44	32	37.5
Argentina	39	36	8.3	31	27	14.8
TOTAL GENERATION	**380**	**376**	**1.1**	**307**	**297**	**3.4**
Brazil-Argentina interconnection	(1)	3	n/a	22	(9)	n/a
TOTAL GENERATION AND TRANSMISSION	**379**	**379**	**0.0**	**329**	**288**	**14.2**

EBITDA and EBIT in the Latin American business
Distribution

	EBITDA (Euro million)			**EBIT (Euro million)**		
	1Q11	**1Q10**	**% change**	**1Q11**	**1Q10**	**% % change**
Chile	61	41	48.8	50	32	56.3
Colombia	56	76	(26.3)	32	55	(41.8)
Brazil	162	175	(7.4)	132	140	(5.7)
Peru	33	30	10.0	25	23	8.7
Argentina	4	15	(73.3)	(2)	10	n/a
TOTAL DISTRIBUTION	**316**	**337**	**(6.2)**	**237**	**260**	**(8.8)**

Generation and transmission

Chile

EBITDA in the Chilean generation business stood at Euro 176 million in 1Q11, up 5.4% thanks to higher unit margins and despite the lower output in the period (-6.1%) as a result of lower rainfall in the country. EBIT for the period amounted to Euro 144 million, rising 9.1% from the same period in the previous year.

Colombia

In Colombia, EBITDA (-26.7%) and EBIT (-31.1%) were affected by the introduction of the exceptional Patrimonial Tax.

Stripping out this effect, EBITDA and EBIT in 1Q11 would have risen by 60.0% and 75.4%, respectively, primarily because of an improvement in output during the period (+21.4%) thanks decent rainfall caused by the "Niña" climate phenomenon, lower energy purchase prices to cover sales commitments, and the favourable impact of greater revenues from frequency regulation services.

Brazil

Endesa's investees in Brazil generated a total of 557 GWh in 1Q11, down 41.4% year-on-year, with decreases at the Fortaleza plant explained by a lack of requirement from the system and the Cachoeira plant as a result of lower rainfall levels.

Despite the drop in output, the margin on sales covered by spot purchases made to cover contracted demand led to a slight improvement in EBITDA (+2.0%) and EBIT (+2.2%) to Euro 52 million and Euro 46 million, respectively.

Peru

Endesa's investees in Peru generated total output in 1Q11 of 2,493 GWh, 16.7% more than in the same period of the previous year. Given the higher sale prices, the signing of new deregulated contracts ("Luz de Sur") and higher sales to regulated customers triggered a 23.4% rise in EBITDA, to Euro 58 million, while EBIT climbed 37.5% to Euro 44 million.

Argentina

In 1Q11, output rose 5.9%. Along with better sales margins achieved through the improvements negotiated by the generation companies on 25 November 2010 through the Agreement with the Secretary of Energy, this increase drove EBITDA up by 8.3% to Euro 39 million from 1Q10, with EBIT rising by 14.8% to Euro 31 million.

Argentina - Brazil interconnection

EBITDA of this interconnection amounted to a loss of Euro 1 million in 1Q11 because the lines remained idle during the period.

EBIT for the period amounted to Euro 22 million as a result of recovering receivables from Argentina in 2011, for which provisions had previously been made.

Distribution

Chile

The 9.6% rise in sales volumes pushed up EBITDA and EBIT in the Chilean distribution business by 48.8% and 56.3%, respectively, to Euro 61 million and Euro 50 million.

Colombia

EBITDA and EBIT in the Colombian distribution business fell by 26.3% and 41.8%, respectively, to Euro 56 million and Euro 32 million. Stripping out the effect of the patrimonial tax, both indicators improved (+31.6% and +38.2%, respectively) due to higher demand and prices.

Brazil

EBITDA for 1Q11 stood at Euro 162 million and EBIT at Euro 132 million, down 7.4% and 5.7%, respectively, year-on-year. This decline is mainly due to a shrinking of Ampla's margin on electricity because of price hikes, partially offset by greater energy sales (+1.4%).

Peru

Financial indicators in the Peruvian distribution business marked a good performance during the period on the back of a 7.7% rise in sales volumes. Combined with an improvement in the margin on electricity, this sales growth drove up EBITDA to Euro 33 million, 10.0% higher year-o-year, while EBIT rose 8.7% to Euro 25 million.

Argentina

EBITDA for the distribution business in Argentina was Euro 4 million, having fallen by Euro 11 million (-73.3%) from 1Q10. EBIT amounted to just Euro 2 million, down Euro 12 million the first quarter of 2010.

These declines are due to the company's higher fixed costs given Argentina's rising inflation, which it has not been possible to pass on to customers through tariffs.

Financial results: Euro 110 million (-8.3%)

Endesa's Latin American business generated a net financial result of Euro 110 million negative in 1Q11, a reduction of 8.3% compared to the first quarter of 2010.

Net exchange losses of Euro 13 million in 1Q10 narrowed to Euro 10 million in 1Q11.

Net finance expense was Euro 100 million in 1Q11, down Euro 7 million or 6.5%.

Net debt at Endesa's Latin American business stood at Euro 4,521 million at 31 March 2011, a reduction of Euro 131 million compared to 1Q10.

Cash flow from operating activities: Euro 307 million

Endesa's business in Latin America generated Euro 307 million of cash flow in 1Q11, a decrease of 16.1% with respect to the same period in 2010.

Discounting the effects of "Changes in working capital" on this cash flow, which are more volatile, this figure would be Euro 454 million, down 11.7% on 1Q10.

Investment: Euro 280 million

In 1Q11, investments in this business totalled Euro 280 million, Euro 32 million of which comprised financial investments and Euro 248 million capex and investments in intangible assets, as shown in the following table:

Capex and investment in intangible assets in Latin American business			
	Euro million		**% change**
	1Q11	**1Q10**	
Generation	126	52	142.3
Distribution and Transmission	46	34	35.3
Other	-	12	n/a
TOTAL CAPEX	**172**	**98**	**75.5**
Intangible assets (*)	**76**	**52**	**46.2**
TOTAL CAPEX AND INVESTMENT IN INTANGIBLE ASSETS	**248**	**150**	**65.3**

(*) Comprises investments in the Brazilian distribution business as, given the nature of the concession, the associated assets are classified partly as intangible and partly as financial under IFRIC 12.

Statistical appendix

Key figures

Electricity Generation Output (GWh)	1Q11	1Q10	% change
Business in Spain, Portugal and Other	18,397	17,306	6.3
Business in Latin America	15,031	14,659	2.5
TOTAL	**33,428**	**31,965**	**4.6**

Electricity Generation Output in Spain and Portugal and Other (GWh)	1Q11	1Q10	% change
Mainland	**14,653**	**13,384**	**9.5**
Nuclear	5,819	6,493	(10.4)
Coal	4,814	2,312	108.2
Hydroelectric	2,246	3,258	(31.1)
Combined cycle (CCGT)	1,774	846	109.7
Fuel oil	-	16	n/a
CHP/renewables	-	459	n/a
Non-mainland	**3,436**	**3,446**	**(0.3)**
Portugal	**61**	**140**	**(56.4)**
Other	**247**	**336**	**(26.5)**
TOTAL	**18,397**	**17,306**	**6.3**

Electricity Generation Output in Latin America (GWh)	1Q11	1Q10	% change
Chile	4,874	5,190	(6.1)
Argentina	4,364	4,121	5.9
Peru	2,493	2,137	16.7
Columbia	2,743	2,260	21.4
Brazil	557	951	(41.4)
TOTAL	**15,031**	**14,659**	**2.5**

Electricity sales (GWh)	1Q11	1Q10	% change
Business in Spain, Portugal and Other	**27,628**	**28,063**	(1.6)
LRS	8,636	10,893	(20.7)
Deregulated market	18,705	16,834	11.1
Other	287	336	(14.6)
Business in Latin America	**17,270**	**16,649**	3.7
Chile	3,338	3,046	9.6
Argentina	4,345	4,313	0.7
Peru	1,632	1,516	7.7
Columbia	3,113	3,000	3.8
Brazil	4,842	4,774	1.4
TOTAL	**44,898**	**44,712**	**0.4**

Gas sales (GWh)	1Q11	1Q10	% change
Regulated market	-	56	n/a
Deregulated market	18,159	12,788	42.0
TOTAL	**18,159**	**12,844**	**41.4**

Closing workforce (number of employees)	31 March 2011	31 December 2010	% change
Business in Spain, Portugal and Other	12,328	12,270	0.5
Business in Latin America	10,849	12,462	(12.9)
TOTAL	**23,177**	**24,732**	**(6.3)**

Financial data

Key figures (Euro)	1Q11	1Q10	% change
EPS	0.63	1.45	(56.4)
BVPS(1)	17.08	16.79	1.7

(1) At 31 March 2011 and 31 December 2010, respectively.

Net financial debt (Euro million)	31 March 2011	31 December 2010	% change
Business in Spain, Portugal and Other	8,136	10,684	(23.8)
Business in Latin America	4,521	4,652	(2.8)
TOTAL	**12,657**	**15,336**	**(17.5)**
Financial leverage (%)	54.5	66.2	n/a

Ratings (10 May 2011)	Long-term	Short-term	Outlook
Standard & Poor's	BBB+	A-2	Stable
Moody's	A3	P-2	Stable
Fitch	A	F2	Stable

Endesa's main fixed-income issues	Spread over IRS (bp)	
	31 March 2011	31 December 2010
2Y GBP 400M 6.125% Mat. June 2012	113	128
2.6Y Euro 700M 5.375% Mat. February 2013	64	80

Stock market data	31 March 2011	31 December 2010	% change
Market cap (Euro million)	23,150	20,429	13.3
Number of shares outstanding	1,058,752,117	1,058,752,117	-
Nominal share value (Euro)	1.2	1.2	-

Stock market data (Shares)	Jan-Mar 2011	Jan-Mar 2010	% change
Trading volume			
Madrid stock exchange	48,878,351	36,829,975	32.7
Average daily trading volume			
Madrid stock exchange	763,724	584,603	30.6

Share price (Euro)	High Jan-Mar 2011	Low Jan-Mar 2011	31 March 2011	31 December 2010
Madrid stock exchange	22.22	18.5	21.865	19.295

Dividends (€/share)	Against 2010 earnings
Interim dividend (3 January 2011)	0.500
Final dividend (1 July 2011)	0.517
Total DPS	1.017
Pay-out (%)	26.1
Dividend yield (%)	5.3

Important legal disclaimer

This document contains certain "forward-looking" statements regarding anticipated financial and operating results and statistics and other future events. These statements are not guarantees of future performance and they are subject to material risks, uncertainties, changes and other factors that may be beyond ENDESA's control or may be difficult to predict.

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

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

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

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

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

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

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

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

Further details on the factors that may cause actual results and other developments to differ significantly from the expectations implied or explicitly contained in this document are given in the Risk Factors section of the current ENDESA Share Registration Statement filed with the Comisión Nacional del Mercado de Valores (the Spanish securities regulator or the "CNMV" for its initials in Spanish).

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