2002 results
Strategy & business review

Analyst presentation
Madrid, February 26th 2003

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2002: Performance in Challenging Times

Performance 2002

Solid business base:

- Output 149,665 GWh
- Electricity sales 155,042 GWh

Strong Cash Flow generation:

- €5.3 bn EBITDA
- €4.3 bn Cash Flow

Improving quality of earnings:

- +43,4% Ordinary Income
- Provisions –€1.2 bn; net - €0.8 bn.
- €1.3 bn Net Income

Strengthen balance sheet:

- Debt reduction= €2.3 bn
- Debt to EBITDA from 5.0 to 4.3

Decisions Related to Closing of 2002 Accounts

- **Extraordinary provisions and write-downs**:€ 1,169 M in P&L and €2,126 M equity write-downs

  Apply conservative criteria and manage for the long term through:

  - Aligning book value with fair value
  - Improving quality of earnings
  - Strengthening the balance sheet
  - Covering against future contingencies

- **Dividend 2002:** €0.6825 per share total dividend against 2002 earnings, same dividend as in 2001.
  - 56.9% pay-out

Highlights for 2002

Consolidated results

€M	2002	2001	Change (%)
Revenues	17,238	16,085	+7.2%
EBITDA	5,278	5,004	+5.5%
EBIT	3,582	3,175	+12.8%
Ordinary Income	1,500	1,046	+43.4%
Extraordinary gain	1,745	1,212	+44.0%
Provisions & Extraordinary losses	-1,674	-633	+164.5%
Net Income	1,270	1,479	-14.1%
Cash Flow	4,285	3,347	+28.0%
EPS	1.20	1.40	-14.1%
Employees	26,354	26,885	-2.0%
Generation Output	149,665	130,821	+14.4%

Highlights for 2002

Consolidated results – Breakdown by line of business

€M	Domestic Electr.	Europe Electr.	LatAm Electr.	Other Businesses
Revenues	11,075	1,760	4,084	319
EBITDA	3,205	263	1,735	75
EBIT	2,131	150	1,268	33
Ordinary Income	1,726	15	31	-272
Net Income	2,026	21	-281	-496
Cash Flow	2,537	179	1,444	125
Employees	13,548	1,168	11,166	472
Generation Output (GWh)	89,417	17,551	42,697	-

2002 Results: Solid Performance in a Challenging Environment

- **Net income:** -14.1% to €1,270 M, after €802 M net provisions.
- **Net extraordinary income** fell from €579 M to €71 M (including €930 M capital gain on Viesgo, accounting for deficit €139 M and provisions)
- **Ordinary income:** +43% to €1,500 M consolidated EBIT +13% to €3,582 M.
- **Cash flow:** +28% to €4,285 M
- **Financial result:** 5.1% better than in 2001
  - 9% Debt reduction of € 2.3 bn and lower cost of debt (5.1%) resulted in €222 M lower net financial expenses that fully compensates net FX losses after minorities

Provisions and Write-downs Provide Adequate Coverage for the Future

€1,169 M gross provisions in the P&L account, €802 M net

- €317 M goodwill write down in Smartcom
- €304 M provisions in domestic business, including €128 M for new meters regulation and liberalization, and €134 M pensions
- €396 M write downs in Latin American business for lower asset values derived from uncertain future scenarios including €145 M for full provisioning of Argentinean assets
- €152 M for the deferral of tax losses in telecoms
- 4Q provisions €882 M

Additionally, equity write-down of €2,126 M in the balance sheet due to currency depreciation

2002 goodwill written down and amortised: € 693 M

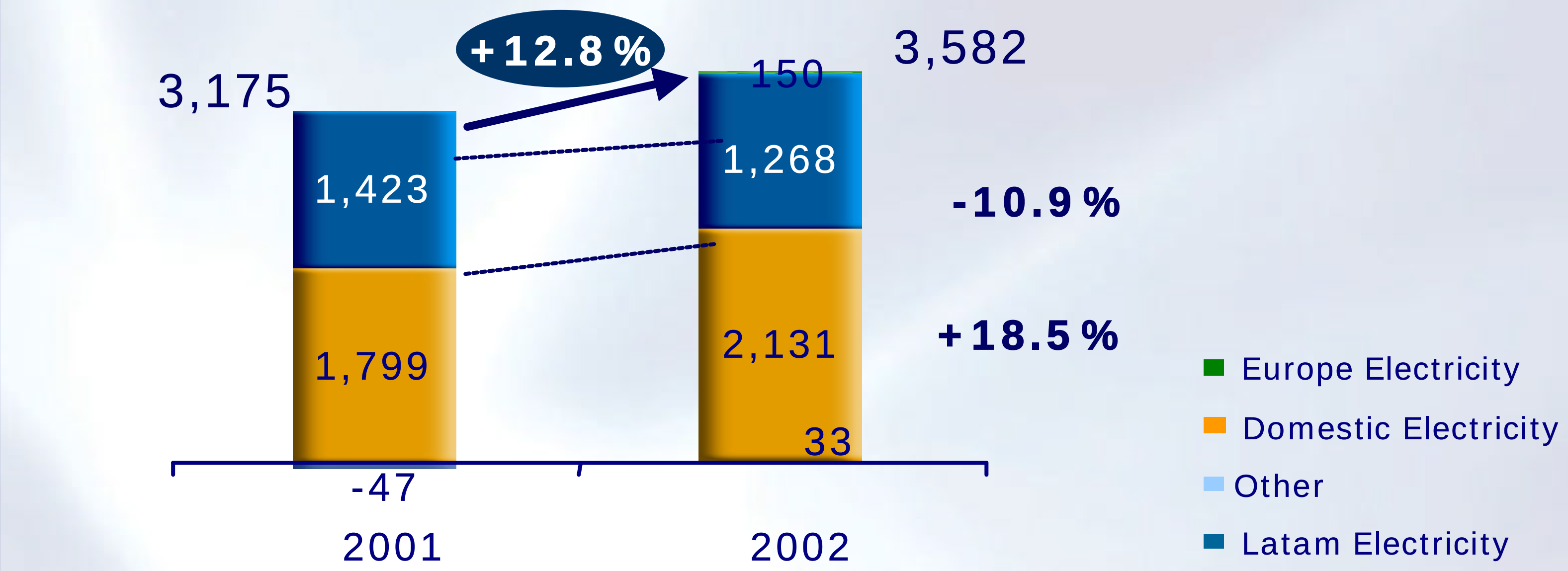
Positive Performance in the 4th Quarter

- **Domestic Business:** EBIT + 184% to €953 M reflects:
  - Better hydro conditions and full recognition of accrued revenues in 2002.
  - 4Q 2001 reversion of €174 M island remuneration
- **Europe:** EBIT of € 55 M, 37% of full year EBIT
  - Tariff seasonality and efficiency program despite exceptional items in Italy
- **Latin America:** EBIT of €301 M, ex-ARTE +26%
  - Demand recovery +7%
  - Argentina EBIT +16%, from previous quarter.
- **Financial results:** improve by €602 M
  - Net FX gain of € 286 M in 4Q02 against net FX loss of € 298 M in 4Q01 due to stronger currencies vs US$
- **Extraordinary results:**
  - Net extraordinary loss of €503 M after €882 M provisions in the quarter

2002 EBIT: +12.8%, Change in Trend

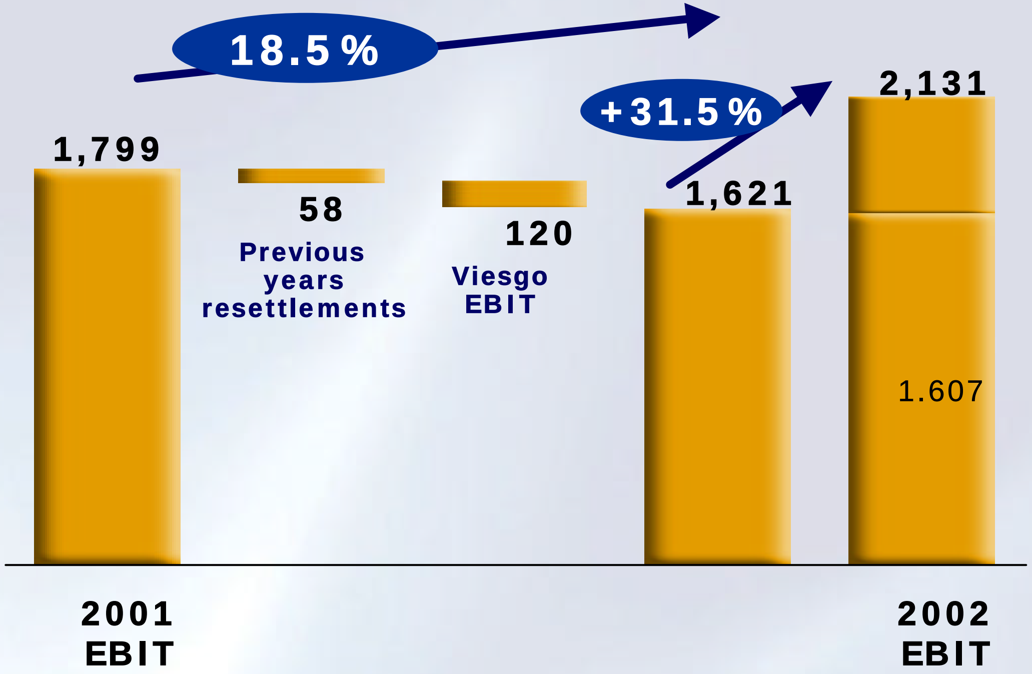
- **Domestic Business** +18.5% EBIT :
  - Generation: Higher volumes and prices more than offset higher fuel cost
  - Included all revenues accrued in 2002 after RD1432/2002 recognised tariff deficit
- **Europe:** EBIT €150 M
  - In line with business plan due to efficiency gains.
  - Compensates €120 M EBIT Viesgo in 2001
- **Latin America:** EBIT –10.9% After devaluations in the region.
  - EBIT +25% in local currency.
  - Ex-Argentina EBIT + 3.8%

EBIT by Business



Domestic Business: Solid Performance, EBIT +18.5%

2002/2001 underlying EBIT performance (M€)



Domestic business has shown a strong performance in 2002 with 18.5% growth in EBIT

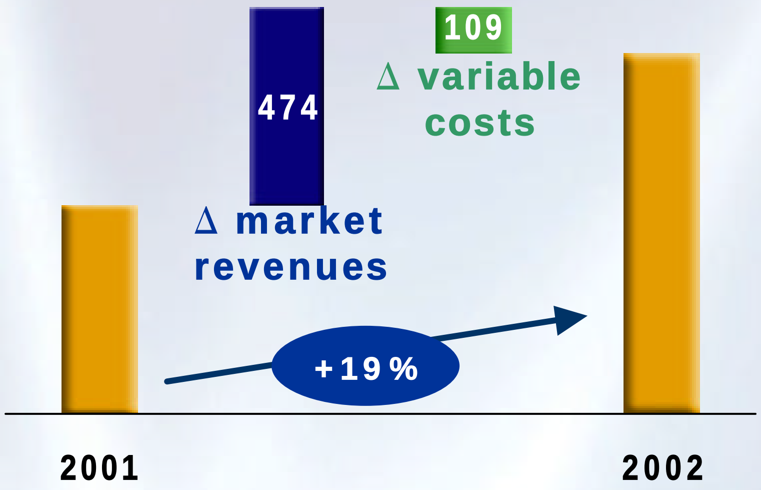
Stripping out the non-recurrent items from 2001 accounts, underlying growth of EBIT is 31.5%

Spain: Benefit from Higher Prices in the Pool

(Mainland)

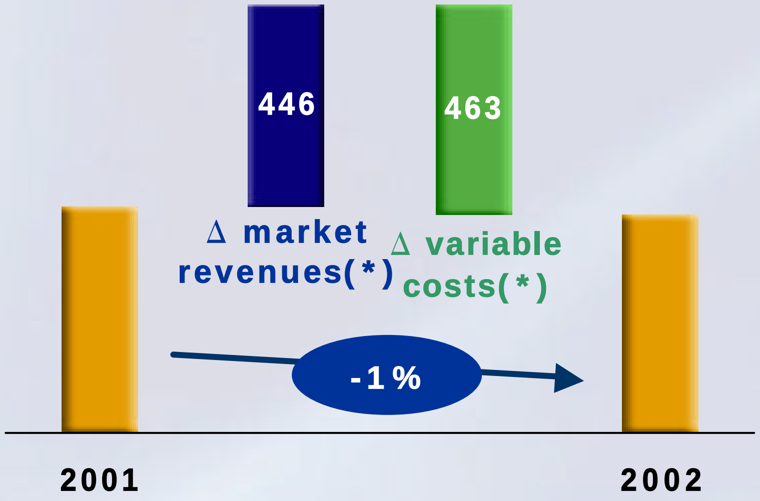
Endesa

Gross margin (M€)



Rest of Industry

Gross margin (M€)



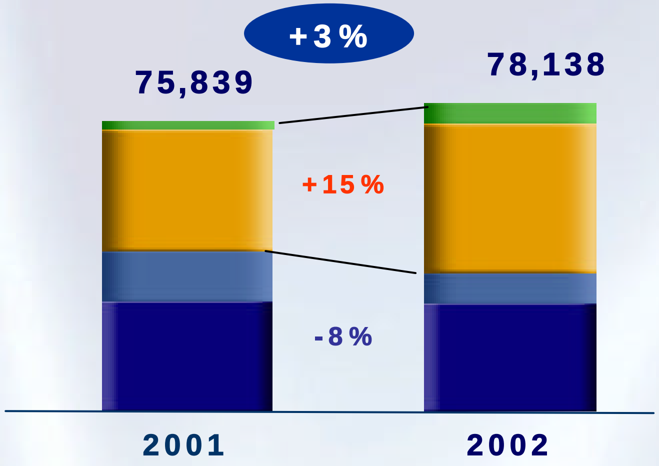
(*) Endesa's estimates based on public information

ENDESA has increased market revenues without increasing fuel costs to the same extent

Spain: Better Performance due to Flexible and Competitive Generation Mix *(Mainland)*

Endesa

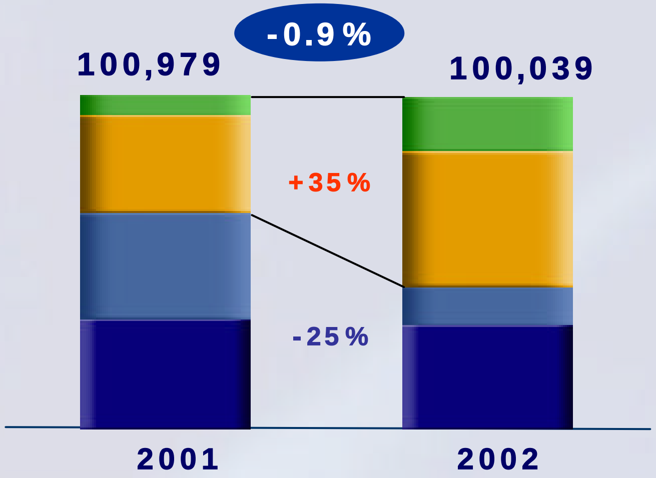
Mainland production (GWh)



12.1 **Variable cost (€/MWh)** 13.2

Rest of Industry

Mainland production (GWh)



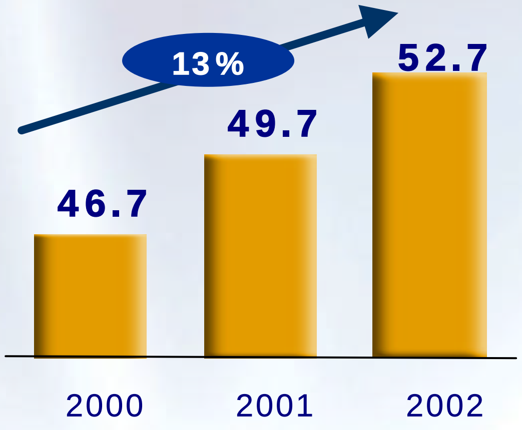
12.2 **Variable cost (*) (€/MWh)** 16.8

(*) Endesa's estimates based on public information

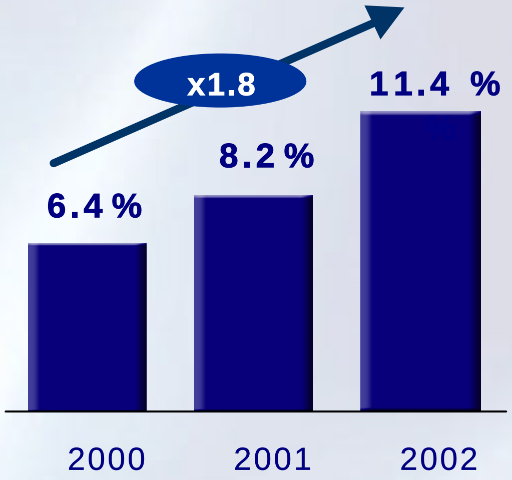
Our total production and our generation mix are more stable than the rest of the industry´s, allowing to respond to changing hydro conditions.
As a consequence, ENDESA´s fuel costs are also more stable

Spain: Supply Based on Profitable Retention of Market Leadership

Price to elegible customers (€/MWh)

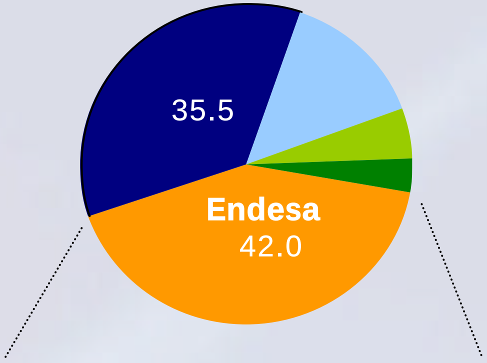


Gross margin in liberalized supply (% over sales)



Market share in the supply businesss

Total market share



Elegible customers	**37%**
Regulated customers	**44%**

Retention rate(*)
95.9%

Focus on profitability: Gross margin nearly doubled in two years
Maintaining the leadership position through retention of customers

(*) Retention rate = GWh of ENDESA in total liberalized market/GWh of liberalized market in ENDESA´s distribution areas

Gas in Spain: Largest Electricity Player in the Gas Market

- Gas market of ENDESA: 20,500 GWh
- Market share of 8% over total national supply
- ENDESA the most relevant gas player among the electric utilities

Regulated market

- Market of 4,000 GWh in 2002
- 4% market share in supply to regulated customers
- 300,000 customers
- Main electricity company in the gas distribution business
- Joint management of gas and grid to extract synergies

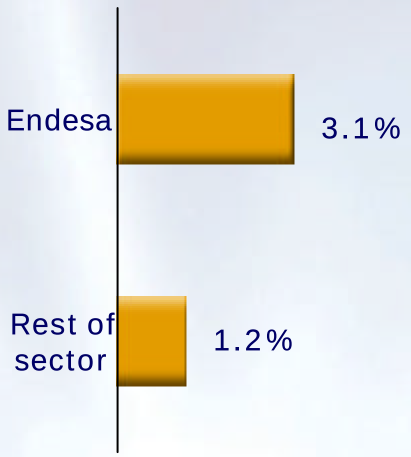
Liberalized customers

- Market of 16,500 GWh
- 12% market share including generation consumptions
- 400% increase in sales to industrial customers, to 4,300 GWh
- Positive margin from the first year of operation (>€5 M)

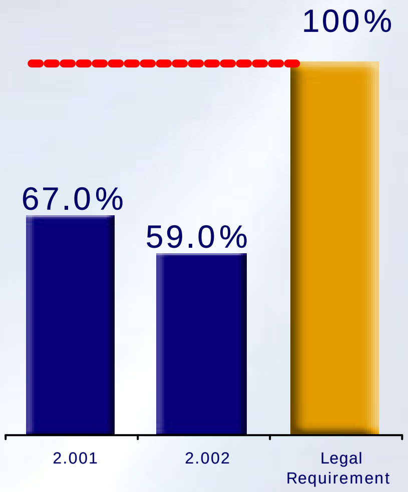
Spain Regulated Businesses: Healthy Growth and Quality

Distribution business in Spain

Demand growth 2002 above sector average



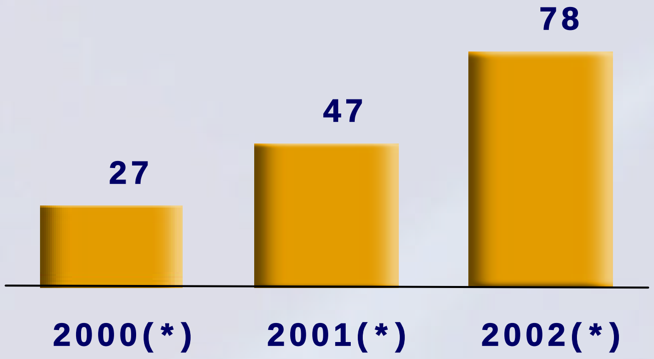
Interruption time (ICEIT) within legal requirements



- Serving the highest growth areas
- Quality of service within legal requirements

Generation in the islands

EBIT evolution (M€)



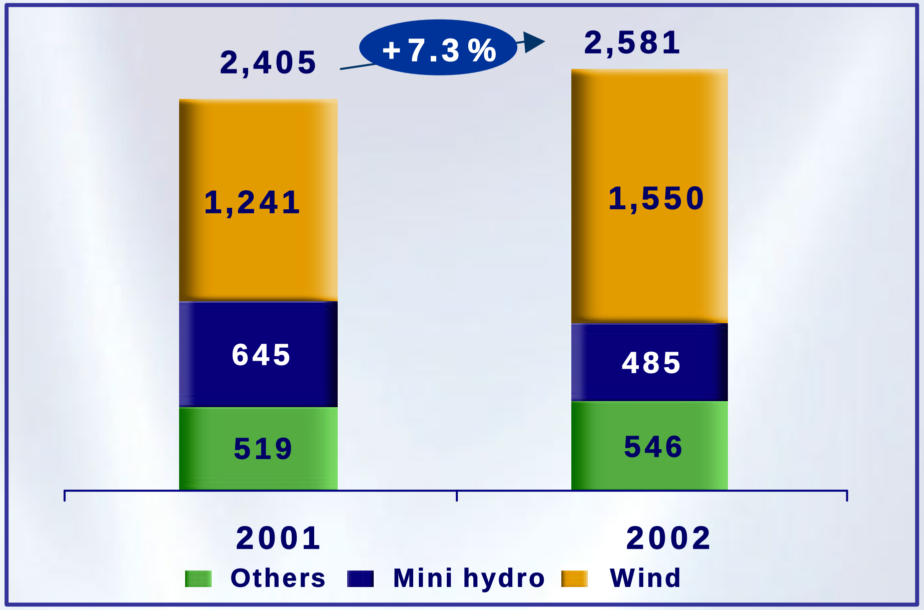
	2000(*)	2001(*)	2002(*)
Output (GWh)	9,838	10,560	10,948

(*) Not including recognized deficit of past years remuneration, provisionally established at 128 M€ for 2001

- Islands generation starting to recover
- New regulation should add stability and increase profitability

Spain Cogeneration and Renewables: Growth and Flexibility

Renewable generation (GWh)



Cogeneration (GWh)

Continuous growth in renewables, particularly wind.

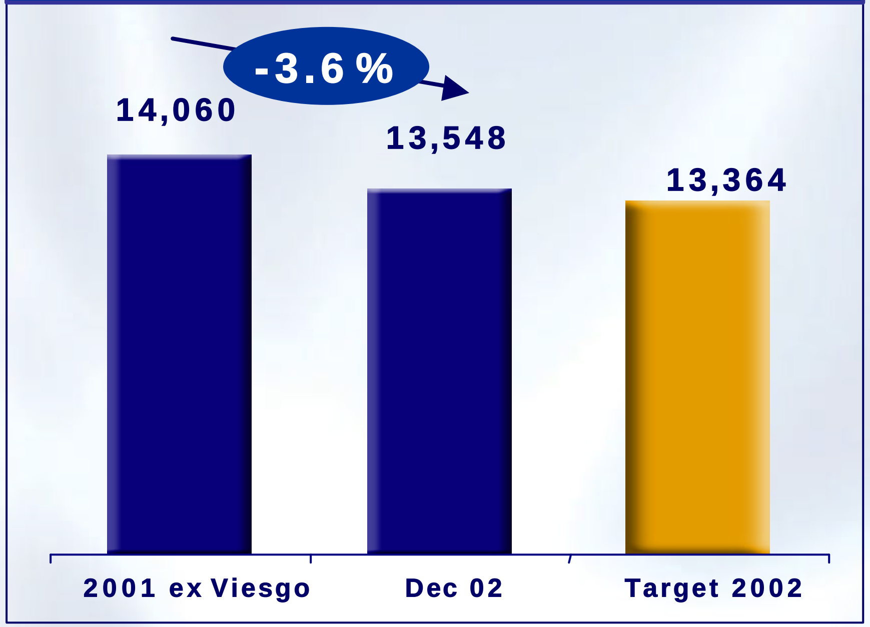
Growth through development of new projects (6 new wind farms - 150 MW)

Flexible strategy, divesting non profitable projects due to the reduction in regulated margins

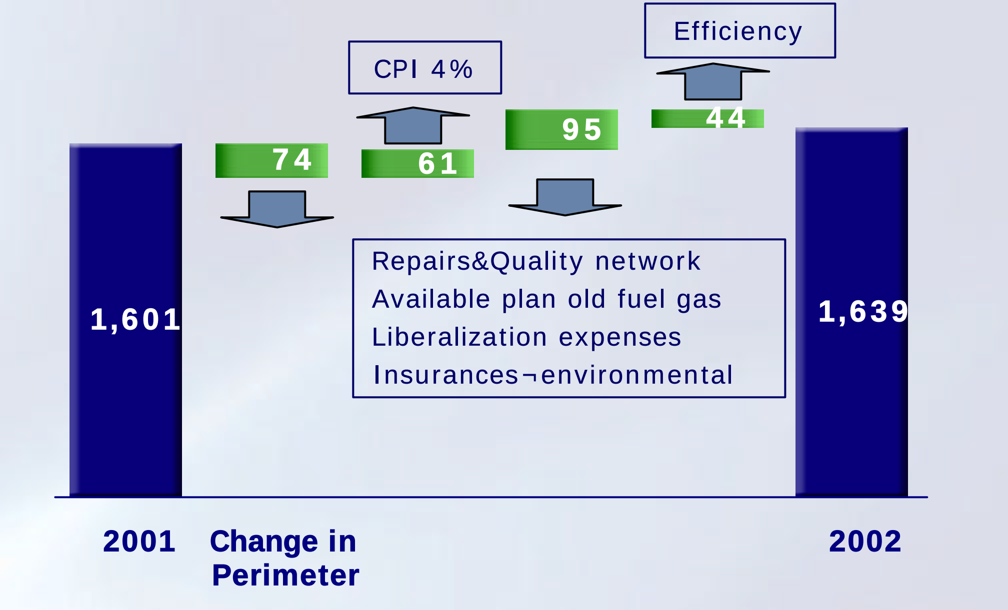
Spain: Controllable Costs

- Controllable costs affected by extraordinary costs related to:
  - New CCGTs, 2003 full liberalisation and improvement of TIEPI and oil gas plants
- Generation O&M/MWh = € 5.5
- Distribution O&M/MWh = € 11.9
- Headcount –3.6% YoY ex Viesgo

Workforce



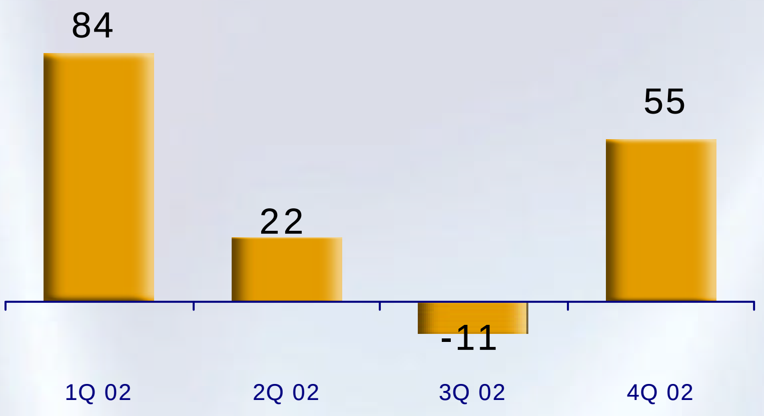
Controllable Cost (€ M)



Repairs&Quality network
Available plan old fuel gas
Liberalization expenses
Insurances¬environmental

Endesa Europa: Italy Performing to Plan

Quarterly EBIT evolution (€M)

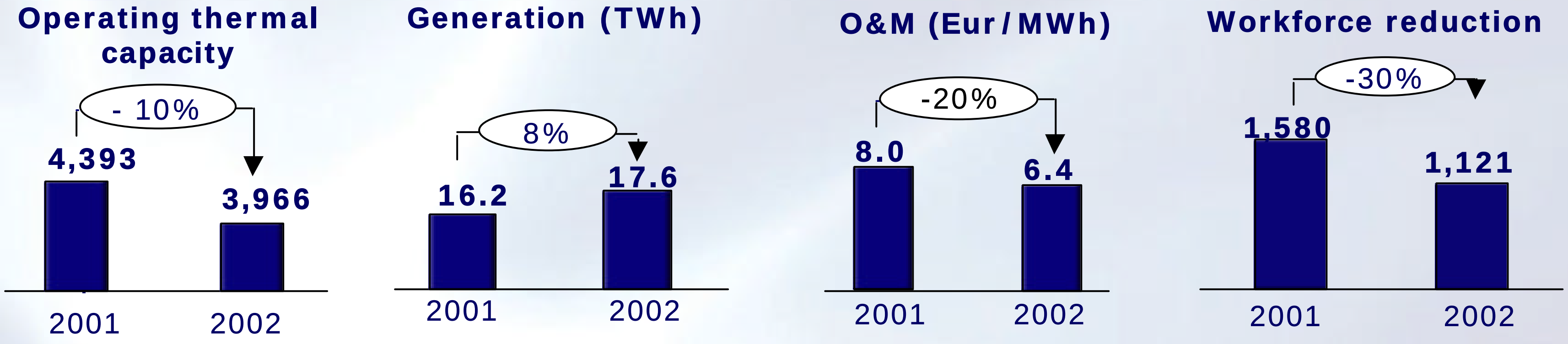


Negative impact of exceptional items:

- Tariff freeze: Sept-Dec. Delay high fuel cost recognition.
- Drought
- Green certificates and hydro penalties

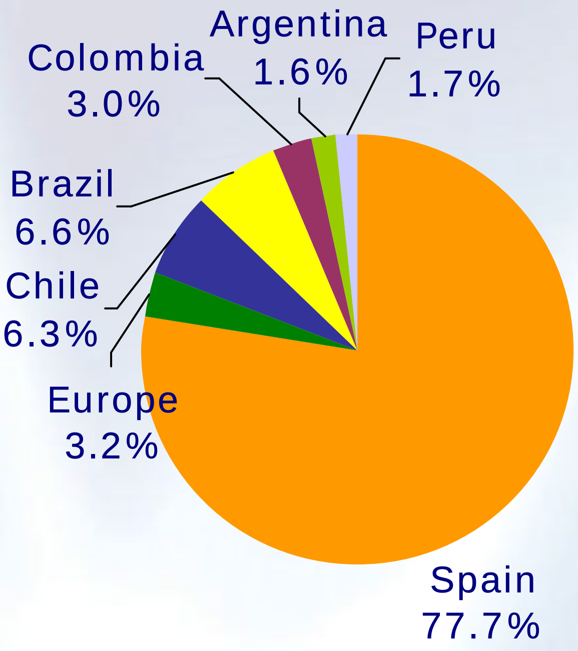
Operating improvements

- Increased utilization of operating capacity (output +8%)
- Lower fixed costs (-15%)
- Lower unitary fuel costs (-16%)
- Workforce reduction (-30%)



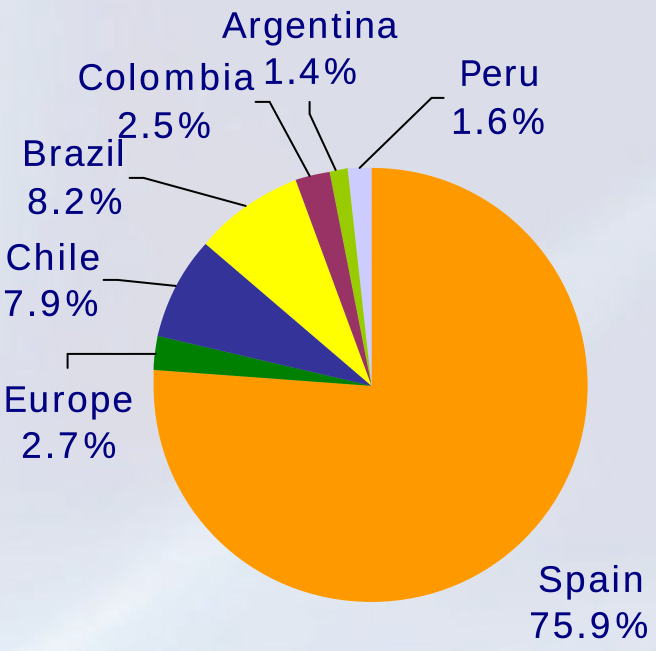
Latin America: Contribution in 2002 Adjusted by Minority Interest

EBITDA (*)
(€4,177 M)



Latin America 19.1%

EBIT (*)
(€2,802 M)



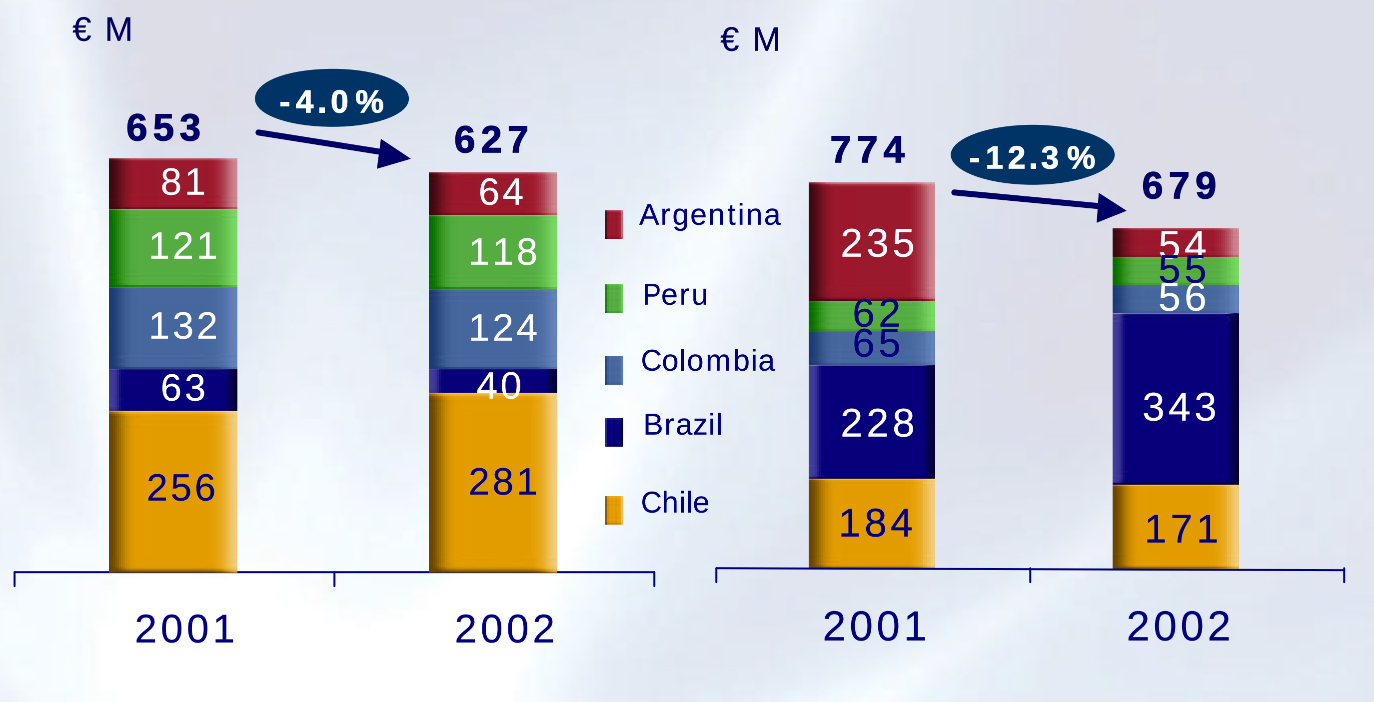
Latin America 21.4%

(*) Proportionally consolidated

Latin America: Overall Positive Operating Performance

- Despite tough environment and currency depreciation, EBIT only –11% in Euro
- EBIT in local currencies +25%
- EBIT in Euro ex-Argentina +4%

EBIT - Generation | **EBIT - Distribution**

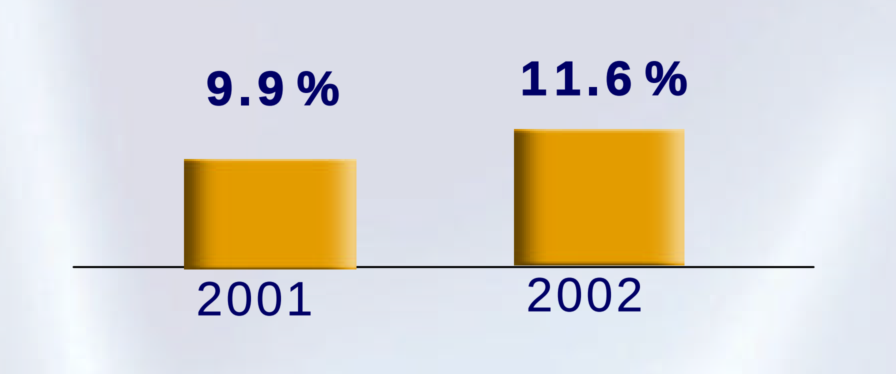


- Cash Flow €1,444 M, +4.4%
- Strong performance of Chile, Colombia and Peru offsets currency devaluations
- Chilean generation +10% despite 13% average devaluation
- Brazil includes €177 M from CIEN, €67 M capitalized expenses

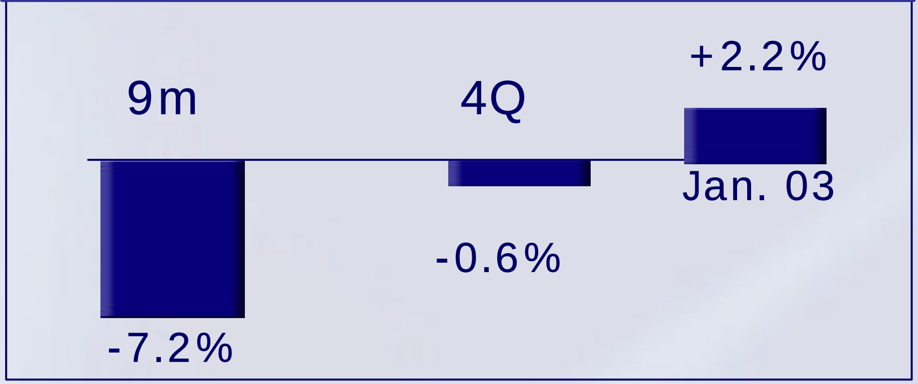
Latam results benefit from efficiency gains and limited impact of recession on electricity business

Argentina: Stable Situation and Upside Potential

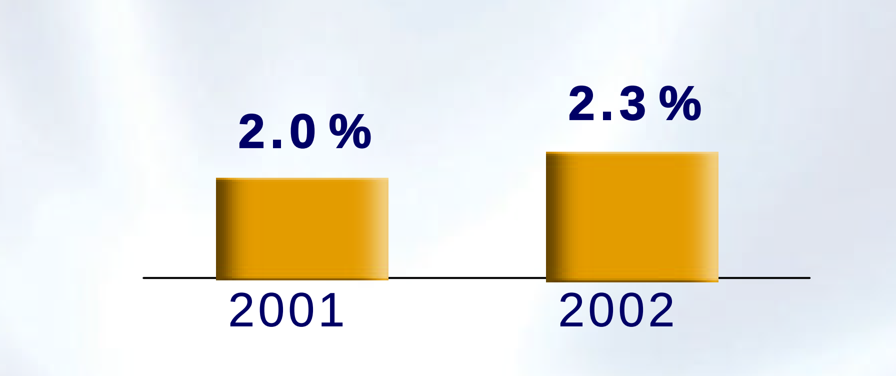
Losses



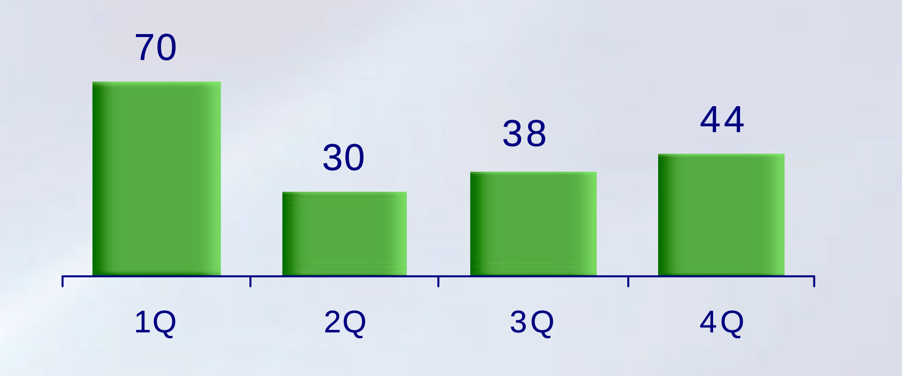
GWh distributed (02 vs. 01)



Uncollectable accounts



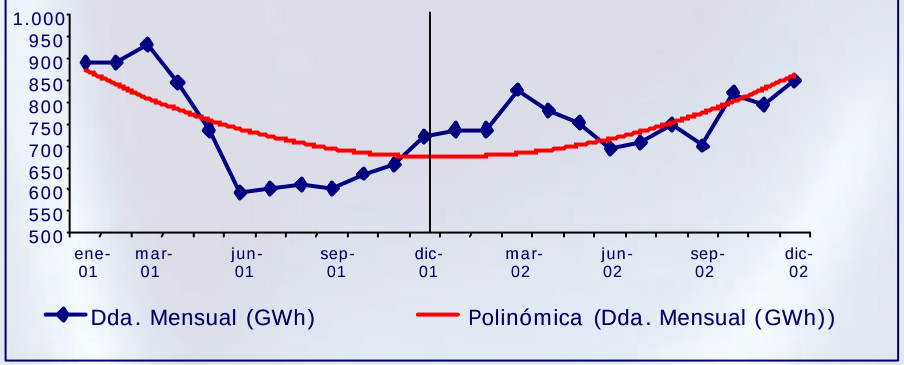
2002 EBITDA by quarter (€ M)



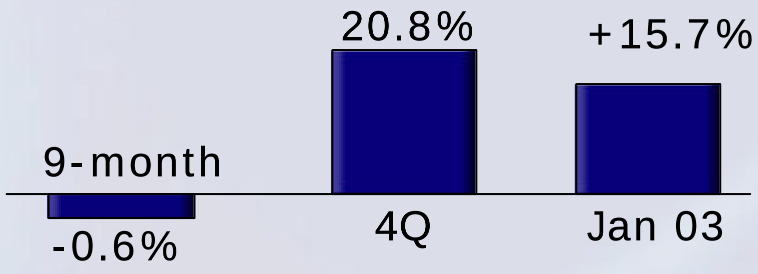
Arg/US$:- September 02: 3.75 - December 02: 3.37

Brazil: Demand Starts to Grow Steadily

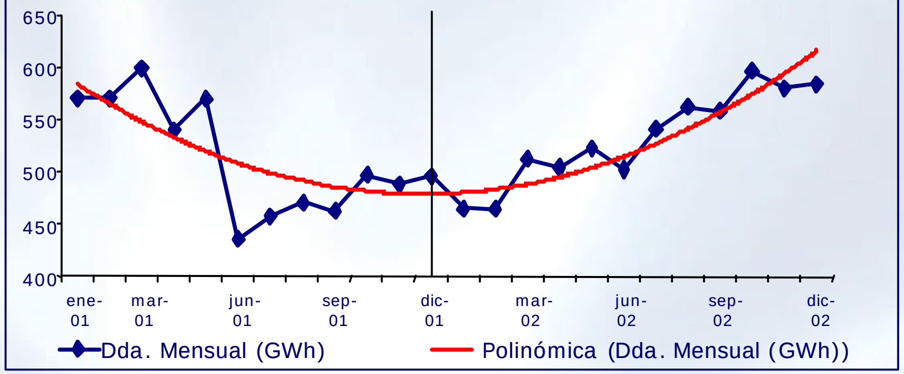
Monthly Energy Demand - CERJ



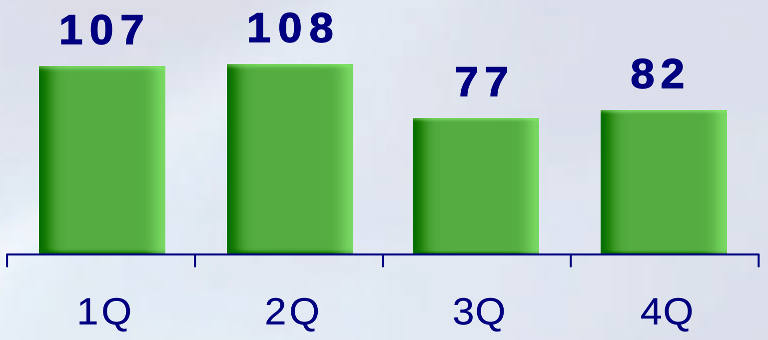
GWh distributed (02 vs. 01)



Monthly Energy Demand - COELCE



Quarterly EBITDA (€ M), adjusting from capitalised FX expenses at CIEN



R$/US$:- September 02: 3.895 - December 02: 3.53

Latin America: 51% of Initial Investment Written Down

Net Initial Investment		€ 6,424 M
Writedowns adjusting investment to currency depreciations	Up to 2001	€ 1,181 M
	In 2002	€ 2,126 M
Lat Am electricity book value as of December 02		€ 3,117M

Breakdown by country

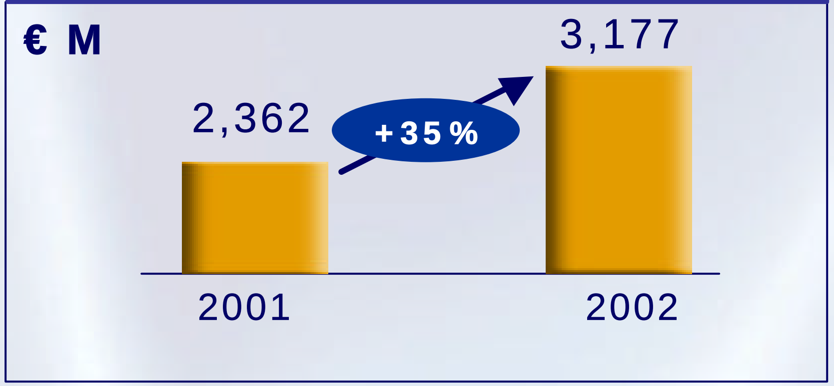
	€ million
Chile	1,070
Colombia	1,090
Brazil	707
Peru	250
Argentina	0

Breakdown by concept

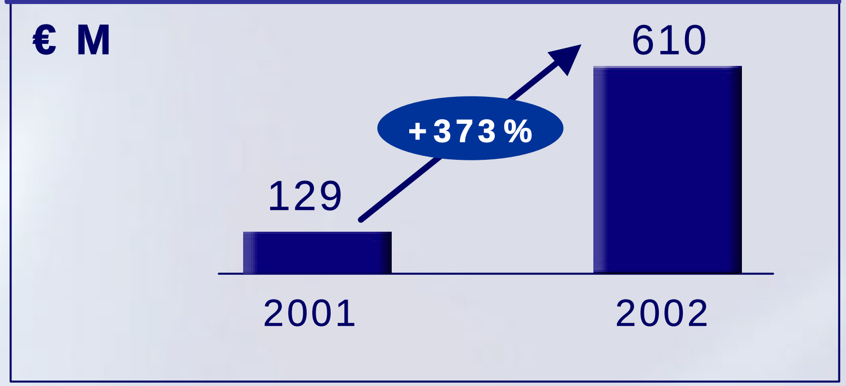
	€ million
Equity+ Goodwill	1,370
Intercompany loans	1,747

Telecoms: Strong Financial Performance in Line with Plan

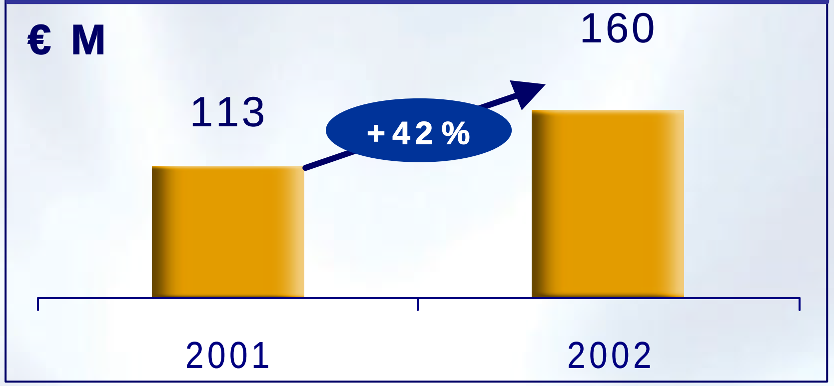
AUNA Revenues



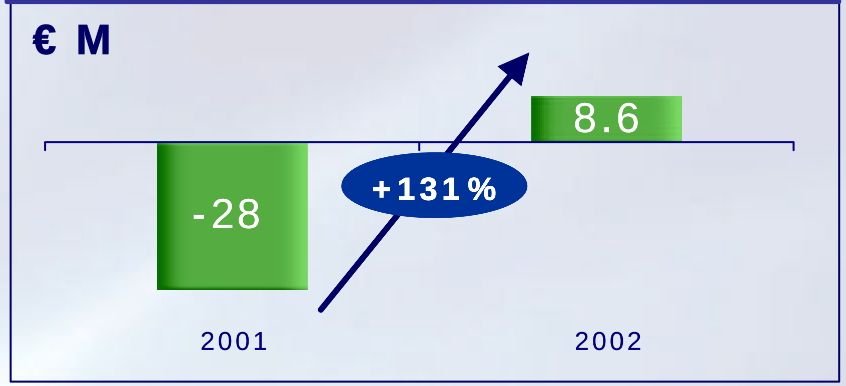
AUNA EBITDA



SMARTCOM Revenues



SMARTCOM EBITDA

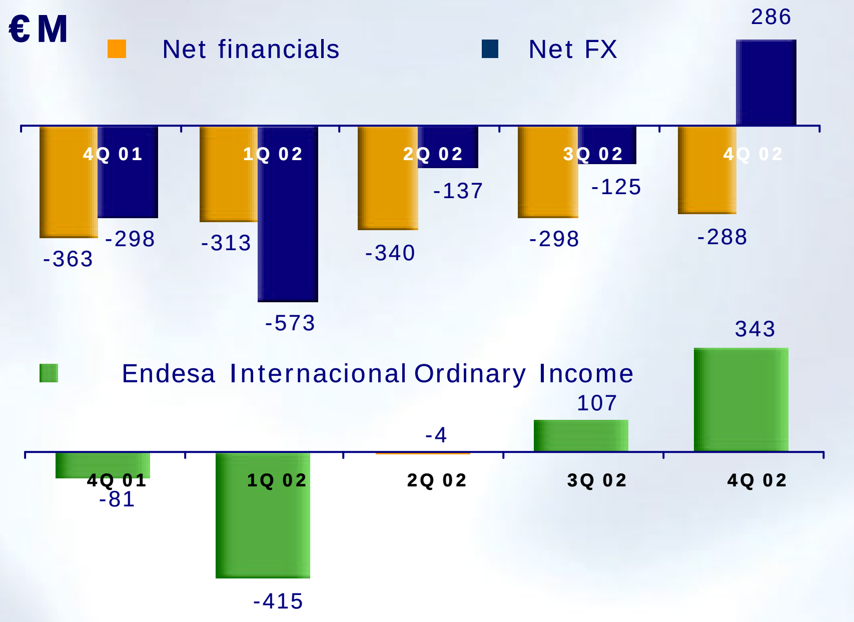


Amena positive net income for the first time: +€101 M vs € 120 M losses in 2001
Towards AUNA breakeven in 2003 and self-financing

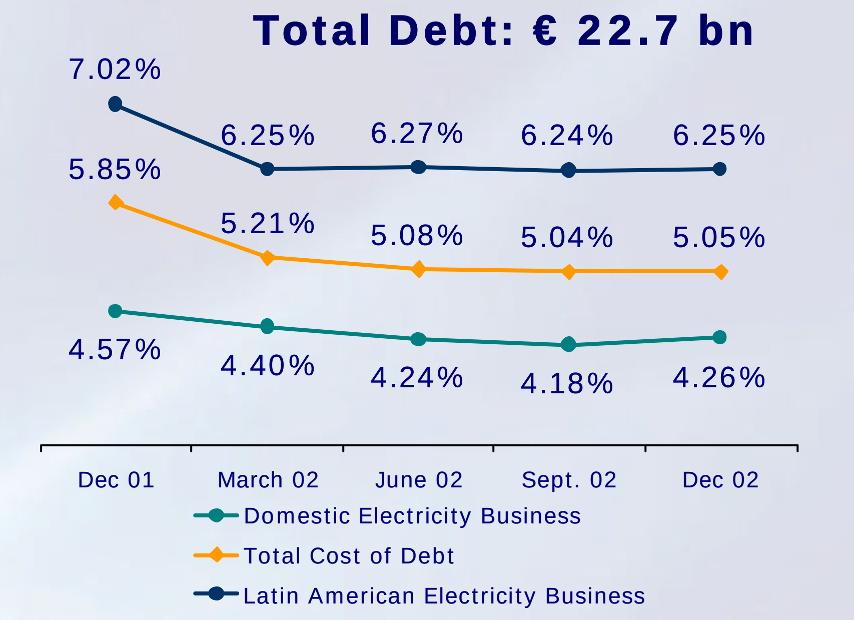
Financial Results: Positive Trend Along the Year

- Financial expenses –7.9% as cost of debt was reduced from 5.85% to 5.05% and debt went down by € 2.26 bn
- Net FX losses of € 549 M, €392 M from Argentinean peso. €98 M net FX impact after minorities and taxes.
- Latin American currencies recovery in 4Q resulted in €286 M net FX gains in the quarter

2002 Quarterly Financial Results

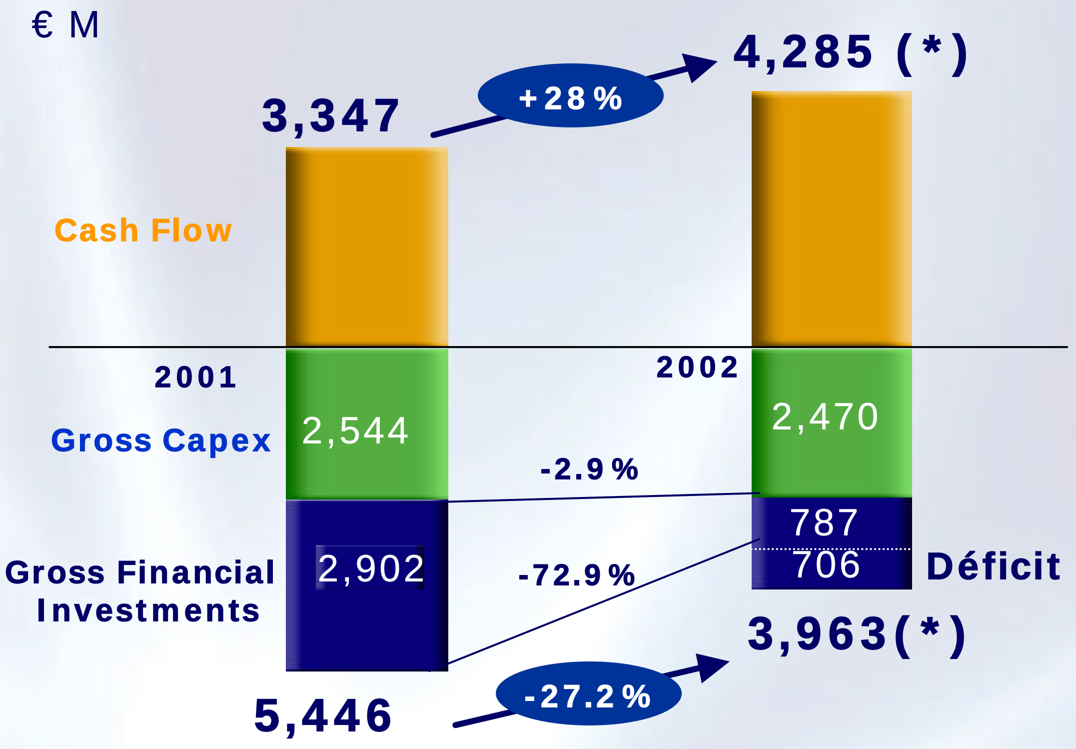


2002 Cost of Debt


Total Debt: € 22.7 bn

Higher Cash Flow / Investment Coverage

Available cash benefited from both lower investments and higher cash flow

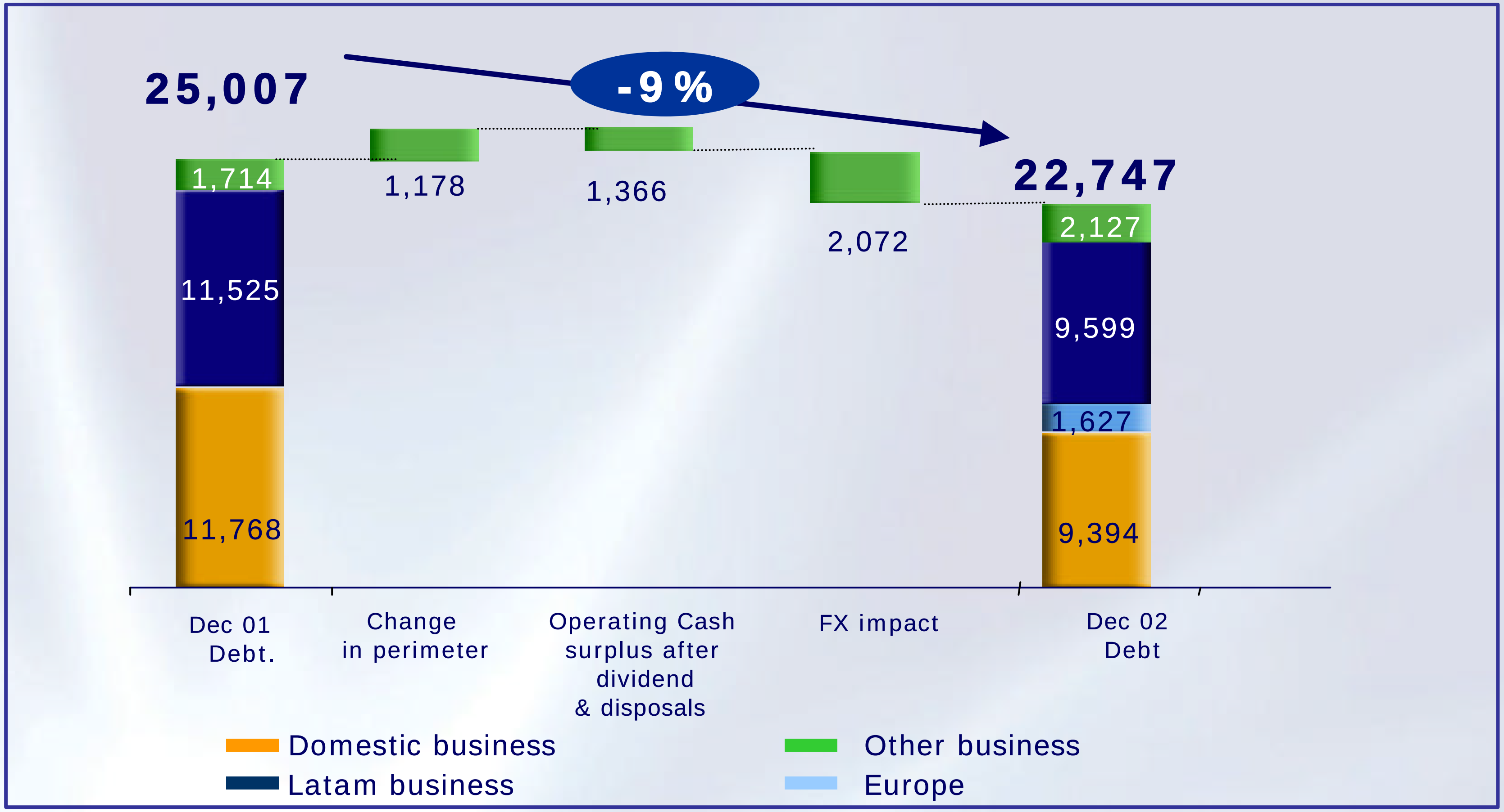


- 28% increase in cash flows to €4,285 M
- Investment reduced by 26% to €3,963 M include:
  - €2,470 Capex –3%.
  - €787 financial investment, -73%, excluding €706 M from tariff deficit financing

...and will continue to improve with lower investment in coming years

(*) Including tariff deficit

Lower Debt Driven by Higher Cash Surplus and FX Impact



- Debt was reduced in domestic and Latin American business by 20% and 17% respectively
- Debt increased in Telecoms and Europe after changes in consolidation perimeter

Conclusions 2002 Results:
Solid Performance in a Challenging Environment

Better Outlook for 2003

- **Domestic business:**
  - 1.65% increase in tariff
  - Demand recovery in the first two months (+5.2% according to REE)
  - Higher island remuneration
  - Current hydro should result in lower fuel cost
  - Business hedge should provide stability to margins and results
- **Latin America:** Demand recovery and expected lower volatility of exchange rates.
  - Argentina and Brazil: Positive tariff outlook
  - Enersis: Accomplishment of strengthening plan
- **AUNA** to reach break-even and self-financing
- **Financial**:
  - Debt reduction process to continue (€930 M to be cashed from 2002 disposals)
  - Improving liquidity position
  - Possible securitization of tariff deficit
- **Capital gains** assured from grid and real estate disposals

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Endesa in the New Environment

Shift in market sentiment: higher perceived risk in the industry

Key features of Endesa's business portfolio:

- Strong and very stable cash flow
- Robust European activities with a balanced portfolio
- Resilient Latin American business
- Telecoms: positive contribution with no further cash needs

- **Endesa's priorities in current strategic plan:**
  - Increase financial flexibility
  - Exploit solid business platforms for medium and long-term success

Overview of Strategic Priorities

Increase Financial Flexibility

- Reduce debt levels:
    - Higher operating cash flows
    - Lower investments
    - Selected divestments
- Lengthen debt maturities
- Favour fixed rate vs. floating rate debt
- Limit financial risks in Latin America and AUNA given non-recourse debt and prudent accounting practices

Exploit our Solid Business Platforms

- Leading positions in Spain and Latin America
- Significant presence in desired European markets (Italy, Portugal, France)
- Limited investment needs to capture high growth potential
- Potential upside in Telecoms as investment matures

Robust foundation for future growth, significant upside potential

Strategy Overview by Business

Spain and Europe

- Healthy industry environment based on strong market fundamentals and improved regulatory outlook
- Stable cash flow, low risk business profile
- Sustain leadership in Spain with minor capital expenditures
- Consolidate current presence in European target markets

Sustain leadership

Latin America

- Endurance and upside potential based on quality of business portfolio:

  - Resilient business even in the tough current environment
  - Solid platform for future growth and profitability
- Financial strengthening well underway, without recourse to parent company

Endure downcycle

Telecoms

- Investment completed, drain in P&L overcome, positive contribution going forward
- Business plan focused on profitability and self financing
- Exit if and when market conditions reflect business plan’s underlying value

Extract value

Strategy Overview for Spain: Sustain Leadership

Strong starting point

- Healthy industry environment:
    - Attractive market fundamentals: demand growth, reserve margins
    - Improved regulatory outlook
- Stable cash flow, low risk business profile:
    - Cash flow unaffected by risk drivers
    - Balanced business portfolio
    - Diversified generation mix

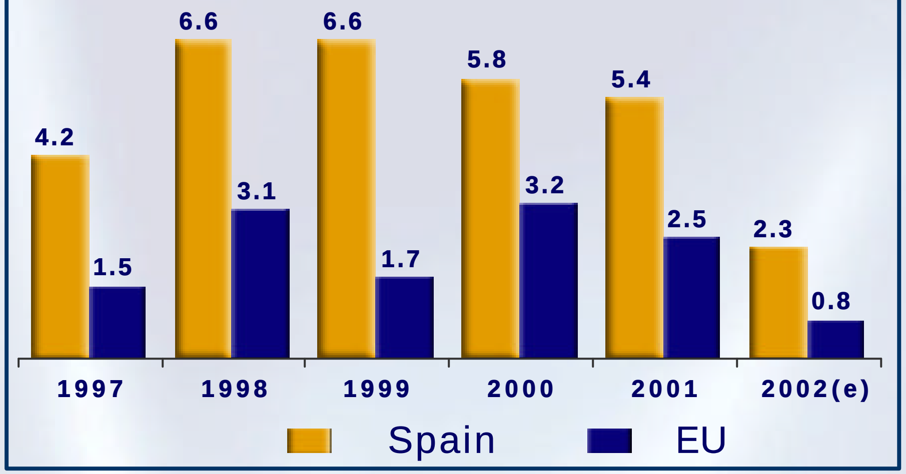
For the future: Sustained leadership with minor capital expenditure

- Preserve balanced portfolio without significant generation investments given unbeatable plant portfolio
- Develop gas activities linked to electricity business: flexible sourcing, dual fuel offering
- Maintain market share in supply in fully liberalized market
- Capture upside potential of regulated businesses: distribution, islands generation
- Respond efficiently to environmental challenges

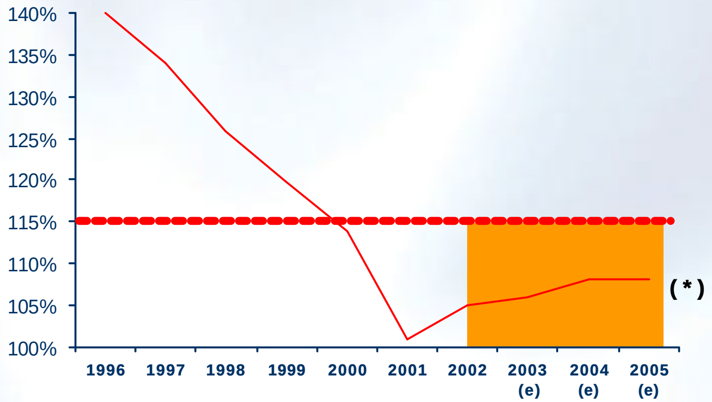
Spain: One of the Most Attractive Markets

Market fundamentals

Demand Evolution



Evolution of reserve margin



(*) Source: REE

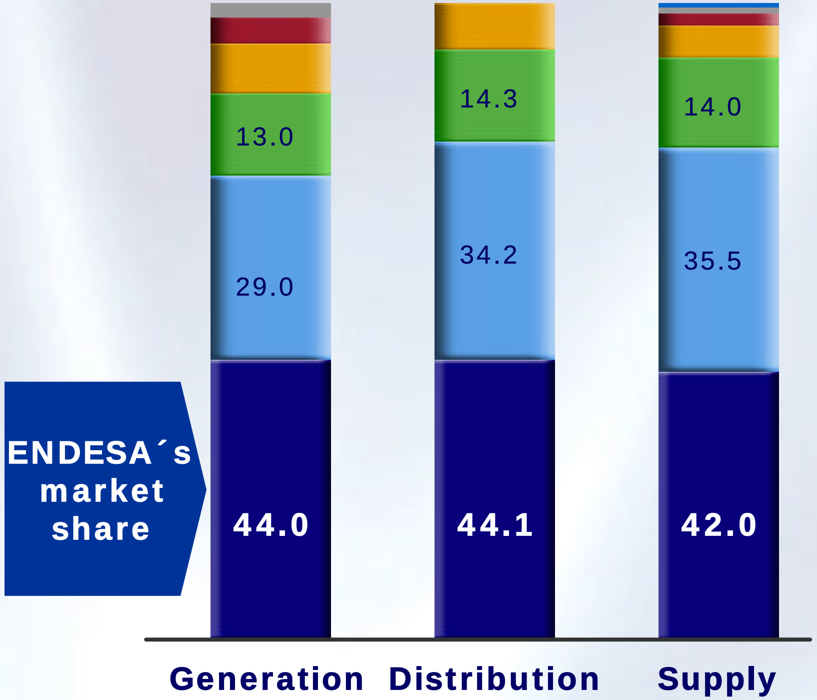
New tariff framework

- Tariff framework approved with 1.4% annual tariff increase (1.65% in 2003)
  - 0.6% additional tariff for deviations
  - Nuclear moratorium levy in tariff ends in 2006, leaving 3.54% revenues for the sector
- Increased island remuneration in 2003
- Transmission and distribution remuneration for the island (€311 M) established by Royal Decree
- Recognition of tariff deficit and pending island compensation
  - Tariff deficit (ENDESA 43.22%)
  - Island compensation (ENDESA 100%)
- Legal support provided for tariff deficit securitization

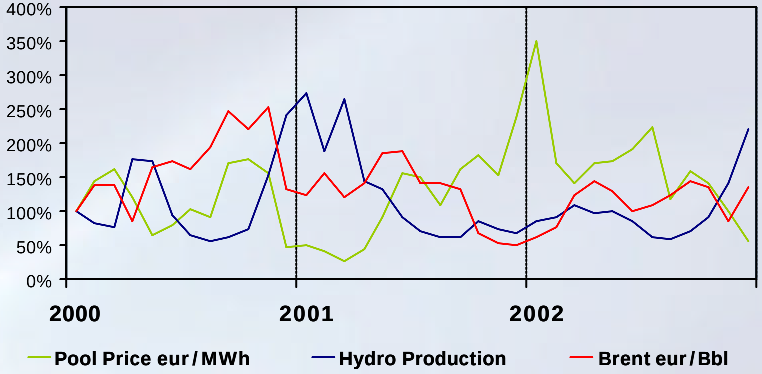
Balanced and Leading Position With Very Solid Performance

Domestic Business

Leadership position and well balanced portfolio



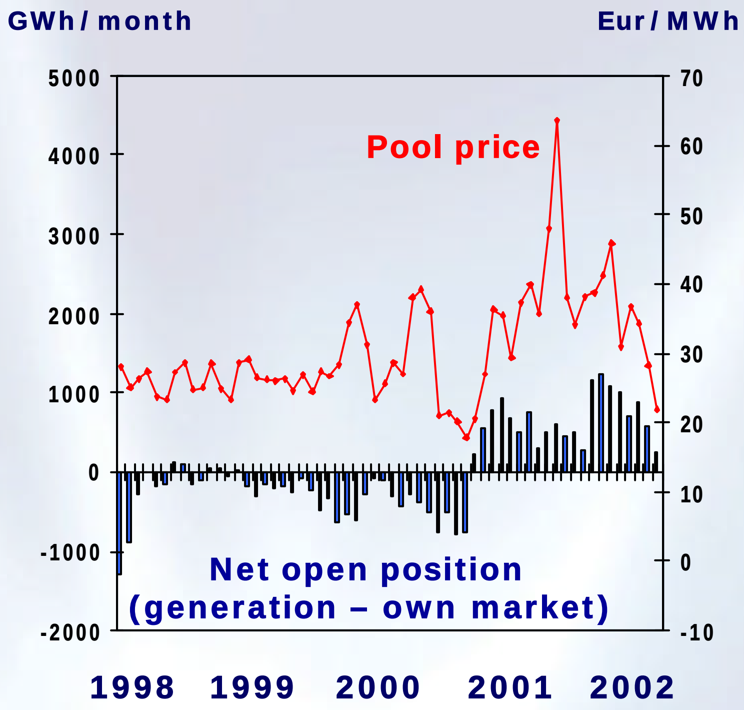
Evolution of EBIT (M€), independent of external factors



Position in Pool Based on Hedged Portfolio and Flexible Generation Mix

Domestic Business

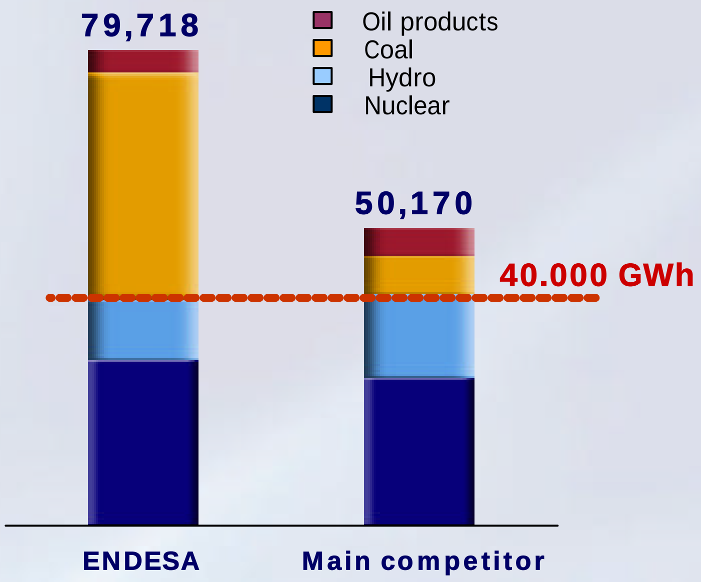
Hedged position in the wholesale market



- Hedged position
- Limited exposure to pool price, and positive correlation between price and net position

Mainland generation mix

Average production 1998-2002 (GWh)

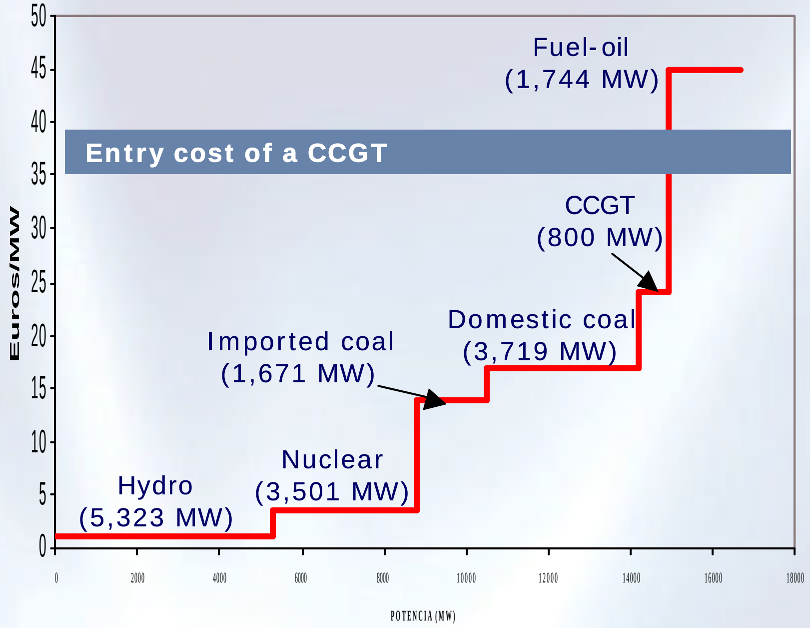


- As much high margin production (hydro+nuclear) as any other competitor
- Thermal production absorbs hydro variations, not depending on external factors

Endesa´s Competitive Mainland Generation Portfolio with an Unbeatable Cost Base

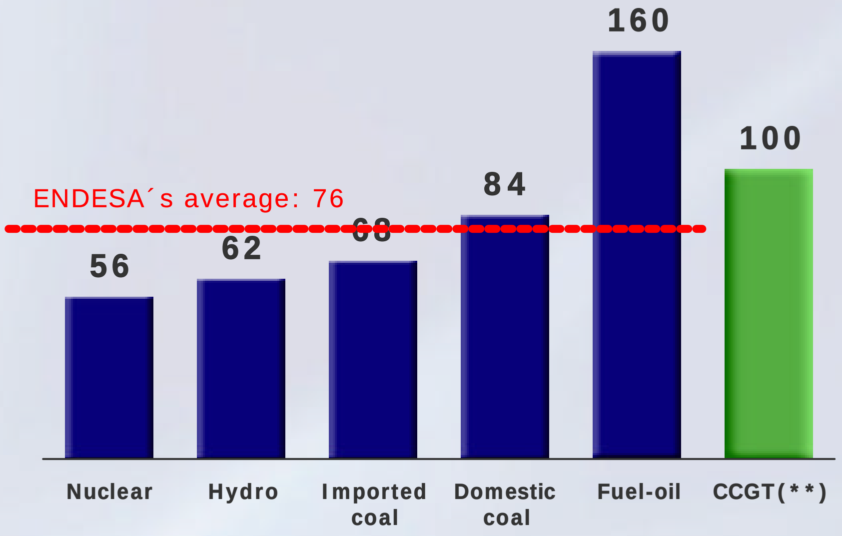
Domestic Business

Variable costs by fuel type (ENDESA´s supply curve)



Full cost by fuel type (*)

Base 100: Full cost of CCGT in €/MWh



Portfolio capable of producing up to 80.000 GWh without recourse to oil products

The new CCGT will replace oil-gas plant in the merit order, but not coal

Generation portfolio prepared for the market environment

Current plant competitive with the new CCGT

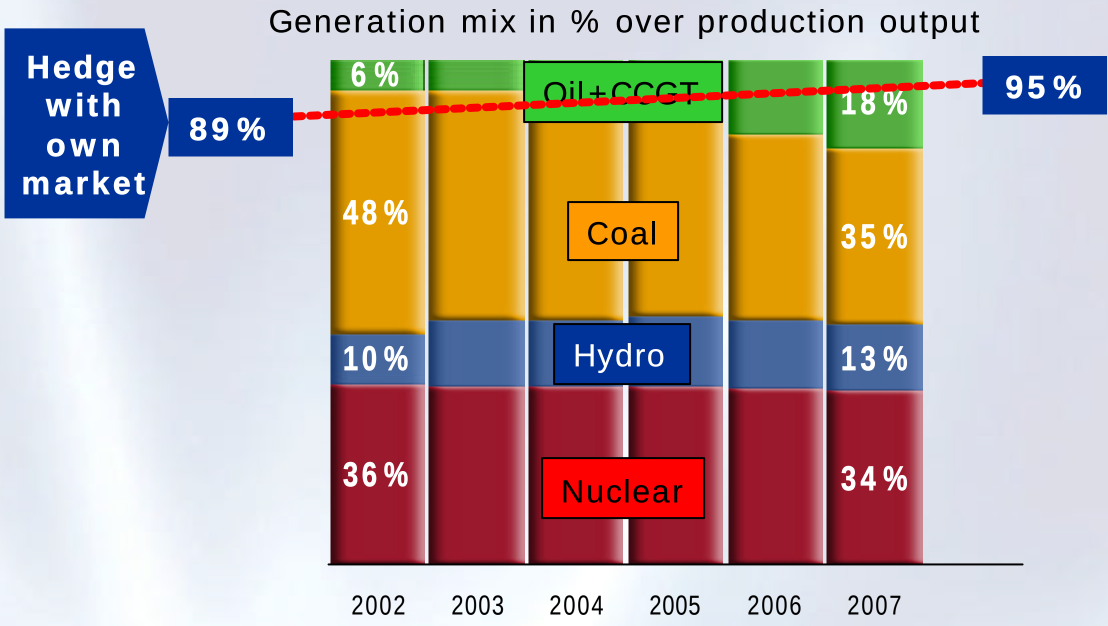
(*) Fuel + O&M + depreciation + financial expenses.

(**) CCGT costs based on reference of 22-24 US$/oil bl

ENDESA Will Exploit its Portfolio Without Significant Generation Investment

Domestic Business

Covered position (generation –market) and flexible mix



Investment 2003-2007 < 2/3 of depreciation charges

- Limited investments needed:
  - 2,800 MW of CCGT in operation by 2007
  - Investments of €1 bn in new capacity in 2002-2006 (mainland)
- Operating costs(*) improved due to limited exposure to CCGT
- Capital invested in generation reduced, improving profitability

(*) Operating costs = fuel + O&M

Supply Business: Leadership and Profitability

Domestic Business

Commercial strategy:

- Profitable margins
- Retention of customers
- Increased revenues from other services

Current position

- Gas margin 2002 >€5 M
- Value added services (VAD) margins 2002 >€10 M

- 2000-2002 most competitive segments of customers have been already liberalized
- Retention rate to date: 95.9%
  - Retention rate >100% if sales to international customers considered
  - Customer retention positive vis a vis all relevant competitors

- Plan to extend additional services to all customers

Objective

Positive margin in all products and services from first year

Maintain retention rate in similar levels

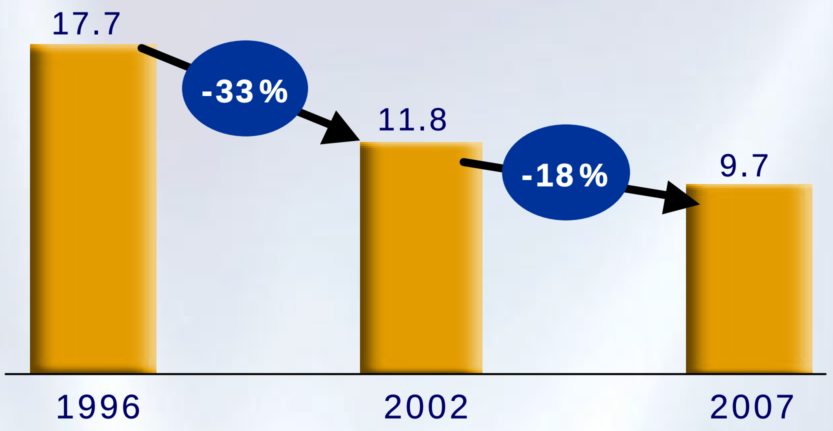
Total non-energy margin 2007 >€60 M

Regulated Activities: Upside Potential in Distribution and Island Generation

Domestic Business

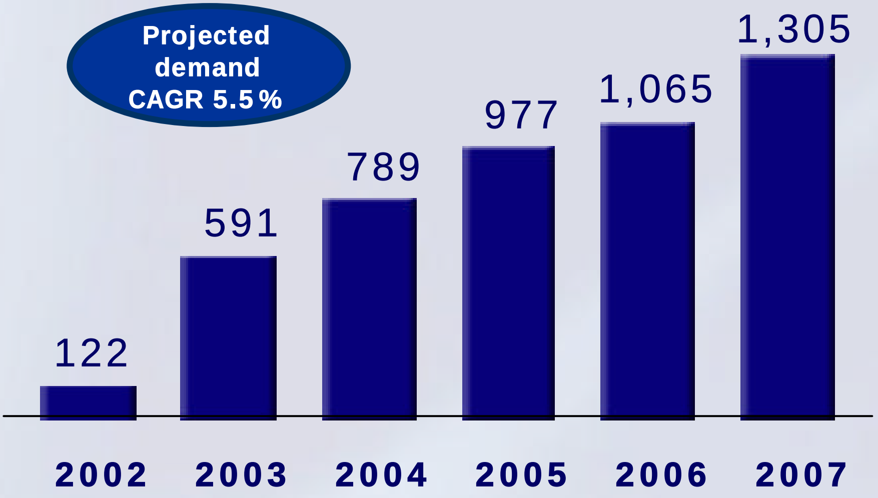
DISTRIBUTION

Cost + capex efficiency (€/MWh)



ISLANDs GENERATION

New capacity to meet demand increase (MW)



Total investment required: €826 M

Growth, added efficiency and quality of service

Highest growth business in Spain, and additional certainty through new regulation

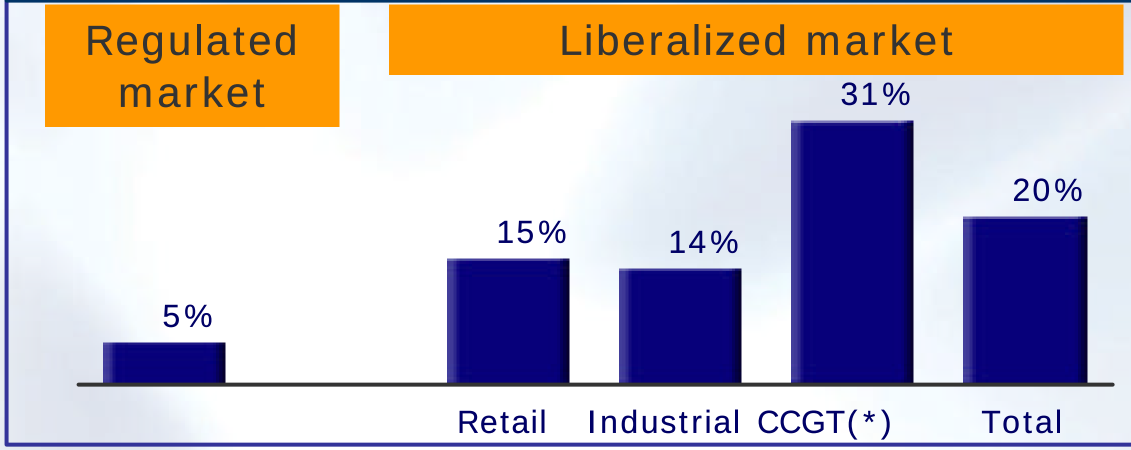
Gas Strategy Will Be Linked to the Electricity Business

Domestic Business

Diversified sources of gas

- Priority on flexible conditions (take or pay, build-up, etc)
- Diversified sources and indexations
- Commitments signed only when consumptions are secured

Market share objective for gas supply 2007



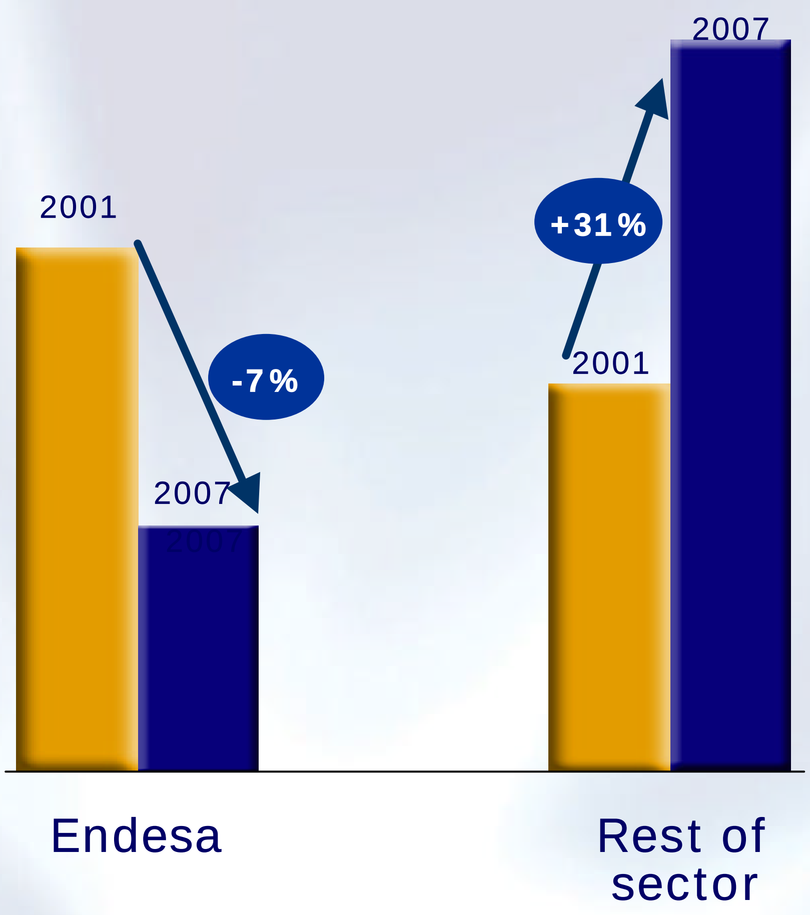
- Objective of a total of 1 million retail customers (regulated + liberalized)
- 15% market share in supply to liberalized customers

(*)Includes CCGT in the islands

ENDESA is Prepared to Respond Efficiently to Environmental Challenges

Domestic Business

CO2 emissions of Spanish utilities

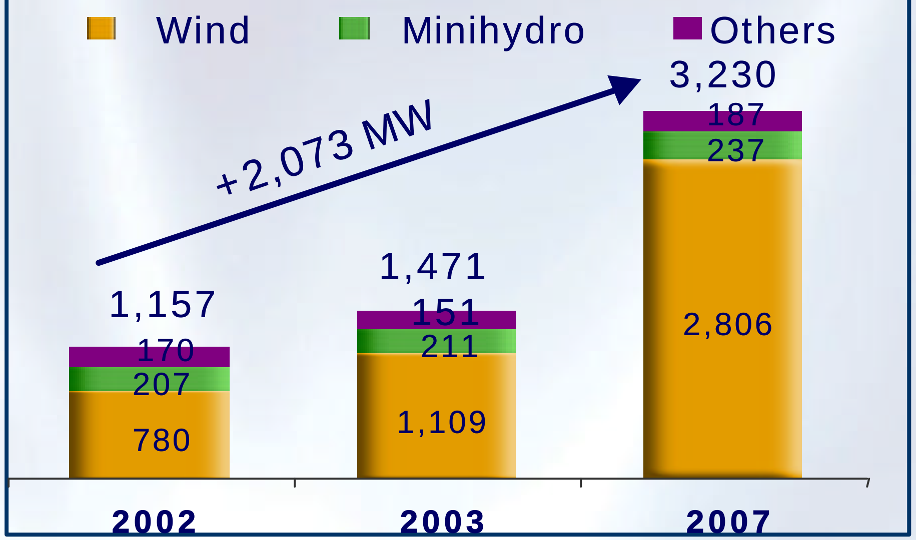


- Spanish utility with smallest increase in emissions since 1990, and with highest reduction of emissions 2001-2007
- Highest score in sustainability among the world utility sector by DJS Index
- Full compliance with large Combustion Plants Directive (SO_2 and NOx emissions), with investments already included in the plan

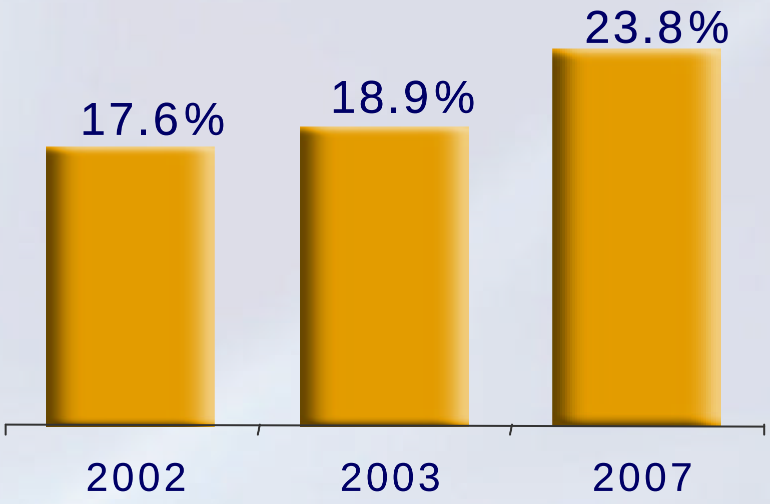
Renewables: Growth Potential Sharing Risk and Investment

Domestic Business

Renewables (MW)



Market share in Renewable Energies



Total investment of € 2 bn
Shared 50% ownership

Strategy Overview for Europe: Consolidate Current Presence in Target Markets

European Business

- Entry realized in target markets: Italy, Portugal, France
- Structural fit:
  - Protected environments given pace of deregulation and competitive dynamics
  - Links with domestic business: energy management, commercial activity
- Organic growth around current asset base:
  - Cost-cutting programs underway
  - Self-financed repowering plan in Italy
  - Repositioning of Snet's investment
  - Increased customer penetration in Portugal

Italy Repowering: Organic Growth Around Asset Base

European Business

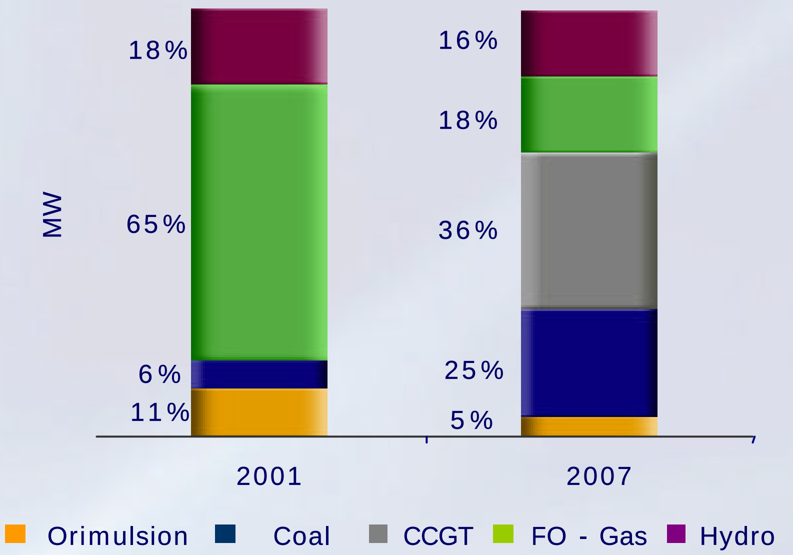
Endesa Italia

	2002	2007
Capacity (MW)	5,720	6,440
Output (GWh)	17,551	32,800
Workforce (‘000)	1,121	964

Consolidate business

- Execution of repowering
- Efficiency programme
- Lower cost and emissions

Fuel Mix



- Repowering programme will allow to nearly duplicate output in 2007 versus 2002
- Better mix by technology allows to soften the impact of falling prices on margins

Strategy Overview by Business

Spain and Europe

- Healthy industry environment based on strong market fundamentals and improved regulatory outlook
- Stable cash flow, low risk business profile
- Sustain leadership with minor capital expenditures
- Consolidate current presence in European target markets

Sustain leadership

Latin America

- Endurance and upside potential based on quality of business portfolio:

  - Resilient business even in the tough current environment
  - Solid platform for future growth and profitability

- Financial strengthening well underway, without recourse to parent company

Endure downcycle

Telecoms

- Investment completed, drain in P&L overcome, positive contribution going forward
- Business plan focused on profitability and self financing
- Exit if and when market conditions reflect business plan's underlying value

Extract value

Strategy Overview for Latin America: Endure Downcycle Through Financial Strengthening

Latin American Business

Endurance and upside potential based on quality of business portfolio

- Resilient business even in the tough current environment:
  - Limited EBIT downside despite devaluations
  - Positive Cash Flows for parent company
  - Continued debt reduction
- Solid platform for future growth:
  - Leadership position in key markets
  - Balanced, vertically integrated portfolio (overall and in each country)
  - Diversified exposure to country risk
  - Very competitive asset base

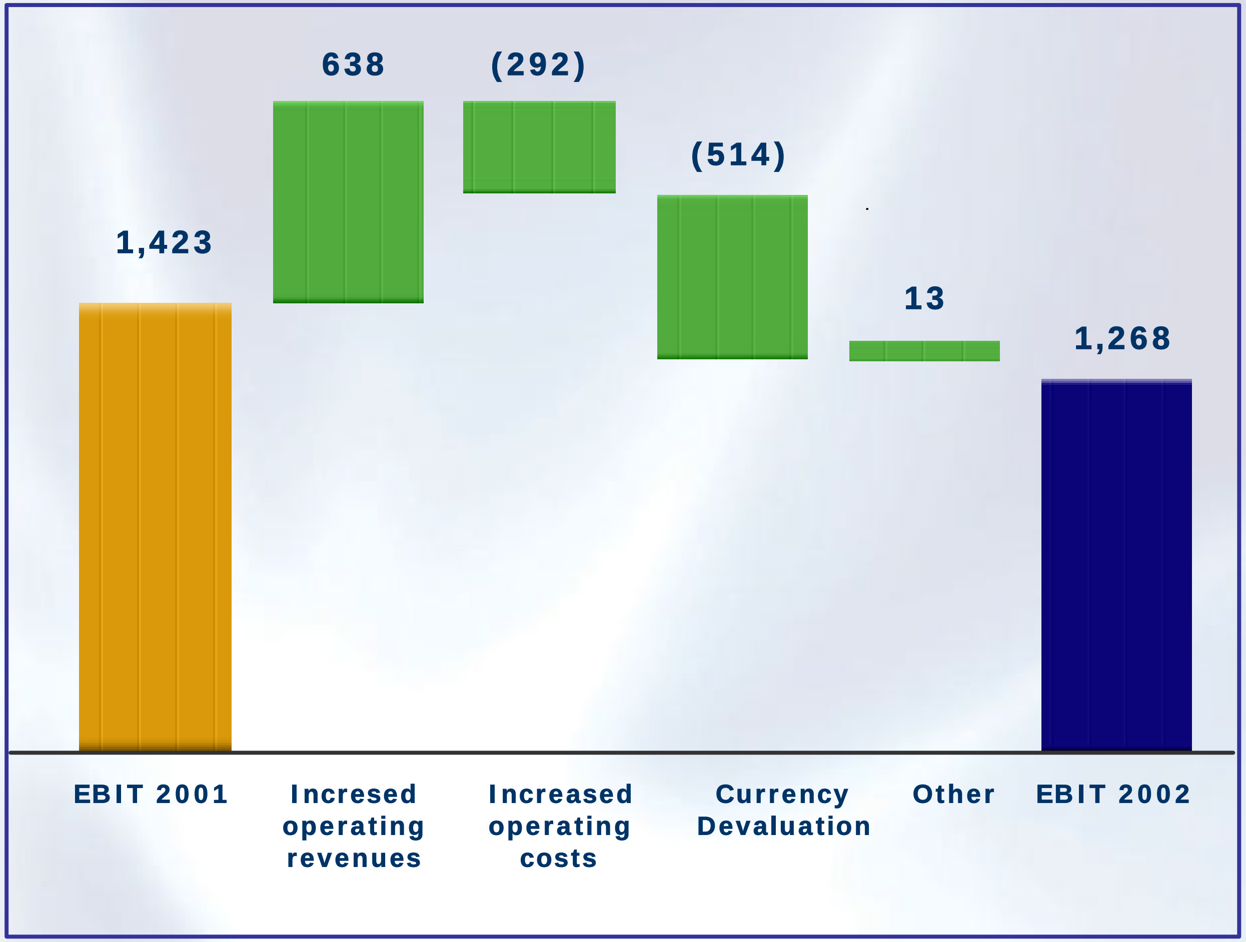
Financial strengthening well underway, without recourse to parent company

- Reduced investment plans
- Increased efficiency
- Debt refinancing $2.3 bn
- Asset disposals underway
- Enersis capital increase $2 bn
- … and first encouraging signs

Limited EBIT Downside Despite Currency Devaluation

Latin American Business

- Generation revenues highly dollarized
- Distribution revenues linked to inflation, indirectly hedged against devaluations



Euro year average exchange rates

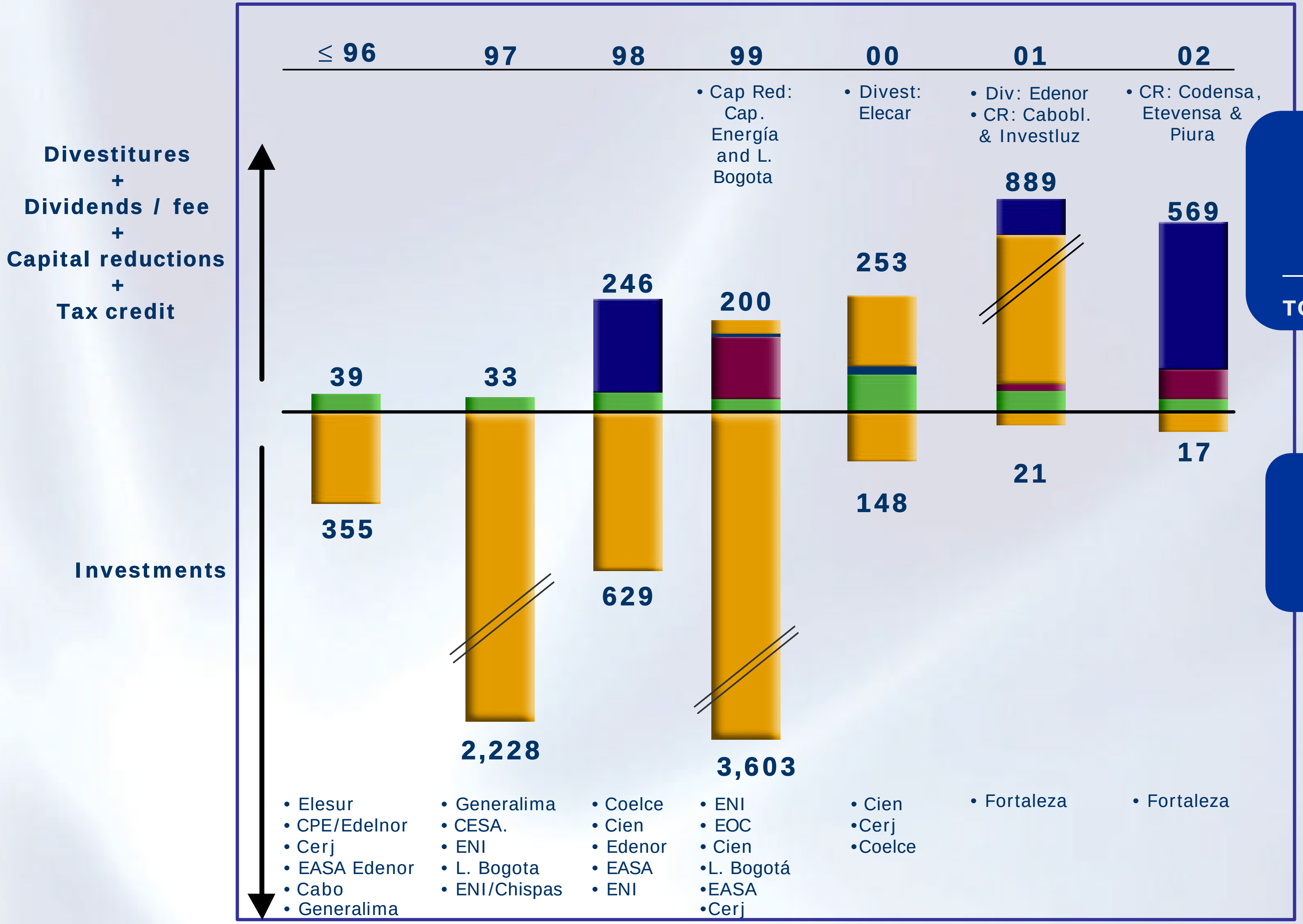
Argentina-peso	3.03	0.90	-70.5%
Brazil- Real	2.79	2.11	-24.4%
Chile- peso	654.26	569.51	-13.0%
Colombia-Peso	2,389.31	2,062.43	-13.7%
Perú- Sol	3.33	3.14	-5.7%

2002 Latin American EBIT –10.9%

EBIT in local currencies +25.2%

Positive Cash Flows for Endesa since 2000

Latin American Business



Cash returns

˜ €1,450 M

+tax credit

€750 M

TOTAL: ˜ €2,200 m

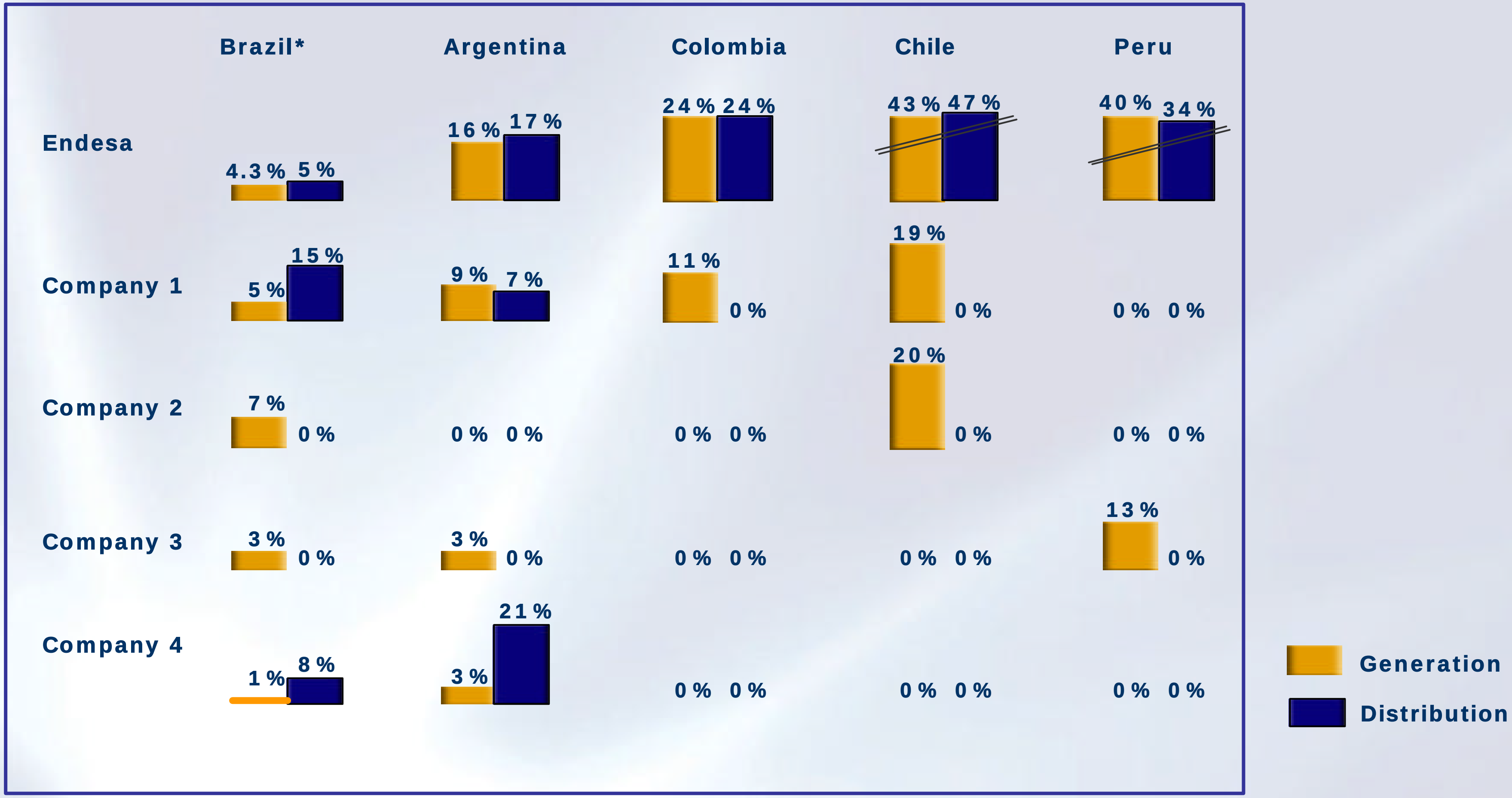
Investment €7 Bn

- 🟧 Investm./Divest.
- 🟩 Dividends
- 🟪 Capital reductions
- 🟦 Tax credit

***: Accumulated October 2002**

Leadership Position in Key Market with a Balanced Portfolio

Market shares by GWh sold and installed capacity



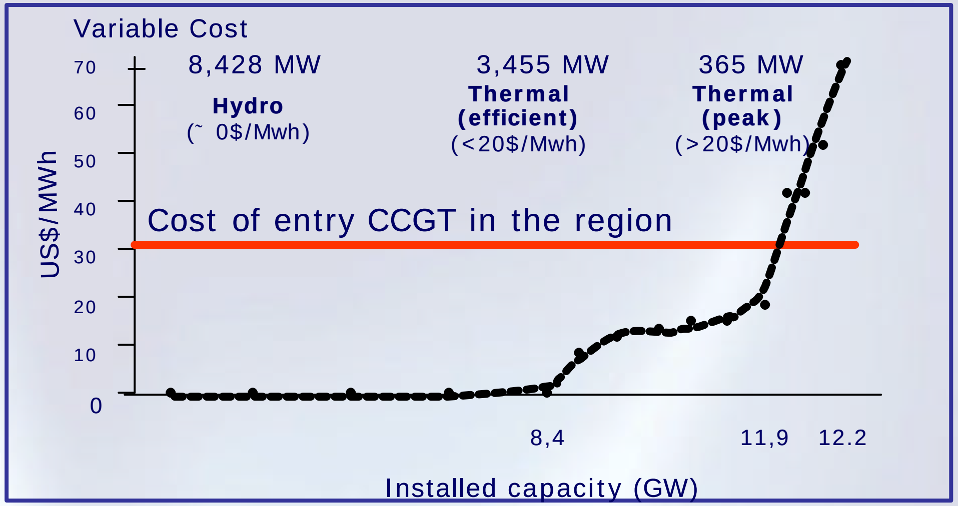
*Incl. CIEN (2000 MW) and Fortaleza (310 MW)

Source: UBS Warburg - *Latin American Electric Utilities* - March, 2001

Unique Portfolio of Assets and Markets

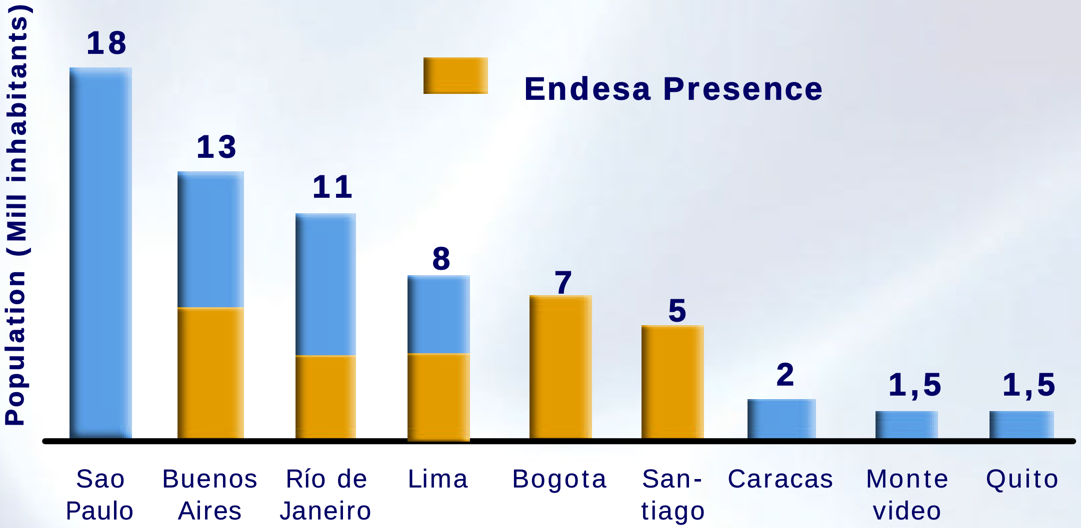
Latin American Business

Generation



97% of our capacity have costs below the marginal cost of development for a new entrant

Distribution

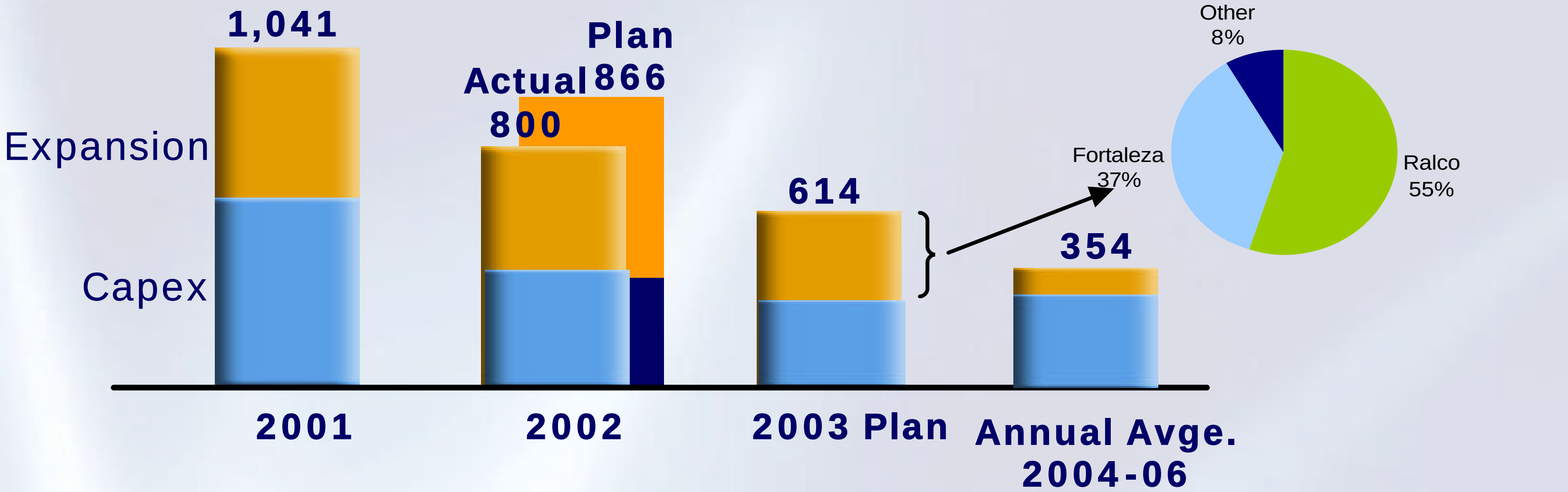


Our Distribution business serves 5 out of the 6 largest metropolitan areas in South America

Enersis Financial Strengthening Plan: Reduced Investment and Cost Efficiency

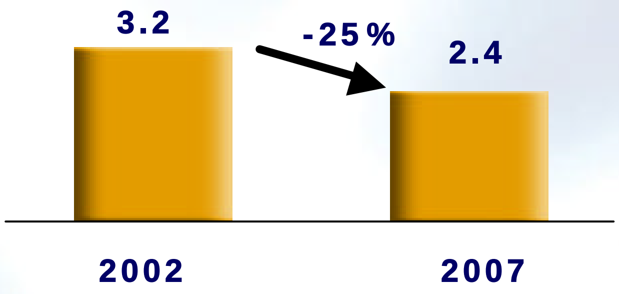
Latin American Business

Investment reduction targets, Euro million



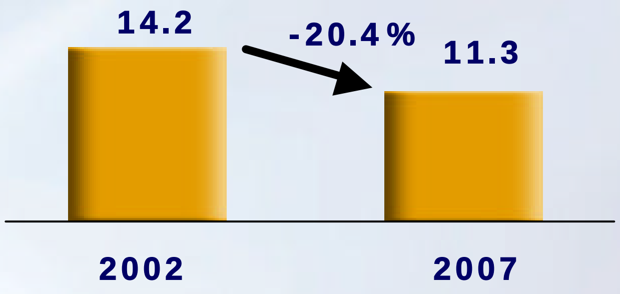
Generation costs

O&M costs, Euro / MWh



Distribution costs

O&M + Capex, Euro / MWh



Enersis Financial Strengthening Plan: Negotiations to Refinance ENI and EOC Debt Well Advanced

Latin American Business

- FACILITY: US$ 2.3 bn to Enersis and Endesa Chile (˜ 100% of their banking debt)
- LEAD ARRANGERS: Selected group of main lenders.
- MATURITY: 5 years with 30-month grace period.
- Eliminates rating triggers in current bank debt

Avoid liquidity risks, increase bank debt duration and promote all current bank creditors into new operations

Enersis Financial Strengthening Plan: Asset Divestitures

Latin American Business

Currently in an advanced negotiation stage with potential buyers

Río Maipo

Canutillar

- 13 non-binding offers received on January 23
- High-quality, diverse bidders: operators/financial investors, Chilean/international
- Promising preliminary price levels
- Short list selected, due diligence started
- Binding offers due on March 27

Infraestr 2000

- Sale on process - advanced negotiations with OHL. Closure expected next March

Transmission

- Sale on process – advanced negotiation with transmission operators

Manso Velasco

- Asset-by-asset divestiture strategy to maximize value of assets
- Slow process expected given depressed Chilean real estate market

Enersis Financial Strengthening Plan: Capital Increase

Latin American Business

Capital increase: up to US$ 2.0 bn in cash and debt

- Endesa's loan to be fully capitalised
- Enersis preparing a structure attractive to most shareholders, to be approved in a AGM on March 31st
- Endesa´s stake might go above 65% should minority shareholders not fully subscribe, although not triggering a tender offer

First Encouraging Signs... Negotiation of New Regulatory Framework for Distribution

Latin American Business

Brazil

January 2003: Tariff increase for CERJ of 29% to run until December

2003: 4-year tariff reviews:
- Coelce (April)
- Cerj (December)

New model proposed by ANEEL in line with those in place at other Endesa Latin American subsidiaries:
- Assets valued at book value
- WACC to include Brazilian market risk
- Pass-through of energy purchase costs
- Recognition of O&M and depreciation costs in tariff

2003 Tariff review already proposed by ANEEL for other distributors in Brazil:

- CEMIG	27,49%
- CPFL	18,77%
- CEMAT	24,99%
- ENERSUL	42,64% (28,55% immediate + 14,09 deferred)

Argentina

38% tariff rise requested by Edesur to recover from pesification-driven losses, in line with IMF proposal.

Government expected to grant two tariff increases in 2003:
- 9% before elections
- Another towards year-end

Presidential decree signed granting first 9% tariff increase, and already being applied

Strategy Overview by Business

Spain and Europe

- Healthy industry environment based on strong market fundamentals and improved regulatory outlook
- Stable cash flow, low risk business profile
- Sustain leadership with minor capital expenditures
- Consolidate current presence in European target markets

Sustain leadership

Latin America

- Endurance and upside potential based on quality of business portfolio:

  - Resilient business even in the tough current environment
  - Solid platform for future growth and profitability

- Financial strengthening well underway, without recourse to parent company

Endure downcycle

Telecoms

- Investment completed, drain in P&L overcome, positive contribution going forward
- Business plan focused on profitability and self financing
- Exit if and when market conditions reflect business plan's underlying value

Extract value

Continued Growth in 2003

Telecommunications

AUNA: Main targets for 2003

- 15% revenue growth to €3.600 M
- +50% EBITDA growth to €900 M
- Net income close to breakeven
- Funding needs until 2004 covered by disposals of non-core assets and cash flow from Amena

Main targets for AUNA TLC

- Revenue growth by 20% to €1,100 M
- EBITDA positive since January
- 33% penetration: > 750,000 fixed direct access customers
- Complete the reorganization:
  - merger of all companies
  - reduction in headcount
  - integrate offer of services

Main targets for AMENA

- Maintain positioning based in simplicity and product innovation
- 20% market share: > 7.2 M mobile customers
- Focus on residential post-paid and data services
- Continue to decrease SAC

Smartcom: Positive Perfomance According to Plan

Telecommunications

Main targets for 2003

- 17.4% market share becoming the third largest operator in Chile.
- Clients +19% to 1.13 M (14% CAGR 2002-2004)
- 17% increase in revenues (19% CAGR 2002-2004)
- EBITDA to triple in 2003 vs. 2002. Net income break-even in 2004.
- Focus on maximizing profitability versus growth, in line with market maturity and market share achieved

Index

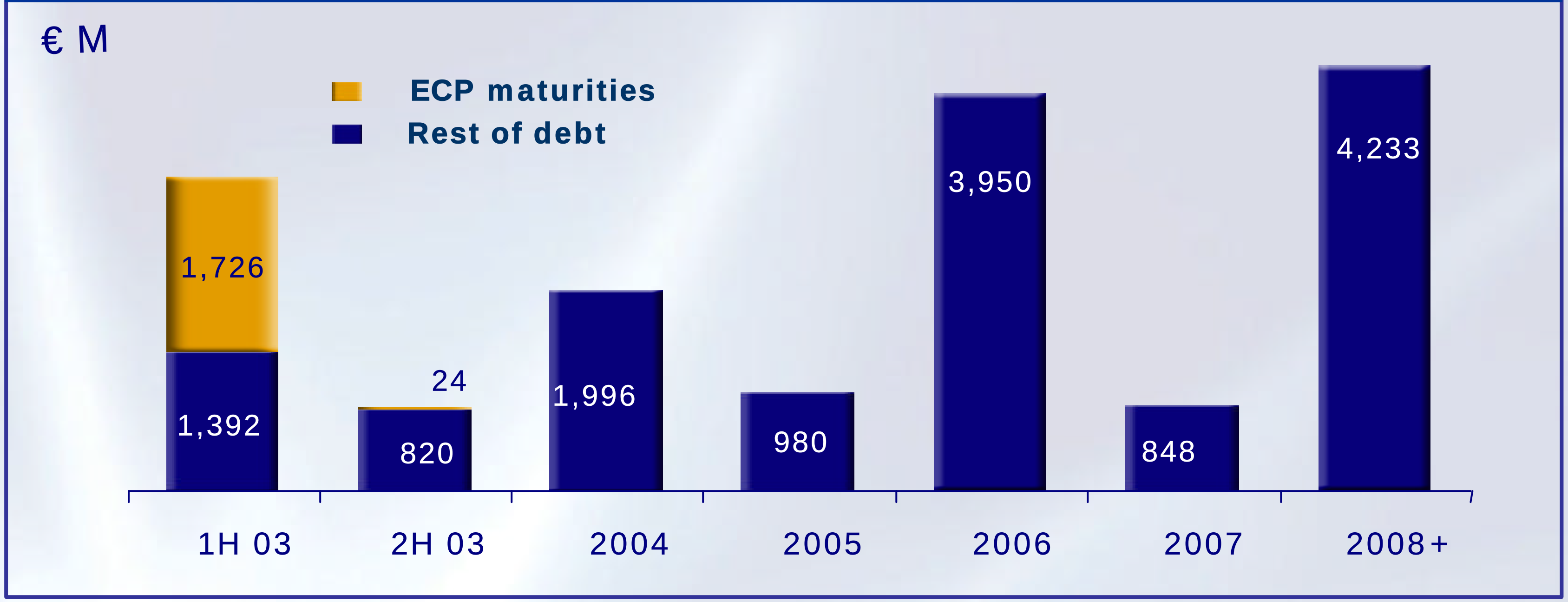
Financial management: global view

1. Increase liquidity, reduce refinancing risk and increase average life of debt
2. Better hedging of interest and FX risks
3. Improvement of free cash flow and reduction of debt
4. Each business to self-finance
5. Dividend policy

Endesa Spain: Gross Debt Maturity Schedule

Financial Review

Total outstanding gross debt € 15,969 M as of Dec. 02



Liquidity: €206 M cash + €2.09 bn undrawn lines of credit

Endesa Spain: Liquidity Position for 2003

Financial Review

Target:

- Extend the average life of debt without increasing the total amount
- Increase the amount of undrawn credit lines

	(€ bn)
Debt maturities in 2003	**- 3.9**
New funds from financial activities expected in 2003:	**8.4**
• Short term renewals	1.0
• New MTN funds (10 years)	0.7
• “Club Deal” loan (5 years)	1.5
• Cash pending from divestments agreed	0.9
• Preferred securities	< 2.0
• Undrawn lines of credit and cash	2.3
Total expected liquidity	**4.5(*)**

(*) Exceeds expected maturities in 2004 and 2005

Issue of Preferred Securities

- To be carried out by a subsidiary, guaranteed by ENDESA, S.A. and addressed only to investors in Spain
- First 10 years Euribor flat with 4% floor – 7% cap
- Up to €2,000 M perpetual subordinated financing facility with 10-year call back
- Distributed through top Spanish financial institutions to retail domestic investors.
- To be traded in the AIAF
- Strengthen financial structure lengthen maturities avoiding refinancing risks and reinforcing the liquidity position.

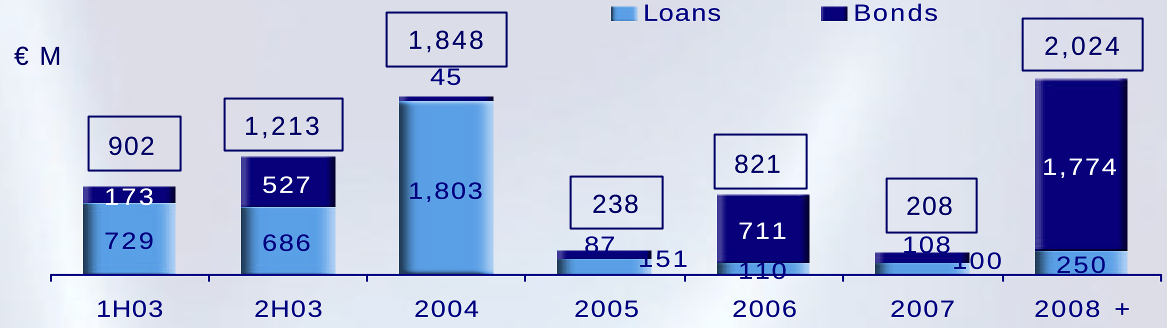
Note: The preferred securities will not be registered under the United Securities Act of 1933, as amended, and have not and will not be offered or sold in the United States

Enersis: Gross Third-Party Debt Maturity Schedule

Total outstanding gross debt €7,253 M as of Dec. 02

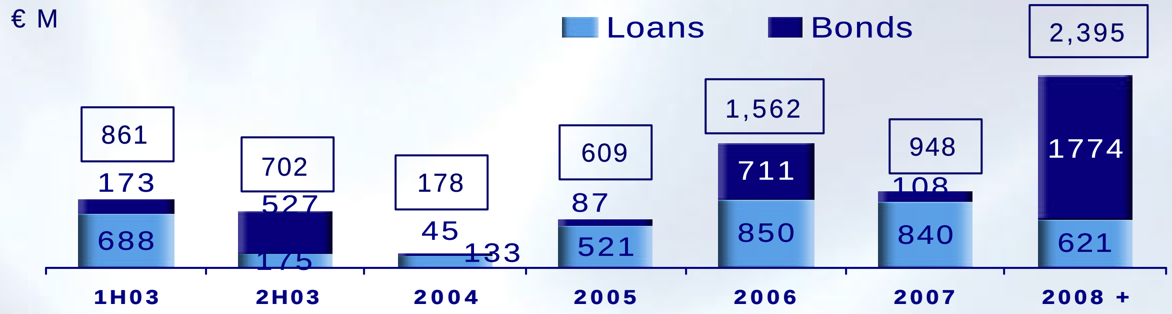
Situation before refinancing:

Liquidity: €269 M cash



After refinancing:

Liquidity: €269 M cash



Debt refinancing of €2.3 bn moves short term maturities into medium/long term.

Enersis additional measures:

- €1,000 M debt reduction from disposals
- €2,000 M capital increase
- € 130 M higher free cash flow

Enersis: Liquidity position for 2003

Financial Review

Target:
Enersis to continue self-financing without recourse to Endesa.
Debt to be reduced by US$ 2.6 bn.

	(€ bn)
Debt maturities in 2003	**- 2.1**
• Bank debt under renegotiation maturing in 2003	0.5
New maturity profile	**- 1.6**
New funds expected in 2003	**1.8 / 2.4**
• Cash	0.3
• Asset disposals / capital increase (cash from minorities)	0.6/1.0
• Expected roll-overs and other non-Chilean financial operations	0.6
• Other Chilean financial operations (bond issues)	0.3/0.5
Total expected liquidity	**0.2 / 0.8**

(*) Exceeds debt maturities in 2004 and 2005 after refinancing

Reiterate 5-year Investment Plan

€ bn	Plan 2002-06	Inves. 2002(*)	Inv. 2003
Spain	**2.0**	**0.5**	**0.5**
New Capacity	1.5	0.4	0.4
Windfarms (50% ownership)	0.5	0.1	0.1
Europe	**1.0**	**0.3**	**0.3**
Repowering (Italy)	0.9	0.2	0.3
Others	0.1	0.1	0.0
Latam (Fortaleza and Ralco)	**0.5**	**0.5**	**0.3**
Telecom	**0.7**	**0.5**	**0.0**
Auna& Smartcom financing	0.3	0.3	0.0
2%+3% New stake Auna	0.4	0.2	0.0
Other	**0.1**	**0.1**	**0.1**
Total Expansion	**4.3**	**1.9**	**1.2**
Maintenance Capex	**5.4**	**1.1**	**1.0**
TOTAL	**9.7**	**3.0**	**2.2**

Investments focused on core business and organic growth

Maintenance Capex: € 5.4 M

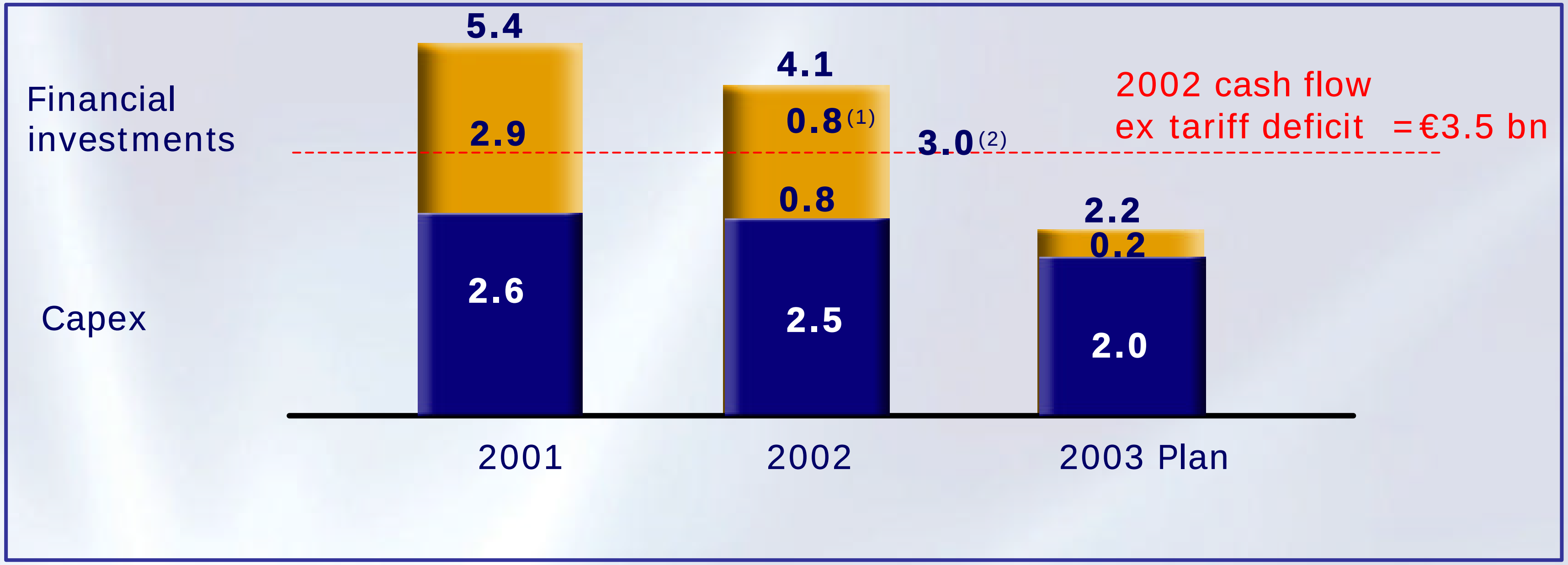
Spain	56%
Europe	5%
Latin America	32%
Others	7%

(*) Adjusted to tariff deficit and net of distribution subsidies

Free Cash Flow Outlook

Financial Review

Investment reduction targets



Expected improvement in free cash flow

(1) Tariff deficit €706 M
(2) Investments adjusted for tariff deficit and distribution cessions

Disposal Programme on Track with Plan € 6-7 bn

Plan 2002-2006		Proceeds € 6-7 bn	Gross Capital Gain
2002	Viesgo (87.5%) Arch coal Interagua	€1,684 M €32 M €17 M	€1,066 M €13 M €19 M
2003	Real Estate assets Transmission network ***Total to date***	€385 M €1,052 M (*) ***€3,170 M***	€150 M €400 M
	Renewables Enersis disposals		
Pending	Financial investments and telecoms		

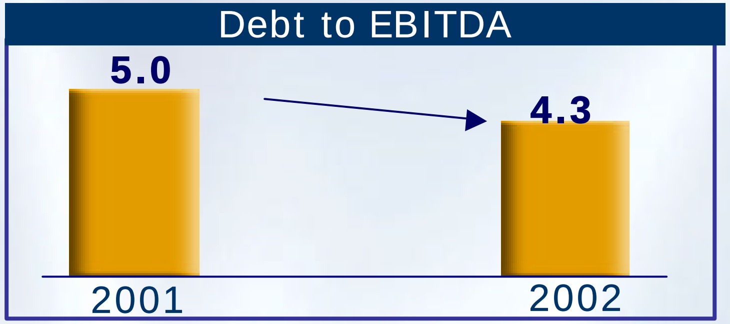
(*) €400 M in 2002

Rating Policy

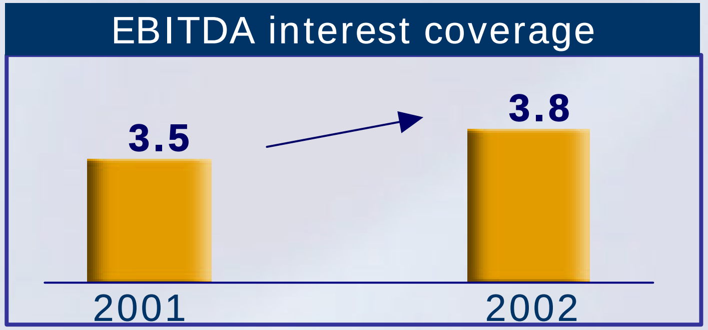
Maintain “A” rating for Endesa

Maintain the “investment grade” for Enersis

S&P has removed Endesa´s rating from Credit Watch therefore affirming the single A rating



Debt to EBITDA



EBITDA interest coverage

Net Debt (in € M)

	2001	**2002**
Spain	16,437	15,763
Enersis	8,570	6,984

Dividends:

2002 Dividend:

- Final gross dividend of €0.4185 per share
- Total gross dividend of €0.6825 per share, same dividend as in 2001

Dividend policy going forward:

- Pay-out to be maintained between 50%-60% in line with European utilities average.

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Conclusions

- 2002 results: a solid performance in a challenging environment.

- Sustained Endesa leadership in the Spanish market, with strong and stable cash flow based on a very robust business portfolio

- Positive development of Endesa's European activities, achieving our objectives and setting the basis for organic growth going forward

- Demonstrated endurance of our Latin American operations in the face of a tough environment, reinforced by the measures underway to increase financial flexibility without recourse to parent company. As the economy recovers our business portfolio will benefit from significant upside potential

- Maturing Telecoms business with investment completed, positive contribution without further equity injection.

- Improving financial flexibility while exploiting our business portfolio for increase profitability. Decided "self-financing" policy.

Forward-looking Statements:

Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the United States Private Securities Litigation Reform Act of 1995. The U.S. Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This presentation contains certain forward-looking statements regarding anticipated financial and operating results and statistics that are subject to risks and uncertainties. Forward-looking statements include, but are not limited to, information regarding: estimated future revenues, costs, EBITDA, earnings, leverage and other ratios, return on invested capital, return on equity and other financial targets; anticipated increases in demand and market share; implementation of cost control measures and the anticipated benefits thereof; anticipated work force levels; management strategy and goals; synergies; operational efficiencies; cost and tax savings; tariffs and pricing structure; estimated capital expenditures and other investments; expected asset disposals; estimated increases in capacity and output and changes in capacity mix; estimated increases in customers and consumption per customer; anticipated supply needs; macroeconomic conditions.

For all of these forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors, in addition to those discussed elsewhere in this presentation, could cause actual financial and operating results and statistics to differ materially from those expressed in our forward-looking statements:

Economic and Industry Conditions: materially adverse changes in economic or industry conditions generally or in our markets; the effect of existing regulations and regulatory changes; tariff reductions; the impact of any fluctuations in interest rates; the impact of fluctuations in exchange rates; natural disasters; the impact of more stringent environmental regulations and the inherent environmental risks relating to our business operations; the potential liabilities relating to our nuclear facilities.

Transaction or Commercial Factors: any delays in or failure to obtain necessary regulatory, antitrust and other approvals for our proposed acquisitions or asset disposals, or any conditions imposed in connection with such approvals; our ability to integrate acquired businesses successfully; the challenges inherent in diverting management's focus and resources from other strategic opportunities and from operational matters during the process of integrating acquired businesses; the outcome of any negotiations with partners and governments.

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

Operating Factors: technical difficulties; changes in operating conditions and costs; the ability to implement cost reduction plans; the ability to maintain a stable supply of fuel and the impact of fluctuations on fuel prices; acquisitions or restructurings; the ability to implement an international and diversification strategy successfully.

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

2002 results
Strategy & business review

Analyst presentation
Madrid, February 26th 2003

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Member of
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