

ENDESA CAPITAL FINANCE, LLC

SIGNIFICANT EVENT

On 26 May 2011, Endesa Capital Finance LLC agreed to make an unconditional offer for the purchase of all the perpetual preference shares issued under the terms of the Full Prospectus (registered as number 4274 with the CNMV) in March 2003 for a total nominal value of 1,500,000,000 euros, traded on the Spanish Stock Market's electronic debt trading system (SEND) through the AIAF fixed income market under the code USU291871080 addressed to the holders of said shares under the terms and conditions set out below. The commitments of the offeror are guaranteed by Endesa S.A.

The purchase price offered by Endesa Capital Finance, LLC is 100% of the nominal value of each preference share plus the total remuneration accrued but not paid between the previous settlement date (i.e. 28 March 2011) and the date on which the purchase is finalised. The period of acceptance for the offer will commence at the time of publication of this Significant Event and will conclude at 2.30 pm (Madrid time) on 24 June 2011. The settlement date will be 28 June 2011.

Holders of preference shares can submit their acceptance, which will be irrevocable, through the financial entities with which their shares are deposited by means of the procedures such entities have for this purpose.

Endesa Capital Finance, LLC will amortise the shares purchased.

The offer does not affect any of the rights or obligations of the holders of preference shares, or of Endesa Capital Finance, LLC, as issuer, or Endesa, S.A., as guarantor. After settlement of the offer the liquidity commitments of the entities providing liquidity under the terms of the Full Prospectus will also be maintained, i.e. the entities providing liquidity will remain providing liquidity to the holders of preference shares through the placement of bid and ask offers in AIAF fixed income market until the cumulative balance of preference shares whose ownership corresponds to each one is 10% of the nominal value of the issue placed through it or greater.

Concerning the fiscal aspects of the operation, the proceeds obtained from the sale by legal entities will be included in their tax base, as specified in RD 4/2004, of 5 March, approving the revised text of the Spanish Corporate Income Tax Act. Remuneration obtained from the sale by individuals will be treated as income obtained from the transfer of own capital to third parties,

as regulated in Article 25.2 of Law 35/2006, of 28 November, on personal income tax, which is subject to a rate of 19% up to 6,000 euros and 21% thereafter.

The offer is available only in Spain and is intended for the holders of preference shares. No public offer will, therefore, be made in the United States or in any country other than Spain for the purchase of preference shares.

Madrid, 26 May 2011