
SECURITIES AND EXCHANGE COMMISSION
FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-9932

ENDESA, S.A.

(Exact name of Registrant as specified in its charter)

Kingdom of Spain

(Jurisdiction of incorporation)

Príncipe de Vergara, 187

28002 Madrid, Spain

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Shares, nominal value €1.20 each*	New York Stock Exchange
American Depositary Shares, each representing the right to receive one Share	New York Stock Exchange

* Listed on the New York Stock Exchange not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the New York Stock Exchange.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

The number of issued Shares of each class of stock of Endesa, S.A. as of December 31, 2000 was:

Shares, nominal value €1.20 each: 1,058,752,117

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17

Item 18

TABLE OF CONTENTS

PAGE

PART I

Presentation of Financial Information	1
Forward-Looking Statements	1
Item 1 Identity of Directors, Senior Management and Advisers	1
Item 2 Offer Statistics and Expected Timetable	2
Item 3 Key Information	2
Item 4 Information on the Company	9
Item 5 Operating and Financial Review and Prospects	45
Item 6 Directors, Senior Management and Employees	60
Item 7 Major Shareholders and Related Party Transactions	66
Item 8 Financial Information	66
Item 9 The Offer and Listing	67
Item 10 Additional Information	72
Item 11 Quantitative and Qualitative Disclosures About Market Risk	82
Item 12 Description of Securities Other than Equity Securities	99

PART II

Item 13 Defaults, Dividend Arrearages and Delinquencies	99
Item 14 Material Modifications to the Rights of Security Holders and Use of Proceeds	99
Item 15 Reserved	99
Item 16 Reserved	99

PART III

Item 17 Financial Statements	99
Item 18 Financial Statements	99
Item 19 Exhibits	100

CERTAIN TERMS AND CONVENTIONS

As used in this annual report on Form 20-F, “Endesa” and first person, personal pronouns such as “we”, “us” or “our” refer to Endesa, S.A. and its consolidated subsidiaries which comprise the Endesa group unless the context otherwise requires. When we use second person, personal pronouns in this report, such as “you” and “your”, we mean exclusively persons who have purchased securities issued or guaranteed by Endesa or one of its consolidated subsidiaries as the context requires.

PRESENTATION OF FINANCIAL INFORMATION

When we use “dollars”, “U.S.\$” or “\$” in this annual report, we mean United States dollars. When we use “euro” or “€” in this annual report, we mean the single currency of the participating member states in the Third Stage of the European Monetary Union pursuant to the treaty establishing the European Community, as amended from time to time. When we use “pesetas” or “Ptas” in this annual report, we mean Spanish pesetas. The word “billion” refers to one thousand million.

Endesa publishes its financial statements in Spanish pesetas. Merely for the convenience of the reader this annual report contains translations of certain peseta amounts into dollars at specified rates. These translations should not be construed as representations that the peseta amounts actually represent such dollar amounts or could be converted into dollars at the rate indicated. Unless otherwise stated, the translations of peseta into dollar amounts have been made at $\text{Ptas } 177.233 = \$1.00$, which is equivalent to $\$0.9388 = \text{€}1.00$, the Noon Buying Rate in New York City for cable transfers in euro as certified for customs purposes by the Federal Reserve Bank of New York (the “Noon Buying Rate”) on December 29, 2000. The exchange rate at which the Spanish peseta has been irrevocably fixed against the euro is $\text{Ptas } 166.386 = \text{€}1.00$.

FORWARD-LOOKING STATEMENTS

This annual report contains statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements that include the words “expect”, “project”, “anticipate”, “believe”, “should”, “seek”, “intend”, “probability”, “risk”, “target”, “goal”, “objective”, “estimate”, “future” and similar expressions or variations on such expressions. These statements appear in a number of places in this annual report and include statements regarding our intent, belief or current expectations with respect to, among other things, trends affecting our financial condition or results of operations.

These forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of various factors that may be beyond our control. The accompanying information contained in this annual report, including, without limitation, the information under Item 3. “Key Information–Risk Factors”, Item 5. “Operating and Financial Review and Prospects” and Item 4. “Information on the Company” identifies important factors that could cause such differences.

Readers are cautioned not to place undue reliance on those forward-looking statements, which speak only as of their dates. We undertake no obligation to release publicly the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the dates thereof, including, without limitation, changes in our business strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

Item 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

Selected Consolidated Financial Information

The following selected consolidated financial information should be read in conjunction with, and is qualified in its entirety by, our audited consolidated financial statements. Our audited consolidated financial statements have been prepared in accordance with Spanish GAAP, which differs in certain significant respects from U.S. GAAP. See Note 26 to our audited consolidated financial statements. The principles of consolidation are described in Note 3 to our audited consolidated financial statements. The selected consolidated financial data at December 31, 1999 and 2000 and for each of the three years ended December 31, 2000 are derived from the audited consolidated financial statements appearing elsewhere in this annual report, which have been audited by Arthur Andersen, independent accountants.

	Year ended December 31,					2000(2)
	1996(1)	1997	1998	1999	2000	
						(millions of dollars, except shares outstanding, per share and per ADS amounts)
						(millions of euro, except shares outstanding, per share and per ADS amounts)
CONSOLIDATED INCOME STATEMENT DATA						
Amounts in accordance with Spanish GAAP:						
Sales(3)	7,571.8	7,485.2	6,611.3	13,131.6	15,264.2	14,330.0
Expenses capitalized	123.8	118.3	91.0	136.8	220.0	206.6
Other operating revenues	80.5	103.8	134.2	226.3	198.0	185.9
Operating income	2,272.8	2,017.1	1,902.6	2,901.5	3,061.2	2,873.8
Consolidated income before taxes	1,602.6	1,432.1	1,361.1	2,060.0	2,612.4	2,452.6
Income allocated to minority interests(4)	(189.9)	(105.8)	(189.9)	(13.2)	(587.2)	(551.3)
Net income	992.2	1,002.1	1,097.2	1,278.1	1,406.6	1,320.5
Dividends	437.5	480.8	505.0	623.6	688.2	646.1
Net income from operations per share	2.19	1.94	1.99	2.74	2.89	2.71
Net income per share or ADS(5)	0.95	0.96	1.10	1.21	1.33	1.25
Dividends per share or ADS(6)	0.42	0.46	0.50	0.59	0.65	0.61
Basic and diluted net income per share or ADS	2.19	1.94	1.99	2.74	2.89	2.71
Weighted average number of shares outstanding (in thousands)	1,040,022	1,040,022	997,453	1,002,650	1,058,752	1,058,752
Amounts in accordance with U.S. GAAP:						
Net income(7)	1,944.6	1,258.8	1,144.1	1,085.6	950.5	892.3
Net income per share or ADS(5)	1.87	1.21	1.15	1.08	0.90	0.84
Basic and diluted net income per share or ADS	1.87	1.21	1.15	1.08	0.90	0.84

	Year ended December 31,					
	1996(1)	1997	1998	1999	2000	2000(2)
	(millions of euro, except shares outstanding, per share and per ADS amounts)					(millions of dollars, except shares outstanding, per share and per ADS amounts)
CONSOLIDATED BALANCE SHEET DATA						
Amounts in accordance with Spanish GAAP:						
Utility plant (net)	17,889.9	17,618.0	17,047.3	30,062.1	30,412.7	28,551.4
Advance and construction work in progress	1,150.9	536.5	534.4	2,305.6	2,115.8	2,023.8
Financial investments	2,593.5	4,708.2	5,201.5	5,413.2	5,929.9	5,567.0
Other fixed and non-current assets	294.1	1,215.9	1,735.6	7,839.5	6,125.8	5,752.0
Current assets	1,998.9	2,135.9	3,056.3	6,403.0	5,534.4	5,195.7
Total assets	22,776.4	26,273.4	27,930.3	49,717.9	48,002.8	45,065.5
Current liabilities	4,303.4	5,083.4	5,269.3	9,904.9	9,472.1	8,892.3
Long-term debt(9)	5,654.1	6,122.8	8,100.0	18,550.7	19,187.7	18,013.4
Other non-current liabilities	2,521.4	4,458.4	5,336.5	7,683.2	6,514.6	6,105.9
Minority interests	1,491.7	1,519.1	1,658.8	4,262.6	4,190.5	3,934.0
Stockholders' equity	8,805.8	9,089.6	7,565.8	9,316.5	8,638.0	8,109.3
Capital stock	1,250.1	1,250.1	1,147.7	1,270.5	1,270.5	1,192.8
Amounts in accordance with U.S. GAAP:						
Utility plant (net)	14,302.9	14,327.6	14,032.2	27,263.7	28,346.3	26,611.5
Total assets	20,698.9	23,504.2	24,610.5	48,293.3	47,247.4	44,355.9
Long term debt	5,654.1	6,122.9	8,117.5	17,738.3	19,290.4	18,109.8
Minority interests	1,577.2	1,685.9	1,849.5	6,079.6	4,369.1	4,101.7
Stockholders' equity	7,224.0	8,053.4	6,629.2	9,150.5	9,427.8	8,850.8

- (1) As of December 1, 1996, certain consolidated subsidiaries of Endesa restated the net values of their tangible fixed assets, resulting in a net increase in value of €3,499.9 million, and paid a one-time tax of 3% thereon, which was charged to the appropriate reserve accounts on the balance sheet and not to the income statement. The net increase in book value resulting from this restatement is being depreciated over the remaining useful lives of the restated assets. See Note 3(b) and 8 to the audited consolidated financial statements.
- (2) Translated at \$0.9388 = €1.00, the Noon Buying Rate on December 29, 2000.
- (3) Sales include wholesale and retail sales of electricity and other sales. See "Item 5 – Operating and Financial Review and Prospects – Overview – New Treatment of Domestic Electricity Sales and Purchases."
- (4) As a result of the consolidation of Fuerzas Eléctricas de Cataluña, S.A. (Fecsa) and Compañía Sevillana de Electricidad, S.A. (Sevillana) by the global integration method, income allocated to minority interests for the year ended December 31, 1996 includes interest of third parties in these companies of 51.0% for Fecsa and 60.5% for Sevillana for the period ended November 30, 1996 and 25.0% for the remainder of 1996.
- (5) Net income per share and per ADS has been computed based on the weighted average number of shares outstanding for the periods presented, restated to give retroactive effect to a 4:1 stock split effected in 1997. Each ADS represents one share.
- (6) Dividends per share have been restated to give retroactive effect to the 4:1 stock split effected in 1997.
- (7) Under U.S. GAAP, net income for 1996 is adjusted by an increase of €1,240.4 million, representing the full tax benefit in future years under Spanish GAAP from the 1996 asset restatement, offset in part by the 3% tax in the

amount of €105.0 million which is deducted from net income as a U.S. GAAP adjustment. In addition to the increase in consolidated net income for the year, under U.S. GAAP, 1996 stockholders' equity is reduced to eliminate the effect of the asset restatement.

- (8) Long-term debt does not include current maturities. See Note 16 to the audited consolidated financial statements.
- (9) In 1997, certain balance sheet items were reclassified pursuant to the regulations under the Electricity Chart of Accounts. Such reclassification provides for nuclear fuel as "utility plant" to be accounted for as an "inventories" item. Additionally, nuclear fuel is now accounted for in "Depreciation and Amortization".

Exchange Rates

The following table sets forth, for the periods and dates indicated, certain information concerning the Noon Buying Rate for dollars expressed in pesetas per \$1.00.

Calendar Period	Rate at	Average(1)	High	Low
	Period End			
	(pesetas)			
1996	129.86	126.97	131.55	120.95
1997	152.40	147.14	158.80	129.80
1998	142.15	149.42	157.41	136.80

- (1) The average of the Noon Buying Rates on the last day of each full month during the relevant period.

The euro has been introduced as a new currency in the following 12 European Union member states: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal and Spain. The respective currencies of the participating member states, including the Spanish peseta, are nondecimal subdivisions of the euro until January 1, 2002 and to up to two months thereafter. The exchange rate at which the Spanish peseta has been irrevocably fixed against the euro is Ptas 166.386 = €1.00. Beginning January 1, 2002, the participating member states will issue new euro-denominated bills and coins for use in cash transactions. By March 1, 2002, the participating member states will withdraw the bills and coins denominated in their respective currencies from circulation, and they will no longer be legal tender for any transactions.

The Federal Reserve Bank of New York no longer quotes a Noon Buying Rate for the currencies of any of the participating member states, including Spain. The Noon Buying Rate for the euro on June 15, 2001 was \$0.8628 = €1.00. The equivalent exchange rate in pesetas, translated at the irrevocably fixed exchange rate of Ptas 166.386 = €1.00, was approximately Ptas 192.84 = \$1.00.

The following table sets forth, for the periods and dates indicated, certain information concerning the Noon Buying Rate for euro expressed in U.S. dollars per euro.

Calendar Period	Noon Buying Rate			
	Period End	Average Rate	High	Low
	(U.S. dollars)			
Year ended December 31, 1999 (1)	1.0070	1.0653	1.1812	1.0016
Year ended December 31, 2000 (1)	0.9388	0.9232	1.0335	0.8270
Month ended December 31, 2000	0.9388	0.8983	0.9304	0.8755
Month ended January 31, 2001	0.9308	0.9376	0.9535	0.9181
Month ended February 28, 2001	0.9212	0.9205	0.9395	0.9057
Month ended March 31, 2001	0.8794	0.9083	0.9340	0.8794
Month ended April 30, 2001	0.8874	0.8925	0.8937	0.8748
Month ended May 31, 2001	0.8455	0.8753	0.8936	0.8455
Month ended June 30, 2001 (through June 15)	0.8628	0.8503	0.8628	0.8425

- (1) The average of the Noon Buying Rates on the last day of each month during the relevant period.

Monetary policy within the members of the euro zone is set by the European Central Bank. The European Central Bank has set itself the objective of containing inflation and will adjust interest rates in line with this policy without taking account of other economic variables such as the rate of unemployment. It has further declared that it will not set an exchange rate target for the euro.

On January 4, 1999, the Madrid stock exchange began quoting share prices, including those of Endesa, in euro. Currency fluctuations may affect the dollar equivalent of the euro price of our shares listed on the Spanish stock exchanges and, as a result, the market price of our American depositary shares (ADSs), which are listed on the New York Stock Exchange. Currency fluctuations may also affect the dollar amounts received by holders of ADRs on conversion by the depositary of cash dividends (if any) paid in euro on the underlying shares.

Prior to the euro conversion, our consolidated results were affected by fluctuations between the Spanish peseta and the currencies in which the revenues and expenses of some of our consolidated subsidiaries are denominated (principally the Chilean peso, the Colombian peso, the Argentine peso, the Brazilian real, the Peruvian nuevo sol and the U.S. dollar). Following the euro conversion, our consolidated results are affected by fluctuations between the euro and the currencies in which the revenues and expenses of our consolidated subsidiaries are denominated. See Item 11. "Quantitative and Qualitative Disclosures About Market Risk".

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

Risks Related to Endesa

Our Latin American subsidiaries are subject to a variety of risks, including economic downturns and political instability.

A material portion of our operations and investments outside Spain are located in Latin America and are exposed to risks inherent in operating and investing in Latin America, including:

- changes in government regulations;
- administrative policies;
- imposition of currency restrictions and other restraints on movements of funds;
- changes in the business or political environment in which we operate; and
- economic downturns and political instability affecting operations in individual markets.

In addition, revenues from operations of our Latin American subsidiaries, their market value and the dividends collected from these subsidiaries are exposed to material country risk as a result of adverse economic conditions in the region that may adversely affect demand, consumption and exchange rates.

Our business relies heavily on hydrological conditions and regulations.

Our operations and those of our Latin American affiliates, particularly Endesa of Chile, involve hydroelectric generation and, accordingly, we and our Latin American affiliates are dependent upon hydrological conditions

prevailing from time to time in the geographic regions in which we operate. Therefore, drought conditions may hurt our profitability and that of our Latin American affiliates.

We and our affiliates are currently subject to antitrust proceedings.

Our Chilean affiliate, Enersis, has been subject to ongoing antitrust proceedings in Chile relating to the allegedly anti-competitive integration of generation, transmission and distribution activities. In addition, Argentina antitrust authorities have taken steps in connection with our distribution companies in Argentina. On August 11, 2000, Argentina's electricity regulatory authority (Ente Nacional Regulador de la Electricidad de Argentina) informed us, Edenor and Edesur that it had issued ENRE resolution 480/2000, which orders us to divest our shareholding in either Edenor or Edesur. Pursuant to this resolution, we sold our interest in Edenor on March 30, 2001.

We are subject to regulatory regimes and price fluctuations that affect our business.

Our businesses are affected by a variety of factors, including:

- the effect of the new regulatory regime under the Electricity Sector Law, including potential loss of market share and reduced operating margins, and our ability to adapt to the new commercial challenges brought about by the liberalization of the end-user market in Spain;
- any potential additional regulation of the electricity industry in Spain, Chile or elsewhere;
- the result of the European Commission's determination that Spain's competition transition cost scheme is compliant with the European Union's Internal Electric Market Directive and European State Aid Regulation;
- our ability to implement our cost reduction plan both in Spain and Latin America;
- general macroeconomic conditions in the markets where we generate and distribute electricity;
- our ability to maintain a stable supply of fuel and the impact of fluctuations in fuel prices;
- our ability to implement our strategic plan successfully;
- the impact of any fluctuations in interest rates on our floating rate indebtedness;
- the impact on fluctuations in exchange rates between the euro and the currencies in which our indebtedness and revenues are denominated;
- the impact of more stringent environmental regulations and the inherent environmental risks relating to our business operations;
- potential liabilities relating to our nuclear facilities; and
- inability to access the capital markets of the United States, Spain or Chile.

See Item 4. "Information on The Company—Regulation—New Regulatory Structure" and Item 5. "Operating and Financial Review and Prospects" for other factors affecting our business.

Risks Related to Our Industry and Strategy

The costs and difficulties of acquiring and integrating companies or businesses could impede our future growth and adversely affect our competitiveness.

As part of our strategy, we intend to evaluate, and may enter into, acquisition transactions in order to, among other things, sell our services in countries in which we currently do not have operations or enhance our position in the global market. Any such acquisitions may expose us to the following risks:

- the difficulty of identifying appropriate acquisition candidates in the countries in which we do business or intend to do business;
- the difficulty of assimilating the operations and personnel of acquired entities;
- the failure to maintain uniform standards, controls, procedures and policies; and
- the impairment of relationships with employees as a result of changes in management and ownership.

Additionally, in connection with an acquisition, we will generally record goodwill that must be amortized and which would reduce our earnings per share. We cannot assure you that we would be successful in overcoming these risks, and our failure to overcome these risks could have a negative effect on our results of operations and financial condition.

We may not be able to achieve improved operating efficiency at acquired companies.

Endesa has expanded in recent years by acquiring interests in utility companies in Latin America. Our business strategy includes plans for further expansion within Latin America, North America and Europe.

Our ability to improve operating efficiency at newly-acquired companies may be affected by the following factors:

- *We may be constrained by a lack of resources at the acquired companies.* Acquired companies, particularly newly-privatized utilities, may lack resources to operate profitably and to fund appropriate levels of maintenance and improvements.
- *We may need to confront regulatory obstacles.* Acquired enterprises are typically subject to laws and regulations governing their activities, including regulations relating to prices and tariffs chargeable for electricity generation and distribution, or water utility tariffs, many of which have only recently been adopted. We cannot assure you that future interpretations or amendments of any such laws and regulations will not affect us or our operations adversely.

In addition, the political and economic conditions prevailing in Latin American countries may not be stable. The operations of such enterprises may be affected by changes in the economic and political environment prevailing from time to time in the countries in which we operate or intend to operate, including periods of inflation that result in devaluation of the currencies of these countries.

We can offer no assurance that we will be successful in acquiring other utility businesses or that, if we do acquire one or more such businesses, we will be able to operate such businesses profitably.

Construction of new facilities may be adversely affected by factors commonly associated with such projects.

Factors that may affect our ability to construct new facilities include:

- delays in obtaining regulatory approvals, including environmental permits;

- shortages or changes in the price of equipment, materials or labor;
- opposition of political and ethnic groups; and
- adverse changes in the political and regulatory environment in the countries where we and our related companies operate.

Any of these factors may cause delays in completion of all or part of our capital investments program and may increase the cost of the projects contemplated.

Changes in government regulation may cause revenues and net income to decline or impose additional operating costs.

Our operating subsidiaries which are public utilities are subject to extensive regulation of tariffs and other aspects of their business in Spain and in the other countries in which we operate. Changes in these regulations, including those relating to compensation of competition transition costs, may cause our revenues and net income to decline. Spain's program for competition transition costs is under review by the European Commission in order to verify whether or not it is in compliance with the European Union's Internal Electricity Market Directive and the requirements for state aid.

We and our operating subsidiaries are also subject to environmental regulations, which, among other things, require us to perform environmental impact studies on future projects and obtain regulatory permits. As with any regulated company, we cannot assure you:

- that these environmental impact studies will be approved by governmental authorities;
- that public opposition will not result in delays or modifications to any proposed project; or
- that laws or regulations will not change or be interpreted in a manner that adversely affects our operations or plans or our plans for the companies in which we have an investment.

Forward-looking statements contained in this annual report may not be realized.

We have made forward-looking statements in this annual report that are subject to risks and uncertainties. These forward-looking statements relate to among other things:

- our strategic plans, including our anticipated capital expenditures and divestitures;
- our cost-reduction plans;
- trends affecting our financial condition or results of operations, including market trends in the Spanish electricity sector and the impact of the Electricity Sector Law;
- supervision and regulation of the Spanish, European or Latin American electricity sector;
- the future effect of any changes in the laws and regulations applicable to us or our affiliates;
- our exposure to various types of market risks, such as interest rate risk and foreign exchange rate risk;
- our proposed dividend payout rate;
- macroeconomic growth in Latin America and the region's growth potential in terms of capacity and consumption of electricity;

- our ability to successfully implement our plan and objectives for our Latin American subsidiaries which we call Project Genesis and which includes cost reduction and investment plans;
- the actual effect of Project Genesis on future results of operations, financial ratios used in analyzing our business and our financial condition;
- expansion opportunities and potential future acquisitions or dispositions;
- adverse decisions by government regulators in Spain, Chile, or other countries where we carry on business;
- our ability to achieve targeted savings from personnel reductions;
- our ability to find interested buyers who will pay acceptable prices for assets expected to be divested;
- growth opportunities and potential future acquisitions in developed and emerging markets; and
- our ability to manage the risks involved in the foregoing.

These statements reflect our current expectations. They are subject to a number of risks and uncertainties, including but not limited to:

- inability to access the capital markets;
- an increase in the market rates of interest;
- adverse decisions by government regulators in Spain, Chile or elsewhere;
- our ability to manage the risks involved in the foregoing; and
- other factors described in this annual report.

In light of the many risks and uncertainties, you should understand that we cannot assure you that the forward-looking statements contained in this annual report will be realized. You are cautioned not to put undue reliance on any forward-looking information.

Item 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

We are a limited liability company (*sociedad anónima*) organized under the laws of the Kingdom of Spain. Our shares are publicly traded on the Madrid, Barcelona, Bilbao and Valencia stock exchanges and the Santiago Off Shore Stock Exchange in Chile, and our ADSs are listed on the New York Stock Exchange. We were formed under the laws of Spain on November 18, 1944 as “Empresa Nacional de Electricidad, S.A.” and changed our name to Endesa, S.A. by resolution of the shareholders’ meeting of June 25, 1997. Our principal executive office is located at Príncipe de Vergara, 187, 28002 Madrid, Spain, and our telephone number is (3491) 213 1000. Our agent for service of process in the United States is Endesa North America, Inc., 350 Park Avenue, 25th Floor, New York, NY 10022.

B. BUSINESS OVERVIEW

Overview

We are a global electricity operator with a significant presence in telecommunications and other related services. At December 31, 2000, we had a total installed capacity of 35,316 MW, and in 2000, we generated 138,591 GWh and distributed 146,073 GWh, supplying electricity to 22 million customers in 12 countries. We are the largest electricity operator in Spain, Chile, Argentina, Colombia and Peru and have a significant presence in Brazil.

At December 31, 2000, we had 29,062 employees, 11,788 of whom were located outside Spain, and our total assets amounted to approximately €48.0 billion, 46% of which were located outside Spain.

We are organized along three distinct lines of business:

- energy and related businesses;
- telecommunications; and
- new technologies and other services.

Energy and Related Businesses

Electricity Business

Our electricity business is conducted in three geographic regions:

- Spain;
- the rest of Europe and Northern Africa; and
- Latin America.

Spain. We are the leading electricity generator and distributor in Spain with a 51.1% market share in generation and a 45.4% market share in distribution. We operate hydroelectric, nuclear, coal, oil and gas generating facilities with a total installed capacity in Spain of 22,899 MW and a total gross generation of 96,128 GWh. In 2000, we sold 83,783 GWh to 10,246,433 customers in Catalonia, Andalusia, Aragon, Cantabria, the Balearic Islands and the Canary Islands. Through Endesa Energía, we are also the leading company in the supply of electricity to eligible customers (i.e., those permitted to contract freely with suppliers) with a 42.6% market share. In 2000, Endesa Energía sold 20,526 GWh to 6,188 points of supply corresponding to liberalized customers.

Europe and Northern Africa. We have initiated our expansion into Europe by taking advantage of opportunities arising from the deregulation process in Europe and the demand for the cross-border supply of electricity to eligible customers throughout Europe. We have an agreement with Morgan Stanley & Co. International Limited, an affiliate of Morgan Stanley Dean Witter, for energy trading in continental Europe. In addition, we have reached agreements to acquire NRE/GRE, an electricity and gas distributor in Eindhoven, The Netherlands; REMU N.V., the fourth largest distributor of gas, electricity and heat in Utrecht, The Netherlands; and a 30% interest in SNET, France's second largest electricity generator. We currently have interests in generation assets in Portugal and France. We also hold a 10% interest in the Amsterdam Power Exchange (APX), the largest free market in electricity in Europe. Moreover, we hold a 10% share of the consortium that created Giielda Energii, a wholesale electricity market in Poland. In 2000, we opened 4 offices in Europe for business development.

In Northern Africa, we hold a 18% stake in Lydec and have entered into an agreement with Sonelgaz to study the viability of a project for electric interconnection between Spain and Algeria.

Latin America. After taking control of Enersis and Endesa of Chile in 1999, we became the leading electricity group in Latin America, with an aggregate market share of approximately 10%. We are the largest electricity operator in Chile, Argentina, Colombia and Peru and have a significant presence in Brazil and, to a lesser extent, in the Dominican Republic. In each of these countries, we operate both generation and distribution assets. In 2000, we had a total installed capacity of 12,417 MW in the region, generated 42,463 GWh and distributed 48,674 GWh to more than 12 million customers. At December 31, 2000, assets in Latin America represented 46% of our total consolidated fixed assets. For 2000, Latin American operations contributed 42.6% of operating income and 28.8% of total net income.

Related Businesses

Renewable energies and cogeneration. We maintain a leading position in the cogeneration and renewable energies market in Spain, with a market share of 20%. At December 31, 2000, our total installed capacity and capacity under construction in this business area amounted to 1,851 MW, of which approximately 284 MW constituted capacity under construction.

Gas distribution. Our gas distribution business is conducted through Endesa Gas which, at December 31, 2000, had over 330,000 customers. We are the second largest gas distributor in Spain, with a market share of 6%. In Spain, our goal is to be present in the businesses of import, re-gasification, transportation, distribution and supply of gas. In Latin America, we focus on the transportation and distribution of gas.

Water Distribution and Treatment. We have stakes in several companies that operate in the water distribution and treatment sector in Spain.

Telecommunications

In Spain, we are the largest shareholder of Auna, with a 27.8% interest. Auna is the second largest integrated telecommunications operator in Spain through its subsidiaries:

- Retevisión, the second largest operator of fixed-line telephony in Spain;
- Amena, the third largest mobile telephony operator in Spain;
- the largest broadband cable network through seven cable operators;
- Quiero TV, a digital television operator launched in June 2000; and
- eresMas, Spain's second largest Internet service provider.

In Latin America, we are pursuing investment opportunities in countries in which we are present, particularly in mobile telephony, wireless local loop and Internet services. In June 2000, we acquired 100% of Smartcom, a Chilean wireless communications operator.

New Technologies and other services

Our new technologies and other services line of business is designed to reinforce and obtain the maximum value from our core lines of business. We are developing initiatives in "business-to-business" (B2B) commerce within the energy and services industries through Opciona.com, our B2B platform. In the "business-to-consumer" (B2C) area, we have launched Portae.com, a website through which we expect to provide services to 22 million residential clients. We are also developing comprehensive value-added services for small and medium-sized companies. In addition, we are experimenting with powerline communications technology, which are new technologies that allow for the transmission of data and voice through the low voltage electricity network. We aim to capture the value of our know-how, capabilities and technological innovation through the use of new technologies.

Through Endesa Servicios, we provide a variety of products and services, including information and management control systems, supply management and environmental services, to other companies within the Endesa group as well as third parties.

Electricity Business in Spain

Overview of the New Electricity Regulatory Structure

A new regulatory framework for the electricity industry, established by Law 54/1997 of November 27 (the “Electricity Sector Law”), came into effect on January 1, 1998. It is a deregulated system in which production units compete in a wholesale market in which a growing number of customers have the opportunity to choose their electricity supplier from several competitors. The management and operation of transmission and distribution networks remain a regulated business.

In 1999, the government adopted measures to decrease the legal threshold for customers to become eligible to choose their electric power suppliers (“eligible customers”). This threshold was decreased as of July 1, 2000 for all consumers who are supplied at a nominal voltage above 1kV. We estimate that this change resulted in an increase in points of consumption by eligible customers to more than 50,000, accounting for approximately 53% of Spain’s energy consumption.

As a result of this new competitive environment, Spanish electricity rates, which were decreasing in real terms every year since 1992, have accelerated their rate of decrease significantly over the past five years. The cumulative rate of reduction in nominal terms for all Spanish customers was approximately 17.3% (29.4% in real terms) from 1996 through 2001. Spanish rates are now below the European average for the majority of consumer categories.

On June 23, 2000, Royal Law-Decree 6/2000 was adopted to increase competition in the electricity sector. Included in this measure were principally:

- a moratorium on generation capacity increases of greater than 1,600 MW by Endesa until June 23, 2005; and
- a maximum reduction in residential tariffs during the period between 2001 and 2003 of 9% depending on:
 - the evolution of demand;
 - interest rates; and
 - efficiencies resulting from the opening of the market to competition.

Regulations pursuant to the Electricity Sector Law established a fixed amount of competition transition costs for electricity companies that were in operation as of December 31, 1997. These competition transition costs provide for partial recovery of the costs borne by electricity generators during a period of transition to competition that continues through the year 2010. See “—Regulation—Regulation of the Spanish Electricity Sector—Competition Transition Costs (CTCs)”.

Generation

We operate coal, nuclear, hydroelectric, fuel oil and gas generation facilities in Spain with a total installed capacity of 22,899 MW at December 31, 2000, an increase in capacity of 1.4% over the prior year and representing 48.8% of total installed capacity in Spain (excluding installed capacity of cogeneration and renewable energies facilities with an installed capacity of less than 50 MW). Our net energy production in Spain at December 31, 2000 was 91,456 GWh, representing a market share of approximately 51.1% and an increase of 3.3% over the prior year. We produced an additional 6,576 GWh using renewable energies (e.g., wind, small-scale hydro power cogeneration

and others). The following table sets forth our total installed capacity by type of generating facility at December 31, 2000.

	Installed Capacity (in MW)	Percentage of Spanish Total
Coal	7,199	60.0%
Nuclear	3,617	46.4%
Hydroelectric	6,135	37.2%
Fuel Oil/Gas	<u>5,948</u>	56.0%
Total generation	<u><u>22,899</u></u>	48.8%

The changes in installed energy generation capacity in 2000 were primarily the result of the increase in generation capacity of our coal and nuclear facilities and the commencement of operations of our fuel oil facilities in the Balearic Islands and the Canary Islands.

Our investment in generation capacity in 2000 reached €421 million. We are in the process of building three new natural gas power plants at San Roque, Sant Adrià del Besos and Tarragona, each with a generation capacity of 400 MW. We expect the first two to commence operations in the second quarter of 2002. The plant in Tarragona is expected to be operational in July 2003. The long-term supply of gas for these three plants is guaranteed pursuant to an agreement with Gas Natural.

In 2000, we acquired and installed four gas turbines in Son Reus (Mallorca), each with a capacity of 38.5 MW. We also acquired a turbine with a capacity of 37.5 MW, which was installed and commenced operations at the Las Salinas Central in Fuerteventura in 2001.

In addition, we are in the process of developing a combined cycle gas turbine plant in Son Reus, consisting of four turbines (three gas and one steam) with a total capacity of 233 MW. This plant is being developed in two stages. During the first phase, which is expected to begin in July 2001, the three gas turbines will work in open cycle. The second phase is expected to be completed in the third quarter 2002.

The table below sets forth for each type of generating facility the percentage of our total electricity generated, average age of plant, average capacity utilization and average availability factor.

	Percentage of Total Electricity Generated in 2000	Average Age of Plant (years)	Average Capacity Utilization in 2000(1)	Average Availability Factor in 2000(2)
Coal	48.6%	20.5	76.3%	90.9%
Nuclear	30.3%	17.2	92.2%	92.0%
Hydroelectric	9.9%	38.3	18.1%	100.0%
Fuel oil and gas	<u>11.1%</u>	25.0	22.2%	90.3%
	<u><u>100.0%</u></u>			

(1) Average capacity utilization is defined as actual production as a percentage of theoretical maximum production.

(2) Average availability factor is defined as the total number of hours per year that a power station is available for production as a percentage of the total number of hours in such year.

The balance in the types of generation facilities means our network's energy output is highly regular. We also believe our production centers are well located, with ease of access to raw materials, proximity to gas pipelines and target markets, convenient interconnections with other systems, and potential for enlargement.

The table below sets forth our gross production of electricity (excluding production by cogeneration and renewable energies facilities with a capacity of less than 50MW) measured at the point of production by type of

power station during the past five years. Our gross electricity production in 2000 totaled 96,128 GWh, and our energy production, net of our own consumption, was 91,456 GWh.

	1996	1997	1998	1999	2000	Percentage of Spanish Total in 2000
Coal	36,831	41,191	41,684	45,342	46,755	53.7%
Nuclear	25,776	25,585	27,661	27,726	29,134	46.8%
Hydroelectric	12,641	12,001	11,437	10,429	9,521	34.2%
Fuel Oil/Gas	7,945	10,651	8,874	9,556	10,718	61.8%
Total	<u>83,194</u>	<u>89,429</u>	<u>89,656</u>	<u>93,052</u>	<u>96,128</u>	51.1%

Coal-Fired Power Stations

We operate coal-fired power stations with total installed capacity of 7,199 MW. The table below sets forth our coal-fired power stations as of December 31, 2000, installed capacities (reflecting our participation in jointly-owned facilities), years of commencement of operation, average capacity utilization and average availability factor.

Coal-fired Power Station	Type of Coal	Installed Capacity at December 31, 2000 (in MW)	Year(s) of Commencement of Operation	Average Capacity Utilization in 2000(1)	Average Availability Factor in 2000(2)
As Pontes (Four Units)	Brown Lignite and Imported Sub-bituminous	1,468.5	1976-79	85.7%	93%
Compostilla (Five Units)	Steam, Coal and Anthracite	1,340.6	1961-84	65.7%	89.3%
Teruel (Three Units)	Black Lignite and Imported Bituminous	1,101.4	1979-80	78.6%	96.3%
Almería I (Two Units)	Imported Bituminous	1,144.0	1984-87	80.5%	86.6%
Anllores(3) (One Unit)	Steam Coal and Anthracite	121.7	1982	81.3%	96.2%
Escatrón(4) (One Unit)	Black Lignite	80.0	1991	34.5%	36.5%
Los Barrios (One Unit)	Imported Bituminous	567.5	1985	89.2%	95.2%
Alcudia (Four Units)	Imported Bituminous	510.0	1980-82	77.5%	92.2%
Puente Nuevo (One Unit)	Steam, Coal and Anthracite	323.5	1981	76.6%	94.4%
Puertollano (One Unit)	Steam, Coal and Anthracite	220.9	1972	76.6%	81.3%
Escucha (One Unit)	Black Lignite and Imported Bituminous	160.0	1970	56.5%	94.8%
CERCS. (One Unit)	Black Lignite and Imported Bituminous	<u>160.0</u>	1971	54.6%	88.2%
Total		<u>7,199.0</u>		76.3%	90.9%

- (1) Average capacity utilization is defined as actual production as a percentage of theoretical maximum production.
- (2) Average availability factor is defined as the total number of hours per year that a power station is available for production as a percentage of the total number of hours in such year.
- (3) Represents our 33.3% ownership interest in this facility.
- (4) Pressurized fluid bed combustion pilot plant.

In addition, we operate the Elcogas plant (335 MW), which is one of the largest plants in the world to use coal gasification technology.

The price of domestic and imported coal has remained stable. However, the price of liquid fuel and, to a lesser extent, of natural gas, has increased significantly and therefore the average unit price of the composite of fuels purchased by us has increased 28%. Our coal-fired power stations consumed 22,949 kt of coal in 2000, of which 29% was provided by our coal operations. We use virtually all of the coal we produce in our generation activities. In order to meet our total needs for coal, we supplement our own coal production with purchases in Spain and foreign markets. We have consolidated fuel purchase functions into a single management group, which operates through Carboex, our coal and liquid fuel importer/exporter.

The following table sets forth the amounts of coal we extracted and the amounts purchased in Spain and foreign markets in each of the last five years.

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
	(in millions of tons)				
Extracted	<u>9.06</u>	<u>8.35</u>	<u>8.65</u>	<u>8.46</u>	<u>8.29</u>
Purchased:					
In Spain	8.32	7.71	7.45	6.84	6.15
Abroad	<u>6.60</u>	<u>6.45</u>	<u>8.62</u>	<u>9.71</u>	<u>9.92</u>
Total purchased	<u>14.92</u>	<u>14.16</u>	<u>16.07</u>	<u>16.55</u>	<u>16.08</u>

We have a significant interest in the mining of Spanish coal. Our interest amounted to 36% of overall Spanish production in 2000. Many of the coal mines are located near our coal-fired power stations. The table below sets forth our coal production in 1999 and 2000 by type of coal.

Type of Coal	Coal Production		
	<u>1999</u>	<u>2000</u>	Percentage Change 2000/1999
	(in millions of therms of low heating value)		
Brown lignite	10,696	10,463	(2.2)%
Black lignite	3,387	3,307	(2.4)%
Anthracite	1,698	1,626	(4.2)%
Brown coal	<u>4,120</u>	<u>4,349</u>	5.6%
Total	<u>19,901</u>	<u>19,745</u>	(0.8)%

Total coal production in our mines in 2000 was 8.3 million tons, equal to 19.75 billion therms, representing a 0.8% decrease in terms of tonnage and virtually no change in therms compared with 1999. In 2000, adjustments of production were made in accordance with the 1998-2005 Coal Plan in connection with our strategy to achieve a more environmentally friendly fuel mix. The interest in shaft mining as a proportion of the total production of the Endesa group has decreased from 3.3% in 1999 to 2.8% in 2000. Open cast mine production was unchanged.

In connection with the rationalization of production related to the 1998-2005 Coal Plan, we are taking measures to optimize production and improve the profitability of our mines, including making organizational changes to:

- increase efficiency;
- improve machinery;
- renegotiate external supply contracts to reduce supply costs;

- reduce production of unprofitable shaft mines; and
- implement early retirement plans in certain mines.

We believe that our coal reserves in open cast mines will be sufficient to cover a substantial part of our coal requirements during the useful life of our conventional coal-fired plants. In addition, we have a combination of short-term self-renewing and long-term supply contracts with coal producers in Spain which we believe are sufficient to meet our needs for domestic coal. As a consequence of environmental regulations on emissions, we mix imported coal, which has a higher calorific and a lower sulfur content, with domestic coal at our As Pontes and Teruel facilities, which improves the competitiveness of those facilities.

Nuclear Power Stations

We have controlling interests in three nuclear power stations, Ascó I (100%), Ascó II (85%) and Vandellós II (72%), all located in northeastern Spain. In addition, we have a 50% interest in Nuclenor, S.A., which owns the Santa María de Garoña nuclear power station. We also have similar interests in three additional nuclear power stations, including the Central Nuclear Almaraz, A.I.E., consisting of Almaraz I and II (36%), and Trillo (1%). All such stations are operational.

The following table lists our nuclear power stations, percent participation held and each station's installed capacity, system type, year of commencement of operation and average availability factor.

Nuclear Power Station	Endesa's Ownership Interest	Installed Capacity at December 31, 2000 (in MW)(1)	System Type	Year of Commencement of Operation	Average Availability Factor 2000(2)
Ascó I	100%	1,028	PWR(3)	1983	89.9%
Ascó II	85%	1,015	PWR	1986	98.7%
Vandellós II	72%	1,082	PWR	1988	87.4%
Santa Maria de Garoña	50%	466	BWR(4)	1971	98.5%
Trillo	1%	1,066	PWR	1988	93.6%
Almaraz I and II	36%	<u>1,956</u>	PWR	1983	89.9%
Total		<u>6,613</u>			92.0%

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- (1) Not adjusted for Endesa's ownership interest. The generation capacity owned by Endesa is 3,617 MW.
 - (2) Average availability factor is defined as the total number of hours per year that a power station is available for production as a percentage of the total number of hours in such year.
 - (3) Pressurized water reactor.
 - (4) Boiling water reactor.

Nuclear facilities use enriched uranium as fuel. Spanish law requires all enriched uranium supplies to be purchased from Empresa Nacional del Uranio (Enusa), which is owned by Spanish government agencies.

Enusa meets its requirements for uranium in part from its own mines in Spain and the remainder through long-term supply contracts with various suppliers outside Spain. Enusa is also party to contracts with various uranium enrichment facilities outside Spain. Our management believes that Enusa can meet the requirements for uranium of all nuclear generating facilities in Spain throughout their useful lives.

Empresa Nacional de Residuos Radioactivos (Enresa) administers a fund to finance certain activities in connection with a program to decommission nuclear power stations and dispose of nuclear waste (the *Plan General de Residuos Radioactivos*). Enresa and the fund are financed by contributions of a specified portion of rates collected by all electricity distribution utilities. Enresa is solely responsible for the decommissioning of nuclear stations and the treatment and disposal of nuclear waste.

Nuclear waste from power stations in which we participate is temporarily stored at storage facilities at each station's site. Given the number of years of operation of such nuclear power stations, the amount of nuclear waste generated to date is small and we believe that the current storage facilities are sufficient to meet future storage needs.

Each Spanish operator of a nuclear facility has an agreement with Enresa that defines its responsibilities with respect to stored nuclear waste. Once transported off-site, the responsibility for the nuclear waste lies with Enresa, until permanently stored, at which point the Spanish Government assumes full responsibility. Our potential liability with respect to any accident involving nuclear waste is fully covered by insurance.

The operation of all nuclear power stations in Spain is regulated and supervised by the Nuclear Safety Council (*Consejo de Seguridad Nuclear*), a governmental agency reporting directly to the Spanish Parliament. The Nuclear Safety Council also has jurisdiction over the safety, construction and operation of nuclear power stations.

Spanish law and regulations limit the liability of nuclear plant owners. Such limits are consistent with international treaties ratified by Spain. Spanish law provides that the owners of each unit at each nuclear facility are liable for no more than €150 million as a result of claims relating to a single nuclear accident. We are jointly and severally liable with the owners of other interests for nuclear risks at each unit in which we have an interest. Our potential liability relating to our interests in nuclear facilities is fully covered by insurance for liabilities up to €150 million.

The countries that are signatories of the Paris and Brussels Conventions are proportionately responsible for liabilities between 105 million and 300 million special drawing rights (approximately €150 million and €425 million, respectively, at December 31, 2000). The special drawing right is a basket currency established by the International Monetary Fund. Neither of these treaties nor Spanish law or regulations allocates responsibility for liabilities in excess of 300 million special drawing rights. Additionally, since 1995, nuclear power plants in which we hold an interest are currently insured against damages to their facilities and against machinery breakdowns, with maximum coverages of €1.35 billion and €75.1 million, respectively.

Hydroelectric Power Stations

At December 31, 2000, we operated hydroelectric generating facilities with an installed capacity of approximately 6,134 MW, which vary widely as to type and size. The hydroelectric generating facilities were constructed between 1933 and 1993 and are located primarily along rivers in the northwest, northeast and south of Spain. Our hydroelectric power plants are operated by concession from the Kingdom of Spain for a maximum term of 75 years.

The table below lists the installed capacity of our hydroelectric power stations by service area.

<u>Hydroelectric Power Stations</u>	<u>Installed Capacity as of December 31, 2000 (in MW)</u>
Sil, Bibey, Esla, Tera and Eume	738.4
Ebro, Lower Cinca, Ribagorzana, Ter and Pyrenees	1,290.0
Cinca, Aragón, Gállego and Esera	524.0
Navia and Picos	286.5
Guadiana	116.7
Ebro, Garona, Segre and Pallaresa	820.1
Southern Guadalquivir and Guadiana	568.0
Nansa	42.0
Moralets	221.4
Saliente and Montamara	534.0
Ip and Urdiceto	84.0
Aguayo	339.2

Hydroelectric Power Stations	Installed Capacity as of December 31, 2000 (in MW)
Tajo Encantada and Guillena	570.0
Total	<u>6,134.3</u>

Substantially all of Spain's hydroelectric power potential has been developed. Therefore, we expect that, while it will be possible to build certain low capacity hydroelectric power stations, no new major hydroelectric power facilities will be built in the foreseeable future.

Fuel Oil and Gas Power Stations

We operate fuel oil and gas power stations with total installed capacity of 5,948 MW, which are located in the Balearic and Canary Islands, Catalonia, Andalucía and the Spanish cities of Ceuta and Melilla on the northern coast of Africa. These power stations form part of our generation and production network in those localities. The table below sets forth, by service area, the installed capacity and average age of our fuel oil and gas power stations.

Service Area	Installed Capacity at December 31, 2000 (in MW)	Mean Age of Power Plants (years)
Mainland	3,495	28.0
Off-Shore	<u>2,453</u>	14.9
Total	<u>5,948</u>	

Natural Gas Supply

We have several collaboration agreements with Gas Natural, S.A. including a long-term contract under which we expect to have a reliable source of natural gas supply available at competitive terms and prices, which will be necessary for our construction program for new power in combined cycles. Through this contract, which is not exclusive for either of the two parties, we purchase an amount of gas from Gas Natural that is equal to a very large part of our estimated installed power consumption needs for combined cycles in upcoming years. Supply is expected to begin in 2002 according to a delivery schedule that is based on our combined cycle construction plan, which will assume between 2,500 and 3,000 new MW. We are also looking for additional sources of gas in order to diversify our portfolio of suppliers.

Distribution and Sales to Customers

In 2000, we sold 63,257 GWh to regulated retail customers and 20,526 GWh to eligible customers (400 GWh to foreign customers), for total sales of 83,783 GWh, a 4.8% increase over 1999. In the wholesale market, we sold 82,020 GWh and acquired 70,042 GWh (including 2,052 GWh used to pump water from hydroelectric facilities) to supply our distribution and commercial subsidiaries. The difference between the energy we generated and the energy we sold is due to:

- sales to third parties in the wholesale market;
- acquisitions of energy from cogenerators and self-producers;
- purchases and sales in other countries;
- distribution by Endesa of energy generated by other producers; and
- losses that occur in the transport and distribution process.

Service areas for companies that distribute electricity are not delineated by law. In practice, however, each major distribution company has its own service area, and there is only limited competition between electricity companies engaged in distribution. We supply electricity to approximately 10.3 million customers throughout Spain, resulting in sales of approximately €6 billion in distribution, transport and supply, and representing 45.4% of total energy distribution in Spain. Approximately 17% of our customers are commercial and industrial clients and 83% are residential customers.

Retail Distribution to Regulated Customers

Our retail distribution is conducted through Sevillana I in Andalusia, Fecsa-Enher I in Catalonia, ERZ I in Aragón, Gesa I in the Balearic Islands, Unelco I in the Canary Islands and Viesgo I in Cantabria. Each subsidiary owns and maintains a distribution network to service its customer base. These companies distributed 63,257 GWh to 10.2 million customers, representing a 3.9% increase in number of customers over 1999 and a 44.7% share of the regulated market. Sevillana I serves the largest percentage of Endesa's customer base (37.8%), while Fecsa-Enher I experienced the highest growth (6.1%) in number of customers.

In anticipation of growth in the number of retail customers allowed to choose their electricity supplier, we have focused on improving customer service through:

- segmentation of the consumer market;
- the use of new information technologies; and
- the development of service points (*puntos de servicio*) throughout Spain.

During the second half of 2000, we created regional cycle centers (*centros regionales de ciclo*) to:

- concentrate meter reading operations by region;
- facilitate coordination with our distribution facilities and reduce costs;
- concentrate billing and collection procedures in order to achieve economies of scale; and
- implement a standard model for our call centers.

We have integrated our telephone customer service capabilities into three *Centros de Atención Telefónica* (CAT), which addressed over 8.5 million calls, representing a 5% increase over the preceding year and accounting for 95.2% of total customer inquiries addressed. We carried out more than 24,000 telephone polls that reflect a generally high level of satisfaction with our service and level of customer support. We have also implemented promotional programs aimed at the household and small and medium-sized business sectors.

Our on-line initiatives include:

- Portae.com, a web site featuring information related to the housing market, including home sales, leasing and financing, as well as general information relating to the home;
- Delanto.com, a multiservice platform for small and medium-sized companies;
- Web Endesa Energía, a web site dedicated to the needs of eligible customers, enabling them, among other things, to monitor their consumption of energy and to request services; and
- Ofinet, which enables regulated customers to purchase services, make requests and file claims on-line.

In March 2001, we launched our household customer loyalty program. In addition, we have implemented an improved billing system that is easier to read and contains useful information concerning products and services.

Supply to Eligible Customers

As of January 1, 1998, pursuant to the Electricity Sector Law, distributors and end users of more than 15 GWh per point of supply per year and energy brokers are eligible to contract freely with electricity suppliers. See “—Regulation—Eligible Customers” and “—Overview of the New Electricity Regulatory Structure”. In 1998, a series of additional measures were adopted to promote a higher degree of deregulation in the electricity sector that came into effect on January 1, 1999. Under these measures, consumers with lower levels of electricity consumption became eligible customers. Between January 1, 1999 and October 1, 1999, the minimum amount of GWh per point of supply for consumers to become eligible customers was reduced from 5 GWh to 1 GWh. In contrast, under the former provisions of the Electricity Sector Law, consumers with over 1 GWh would not have been eligible customers until 2004. As of July 1, 2000, the threshold for eligible consumers was reduced to include all customers who consume a nominal voltage above 1,000 volts. Under current regulations, the electricity sector is expected to become completely liberalized by the year 2003. See “—Regulation—New Regulatory Structure—Generation” and “—Overview of the New Electricity Regulatory Structure”.

At December 31, 2000, there were more than 50,000 points of consumption by eligible customers, accounting for 53% of Spain’s energy consumption. Those eligible customers who actually exercised the right to choose their suppliers accounted for 29% of such consumption.

We sell to eligible customers through Endesa Energía. During 2000, Endesa Energía sold 20,526 GWh to 6,188 points of consumption by eligible customers, representing a 62% increase over the prior year and a 42.6% share of the liberalized market. We seek to provide integrated and flexible energy solutions at affordable prices, and offer to supply electricity, steam, natural gas, compressed air and demineralized water.

In addition, Endesa Energía supplied 1,524 GWh to the following companies in adjacent foreign markets:

- Forces Electriques D’Andorra (FEDA) in Andorra;
- Office National D’Electricite (ONE) in Morocco;
- REN and Sonae in Portugal; and
- other industrial customers in France and Italy.

The Spanish Wholesale Market

The wholesale market, which was established in 1998, performed well without significant disruptions in 2000, as evidenced by the entry of foreign players both on the demand and on the supply sides. Our market share of daily sales was 46.2%, down from 47.7% the prior year primarily due to the sale of our Soto de Ribera plant in April 1999 and high levels of hydroelectric generation in late 2000, with respect to which we have a relatively lower market share.

We sold a total of 80,992 GWh in the daily market in 2000, with a total value of €2.57 billion and a unit value of €0.0317/kWh. This represents an increase in energy supply of 4.4% in physical terms and 23.8% in economic terms over 1999. Sales in the set of markets downstream of the daily market (such as intraday, constraints management and ancillary services) resulted in total sales in the wholesale market of 82,020 GWh with a value of €2.73 billion in 2000. Acting as purchaser, we contracted for a total of 67,990 GWh (excluding energy used to pump water from hydroelectric facilities), of which 47,464 GWh went to our retail distribution subsidiaries and the remainder went to Endesa Energía.

Transmission and Distribution Network

The table below provides summary information of the transmission and distribution lines of our electricity transmission network at December 31, 2000.

	<u>2000</u>	<u>1999</u>	<u>Percentage Change</u>
Aerial high-voltage lines (km)	26,602	26,485	0.4%
Underground high-voltage lines (km)	515	481	7.1%
Aerial medium-voltage lines (km)	90,469	87,708	3.2%
Underground medium-voltage lines (km)	23,429	23,557	(0.5)%
Aerial low-voltage lines (km)	129,623	125,024	3.7%
Underground low voltage lines (km)	35,235	34,485	2.2%
Transformer centers (MVA)	42,810	41,511	3.1%
Substations (MVA)	58,755	56,543	3.9%

The total length of our distribution network is approximately 305,873 kilometers, 20% of which are underground lines.

In 2000, we invested €1,024.6 million in our distribution network, of which a significant amount was invested in improving quality of service and meeting new supply requirements as a result of the growth in our markets. Investments to meet these new requirements translated into the new electricity lines, substations and transformer centers coming on line, along with capacity enlargements at existing facilities. Investments to improve quality of service resulted in:

- the replacement of lines with higher capacity lines;
- more sophisticated circuits;
- the installation of double power supply systems;
- the enlargement and modernization of substations and transformer centers;
- the automation of medium-voltage networks by installing telecontrol and other devices; and
- the installation of new equipment and lines to reinforce facilities in certain areas.

We have continued work on the integration of systems and procedures which are key to improving operational efficiency. We have identified best practices in the provision of services, which are being introduced at each of our affiliated distributors. We have also begun to consolidate the sales systems of these distributors. This will enable us to take advantage of the economies of scale provided by a larger customer base to develop advanced technology.

Electricity Business in Europe and Northern Africa

General

Our strategy with respect to our electricity business in Europe responds to the current liberalization and deregulation of the European electricity market. Directive 96/92/EC of the European Union sets forth as its goal the creation of a single electricity market.

We intend to focus principally on those markets that are at an early stage of deregulation in Europe, such as France, Italy, Portugal and Poland, and on Northern Africa. We are pursuing different business strategies in three geographic areas, with a strategy specifically designed for each target area:

- Mediterranean region (France, Italy, Portugal and Northern Africa), a priority area, where we aim to become an integrated operator;

- Central Europe (Holland, Germany and the United Kingdom) , where we are pursuing a more opportunistic strategy through the selective acquisition of assets to support our trading and supply activities; and
- Emerging European markets (Poland and its neighboring countries), an area of strategic interest due to its current liberalization process, high potential for growth and increasing efficiency, where our strategic priorities are targeting undervalued assets and positioning the company for customer value growth.

We have commercial offices in London, Amsterdam, Paris, Frankfurt, Milan, Lisbon and Warsaw for our activities in energy supply, trading and business development.

The European Wholesale Market and Energy Trading

Deregulation of the European electricity sector has led to the development of wholesale markets where agents can buy and sell energy from and to a number of producers and distributors, and through brokers and traders. We believe energy trading is important for the development of our business in Europe, since market risks are managed and market prices are determined through the trading of energy, which allows us to evaluate investment opportunities.

We have an agreement with Morgan Stanley & Co. International Limited, an affiliate of Morgan Stanley Dean Witter, to jointly develop energy trading in continental Europe, which commenced operations in March 2000. As of December 31, 2000, the aggregate amount of electricity traded by the joint venture in some 350 transactions totaled 8,000 GWh, exceeding anticipated amounts for 2000. Trading activities have taken place in Spain, Switzerland, The Netherlands and Germany, 80% of which were concentrated in The Netherlands and Germany.

In 1999, we acquired 10% of the newly-created Amsterdam Power Exchange, a wholesale electricity market that facilitates energy trading among Dutch, German and Belgian companies with the goal of becoming one of the leading electricity markets in Western and Central Europe.

We also hold a 10% stake in the newly-formed company Gielda Energii, which commenced operating the Polish energy wholesale market in July 2000. We have appointed a representative on Gielda Energii's board of directors and its most senior executive officer.

Generation

France

On November 20, 2000, we entered into an agreement with Charbonnages de France (CDF) to acquire a 30% interest in the French electricity generator, Societe Nationale d'Electricite et de Thermique (SNET). Pursuant to the agreement, we have the right to increase our interest in SNET in the medium term in order to strengthen the cooperation between the two companies and allow us to carry out our industrial development plan in France and Europe. SNET, which is the second largest electricity company in France, has nine coal plants with an aggregate installed capacity of 2,603 MW and generates 6,838 GWh annually, with a 2.5% market share in France. We acquired our 30% interest in SNET, following our receipt of clearance from the European Commission in April 2001. We also have a 25% interest in Soprolif, whose principal business is the construction and operation of a circulating fluidized-bed plant at Gardanne (France), with capacity of 250 MW.

Portugal

In Portugal, we hold a 35% stake in Tejo Energia, a 600 MW coal plant, accounting for 7.1% of generation capacity in Portugal. We also lead Portugal's cogeneration market through our 51% interest in Sociedade Termica Portuguesa.

Distribution

The Netherlands

On June 22, 2000, we agreed to acquire NV Nutsbedrijf Regio Eindhoven (NRE), an electricity distributor. This company operates in an area centered on Eindhoven. We have also reached an agreement to acquire NV Regionale Energie Maatschappij (REMU), the fourth largest distributor of gas, electricity and heat in Utrecht. If either of these acquisitions is completed, we expect to become the largest foreign electricity and gas distributor in the Dutch market. Each of these acquisitions is subject to authorization under pending legislation in the Netherlands. If each of these acquisitions are fully completed, we expect to have an 8.4% share of the Dutch electricity market and an 8.7% share of the Dutch gas market.

Northern Africa

Morocco's geographical proximity to Spain and strategic position has made it the focus of our expansion in Northern Africa. We operate in water and electricity distribution in the city of Casablanca with an 18% stake in the company Lydec.

On November 22, 2000 we entered into an agreement with Société Nationale d'Électricité et de Gaz (Sonelgaz), the Algerian state-owned power generation and distribution company, to study the viability of a project for electric interconnection between Spain and Algeria.

Supply

We seek to take advantage of the opportunities arising from the growing number of customers in Europe that can contract freely with suppliers. We have entered into supply agreements with eligible customers in France, Italy and Portugal. In 2000, we supplied more than 400 GWh to such customers in these countries.

Portugal

In Portugal we have strengthened our position through a joint venture agreement with Sonae Group.

Germany

In March 2001, we obtained a license to supply energy to eligible customers in Germany.

Northern Africa

In 2001, Endesa Energía entered into an agreement with the Moroccan utility Office National de l'Electricité (ONE) to supply power to Morocco in the first quarter of 2001 up to a maximum of 100 MW.

Electricity Business in Latin America

Overview

We are involved in the generation, transmission, distribution and supply of electricity in six countries in Latin America, where we have an installed capacity of 12,417 MW and approximately 12 million customers. We are the largest electricity operator in Chile, Argentina, Colombia and Peru and have a significant presence in Brazil and a smaller presence in the Dominican Republic.

Our electricity business in Latin America is conducted principally through our subsidiary Enersis. We acquired control of Enersis in April 1999. Enersis is an electric utility company primarily engaged, through its principal subsidiaries and related companies, in the generation, transmission and distribution of electricity in Chile, Argentina, Brazil, Colombia and Peru. Through Endesa of Chile, one of Enersis' consolidated subsidiaries, Enersis is the largest private sector electricity generation company in Latin America in terms of installed capacity. Enersis is also the largest privately-owned electric distribution company in Latin America with approximately 9.6 million customers. In October 2000, Enersis completed a rights offering of approximately 1.5 billion new ordinary shares,

valued at approximately U.S.\$520 million. We subscribed for U.S.\$364 million in new shares pursuant to the rights offering, increasing our equity holding to 65%. The single shareholding limit set by Enersis's by-laws is 65%.

The table below sets forth, at December 31, 2000, our principal subsidiaries active in the Latin American electricity business.

Country	Company	Economic Ownership Interest	Voting Interest	Total Assets (millions of euro)
Argentina	Central Costanera	20.14%	51.68%	857.9
	Hidroeléctrica el Chocon	18.49%	65.19%	597.3
	Dock Sud	39.86%	69.76%	509.1
	Total generation			1,964.3
	Edesur	48.45%	99.45%	1,641.1
	Edenor (1)	40.19%	19.50%	1,841.0
	Total distribution			3,482.1
	Total generation and distribution . .			5,446.1
Brazil	Cachoeira	35.77%	98.84%	422.1
	Total generation			422.1
	Cerj	58.92%	79.95%	1,143.6
	Cien	72.53%	99.99%	368.6
	Coelce	45.15%	58.86%	632.0
	Total distribution			2,144.2
Total generation and distribution . .			2,566.1	
Colombia	C.H. Betania	33.36%	85.62%	758.9
	Emgesa	36.25%	48.48%	1,651.7
	Total generation			2,410.6
	Codensa	44.96%	48.48%	1,681.4
	Total distribution			1,681.4
Total generation and distribution . .			4,092.0	
Chile	Enersis	64.97%	65.00%	6,304.4
	Endesa Chile	38.97%	59.98%	4,216.4
	San Isidro	29.23%	50.00%	166.2
	Pangue	36.04%	92.48%	385.7
	Celta	38.97%	100.00%	231.8
	Pehuenche	36.06%	92.55%	656.3
	Total generation			11,960.8
	Chilectra	63.65%	97.98%	1,808.0
	Rio Maipo	63.93%	98.41%	130.2
Total distribution			1,938.2	
Total generation and distribution . .			13,899.0	

Country	Company	Economic Ownership Interest	Voting Interest	Total Assets (millions of euro)
Peru	Edegel	14.77%	69.84%	1,248.6
	Etevensa	43.50%	60.00%	180.7
	E. de Piura	48.00%	60.00%	91.3
	Total generation			1,520.6
	Edelnor	39.22%	60.00%	666.8
	Total distribution			666.8
	Total generation and distribution . .			2,187.4
Dominican Republic	Cepm	40.00%	40.00%	56.6
	Total generation and distribution . .			56.6
	Total			28,247.2

(1) We sold our stake in Edenor in March 2001.

Electricity Generation and Transmission

Generation

At December 31, 2000, we had an installed capacity of 12,417 MW in Latin America, of which 61% corresponds to hydroelectric power stations and 39% to thermal power stations. The following table shows our installed capacity in Latin America for the periods indicated.

Country	1999	2000	Percentage change
	(MW)		
Chile	4,094	4,035	(1.4)%
Argentina	3,694	3,691	(0.1)%
Colombia	3,050	3,035	(0.5)%
Peru (1)	807	997	23.5 %
Brazil (2)	658	658	—
Total	12,303	12,417	0.9 %

(1) Includes Edegel only.

(2) Includes Cachoeira Dourada only.

In 2000, gross production of electricity in Latin America totalled 42,463 GWh, an increase of 4.8% over 1999. The following table shows our gross production of electricity in Latin America by country for the periods indicated.

Country	1999	2000	Percentage change
	(GWh)		
Chile	13,665	15,346	12.3 %
Argentina	9,579	10,470	9.3 %
Colombia	10,995	9,618	(12.5)%

Country	1999	2000	Percentage change
	(GWh)		
Peru (1)	3,095	3,623	17.1 %
Brazil (2)	<u>3,222</u>	<u>3,406</u>	5.7 %
Total	<u>40,516</u>	<u>42,463</u>	4.8 %

(1) Includes Edegel only.

(2) Includes Cachoeira Dourada only.

Through Enersis, we own a 59.98% interest in Endesa of Chile, a publicly-held Chilean electric generation company. Endesa of Chile had an aggregate installed capacity of 4,035 MW in Chile at December 31, 2000, which amounts are included in the tables above and 72% of which was hydroelectric. Endesa of Chile's installed capacity constituted 40% of Chile's total installed generation capacity at December 31, 2000. In addition, Endesa of Chile has significant holdings in electric generation companies in Argentina, Brazil, Colombia and Peru, with a total installed capacity at December 31, 2000 of 8,312 MW, which amounts are also reflected in the tables above. On a net-equity basis, or installed capacity multiplied by the percentage of Endesa of Chile's interest in such facilities at December 31, 2000, Endesa of Chile had 3,709 MW.

Transmission

During the first half of 2000, Project Cien commenced operations, providing for electric interconnection between Argentina and Brazil, with an installed capacity of 1,000 MW. We have commenced the construction of a second transmission line, which is expected to double the transmission capacity of such electric interconnection. We also participate in Project Siepac, which will provide electric interconnection among six Central American countries and is expected to begin development in 2001. In addition, we are participating in studies relating to the viability of projects for electric interconnection between Chile and Argentina as well as a new project for electric interconnection between Argentina, Uruguay and Brazil.

In June 2000, we sold our holdings in Electricidad de Caracas (Elecar) to AES for €169 million. In October 2000, Endesa de Chile sold 100% of its shares in Transelec, Endesa of Chile's transmission affiliate, to Hydro Quebec International Inc. for \$1.076 billion, pursuant to an auction carried out by Endesa of Chile.

Electricity Distribution

In 2000, the companies in which we have stakes, distributed 62,290 GWh, an increase of 4.8% over 1999, to approximately 12 million customers in Chile, Argentina, Peru and Colombia. In addition, we own a 40% interest in the Punta Cana Macao Energy consortium, which owns a generation and distribution company in the Dominican Republic that operates a 54 MW plant. The following table shows our total customers and sales of electricity in Latin America by country in 2000.

Country	Customers	Sales
	(thousands)	(GWh)
Argentina	4,384	26,213
Brazil	3,376	13,472
Chile	1,548	10,265
Colombia	1,802	8,776
Peru	<u>852</u>	<u>3,564</u>
Total	<u>11,963</u>	<u>62,290</u>

Distribution in Argentina. In Argentina, through Enersis, we own a 99.45% interest in Empresa Distribuidora Sur S.A., or Edesur, one of the largest privatized electric distribution companies in Argentina in terms of operating revenues. Edesur serves approximately 2.1 million customers in the greater Buenos Aires metropolitan area and is operated by Chilectra. We also participate directly in transmission activities in Argentina, with a 22.2% interest in Yacylec. In April 2001, the French Government approved the sale of our 40.20% stake in Empresa Distribuidora Norte S.A., or Edenor, to Electricite de France pursuant to an Argentine government order requiring us to sell our stake in either Edenor or Edesur, the two leading power distributors in Buenos Aires, to ensure fair competition in the Argentine market. We agreed to sell the stake to Electricite de France for U.S.\$770 million.

Distribution in Brazil. In Brazil, we conduct our electric distribution business through Companhia de Eletricidade de Rio de Janeiro, or Cerj, the second largest electricity distributor in the State of Rio de Janeiro, and Companhia Energética de Ceará, or Coelce, the sole electricity distributor in the State of Ceará in northeastern Brazil. Cerj serves approximately 1.6 million customers and Coelce serves approximately 1.8 million customers in their respective concession areas. Both Cerj and Coelce are operated by Chilectra. We currently hold a controlling 79.95% interest in Cerj. Our interest in Coelce is currently 58.86%.

Distribution in Chile. In Chile, through Enersis, we conduct our electric distribution business through Chilectra S.A. and Compañía Eléctrica del Río Maipo S.A., or Río Maipo. Chilectra is the largest electric distribution company in Chile and, together with Río Maipo, served approximately 1.5 million customers in the greater Santiago metropolitan area in 2000, representing nearly half of Chile's total customer base. On December 20, 2000, Enersis completed two tender offers for Chilectra and Río Maipo for an aggregate amount of U.S.\$390 million. Following the tender offers, Enersis owns 98.03% of Chilectra and 98.46% of Río Maipo.

Distribution in Colombia. In Colombia, we hold, together with Enersis, a 48.48% interest in Compañía de Comercialización y Distribución S.A. E.S.P. Codensa, or Codensa, an electric distribution company that was created from the division of the generation and distribution assets of Empresa de Energía de Bogotá S.A. Codensa serves approximately 1.8 million customers in its service area and is operated by Endesa.

Distribution in Peru. In Peru, we own a 60% interest in Edelnor S.A.A., an electric distribution company that serves approximately 851,800 customers in its concession area. Chilectra is the operator of Edelnor. We also own a 60% interest in both Piura and Etevensa, two generation companies with an installed capacity of 161 MW and 550 MW, respectively.

Supply

We have continued to develop our strategy, adopted in 1999, to form companies specializing in the supply of electricity to large customers in countries in which these activities are permitted by law. We have formed such companies in Argentina and Brazil. The supply of energy by companies in which we have stakes increased 17.2% to 8,340 GWh in 2000 with the most notable increases occurring in Argentina and Chile.

Water Utility

In July 2000, Enersis sold its 72% interest in Aguas Puerto S.A., which holds a 40.4% equity stake in Empresa de Obras Sanitarias de Valparaíso S.A. or Esval, for €147.5 million. Enersis also sold its 100% interest in Aguas Cordillera S.A., a small water utility company that services the eastern residential area of Santiago, to Chile's Empresa Metropolitana de Obras Sanitarias-EMOS for €205.1 million. As a result, Enersis no longer holds investments in water utilities.

The Genesis Project

In October 1999, we designed and Enersis implemented a cost reduction program called the Genesis Project to improve the overall efficiency and competitive position of our Latin American operations. This project is scheduled to be carried out over the period ending on December 31, 2003.

The project aims to improve operating ratios and the financial structure of our Latin American subsidiaries. It also involves the divestiture of non-core assets and the concentration of our activities on core businesses that have strategic value for us. The project includes a cost and investments reduction program that is expected to generate annual estimated savings of \$845 million from 2003.

Some of the objectives of the project have been achieved ahead of schedule. At December 31, 2000, the reduction of operating and maintenance costs per kW and MWh in the generation area had exceeded expectations. We have also experienced significant improvements in connection with the objectives for MW and GWh per employee, distribution losses and recurring investments per MWh.

Related Businesses

Cogeneration and Renewable Energies

Endesa Diversificación carries out its cogeneration and renewable energies business through its wholly-owned subsidiary Endesa Cogeneración y Renovables, S.A. The main sources of energy produced by this division are wind power, cogeneration, small-scale hydroelectric power, solar power and solid waste treatment. At December 31, 2000, total installed capacity and capacity from projects under construction amounted to an aggregate of 1,851 MW.

Gas Distribution

We participate in the gas distribution business through Endesa Gas, which is wholly-owned by Endesa Diversificación. In 2000, Endesa Gas continued to expand by obtaining new licenses to distribute gas through its distribution companies and by commencing to supply gas. We are the second gas distributor in Spain, with a market share of 6%. We are also present in the Portuguese gas distribution market through our interests in Setgas and Portgas. As of December 31, 2000, Endesa Gas had over 125,000 customers in Portugal and over 204,000 in Spain. Our main competitor in Portugal and Spain is Gas Natural, SDG, S.A. At December 31, 2000, Endesa Gas held stakes in the following companies:

<u>Company</u>	<u>Percent Participation</u>	<u>Investment Amount at December 31, 2000</u> (millions of euro)	<u>No. of Customers at December 31, 2000</u>	<u>Therms Supplied in 2000</u> (thousands)	<u>Activity</u>
Gesa Gas	100.0%	3.5	71,624	298	Gas distribution
Distribuidora Regional de Gas	45.0%	1.0	5,314	323	Gas distribution
Meridional de Gas	100.0%	2.6	1,568	4	Gas distribution
D.C. Gas Extremadura	30.0%	2.0	8,698	453	Gas distribution
NQF Gas GPS	49.0%	2.7	125,745	928	Gas distribution
Gas Aragón	60.7%	9.4	116,755	1,429	Gas distribution
Gasificadora Regional Canarias	65.0%	0.4	—	—	Gas distribution
Kromschroeder	27.9%	—	—	—	Manufacture of gas meters
Gas Alicante	100.0%	1.9	821	3	Gas distribution
Transportista Gas Canarias	64.0%	—	—	—	Gas distribution
Total		<u>23.5</u>	<u>330,525</u>	<u>3,438</u>	

Water Distribution and Treatment

We have a 39.95% interest in Interagua Servicios Integrales del Agua, S.A. (Interagua) and an 11.79% interest in Sociedad General de Aguas de Barcelona, S.A. (AGBAR), an integrated water company providing water and sewage services throughout Spain. Through Interagua, we participate in several companies operating in this sector and play an active role in the water treatment. In addition to AGBAR and Interagua, we hold stakes in companies providing integrated water management services to approximately 380,000 customers in Aragon, the Canary Islands and Andalusia.

Telecommunications

General

The table below provides information about our principal activities in telecommunications at December 31, 2000.

Company	Percent Participation	Investment Amount as of December 31, 2000 (millions of euro)	Activity
AUNA	27.87%	168.4	Telecommunications holding
Retevisión	27.87%	—	Fixed-line telephony
Retevisión Móvil (Amena)	27.28%	27.8	Mobile telephony
eresMas Interactiva	27.68%	—	Internet service provider
Euskaltel	10.00%	4.2	Fixed-line telephony, wireless telecommunications and cable television
Enditel	100.00%	—	Telecommunications engineering
Menta (Cataluña)	27.87%	23.3	Cable television
Madritel (Madrid)	27.87%	12.5	Cable television
Aragón de cable (Able)	27.87%	4.2	Cable television
Supercable Andalucía	26.86%	11.2	Cable television
Cableteca (Canarias Telecom)	27.87%	—	Cable television
Retecal	0.28%	—	Cable television
Netco Redes	50.55%	—	Telecommunications
Supercable Sevilla	27.36%	19.1	Cable television
Quiero TV	13.66%	—	Digital terrestrial television
Smartcom	100.00%	<u>701.0</u>	Mobile telephony in Chile
Total		<u>971.7</u>	

We formed Auna in conjunction with Telecom Italia, Unión Fenosa and other minority shareholders to serve as a holding company for our respective interests in telecommunications businesses in Spain. Auna thus became the second integrated telecommunications operator in Spain, providing fixed-line telecommunications and mobile telephony services as well as cable telecommunications services. At December 31, 2000, Auna had approximately 7 million customers in Spain. Auna's objective is to reach a market share in Spain of over 17% by 2004. Auna has, among others, interests in:

- Retevisión (fixed-line telecommunications);
- Amena (mobile telephony);
- eresMas (Internet Service Provider);
- Madritel, Menta, Supercable Andalucía, Canarias Telecom and Able (cable telecommunications); and
- Quiero TV (digital terrestrial television).

Fixed-line Telephony

Retevisión is the second-largest fixed-line telecommunications operator in Spain. At December 31, 2000, Retevisión had over 1.9 million customers and 2.7 million lines installed, with a 6% market share.

We also own 10.01% of Euskaltel, of which 10% is held directly and 0.01% is held indirectly through our interest in Auna. Euskaltel offers:

- fixed-line telecommunications services (in collaboration with Retevisión);
- mobile telephony services (in collaboration with Amena); and

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- fixed-line telecommunications services (in collaboration with Retevisión);

- mobile telephony services (in collaboration with Amena); and
- Internet services.

At December 31, 2000, Euskaltel had over 279,000 wireless customers and 79,000 Internet customers.

Mobile Telephony

Retevisión Móvil, Spain's third mobile telephony operator, was commercially launched in January 1999 under the brand name Amena. At December 31, 2000, Amena had approximately 3.7 million customers, representing an increase of 270% over 1999, and an estimated market share of approximately 15.2%.

In March 2000, Amena was awarded one of four new UMTS licenses in Spain. This new technology allows for wireless broadband services, including Internet access and high-speed data transmission.

In June 2000, we acquired 100% of Smartcom, a Chilean mobile telephony operator. At December 31, 2000, Smartcom had approximately 300,000 clients with an estimated approximately 7.9% market share.

Cable Telecommunications

Auna owns the largest broadband cable network in Spain, covering 80% of the population through eight regional cable operators. In 2000, these cable operators have continued the construction of fiber optic networks to provide telephony, television and broadband Internet services. During 2000, these cable operators increased the number of accessible homes and reached approximately 107,000 customers.

Internet Services

In 1999, eresMas Interactiva (formerly Retevisión Interactiva) launched free access Internet service under the brand name eresMas. At December 31, 2000, eresMas had more than 1.4 million subscribers. In addition, Retevisión has launched a pay Internet service under the brand name Iddeo, which is focused on small and medium-sized companies. Iddeo had approximately 94,000 customers at December 31, 2000.

Digital Terrestrial Television

Auna owns 49% of Quiero TV, which obtained the first license to offer digital terrestrial television in Spain. Digital terrestrial television is a new form of transmission and digital broadcasting that offers a wide range of TV channels and interactive services. Quiero TV began offering its services in May 2000.

New Technologies and Other Services

New Technologies

The table below provides information about our principal activities in new technologies at December 31, 2000.

Company	Percent Participation	Investment Amount at December 31, 2000 (millions of euro)	Activity
Endesa Marketplace	72.7% ⁽¹⁾	8.8	Business-to-business (B2B) platform
Enertech	6.62%	2.5	Energy-related technology and services investment fund
DS2	15.0%	13.5	Powerline technology solutions provider
Endesa Web Hogar	100.0%	9.0	Business-to-consumer (B2C) portal for household services

Company	Percent Participation	Investment Amount at December 31, 2000 (millions of euro)	Activity
Myalert.com	2.01%	<u>3.4</u>	Technology platform for mobile telephony
Total		<u><u>37.2</u></u>	

(1) Includes our indirect interest held through Enersis.

In April 2000, we formed a specialized business group named Endesa Net Factory under the direct supervision of Endesa's chief executive officer. Endesa Net Factory develops initiatives in electronic commerce between companies (B2B) and between companies and consumers (B2C) and invests in new technologies to take advantage of Endesa's networks and to provide new services to its customers in Spain and Latin America.

For the development of business-to-business electronic commerce in the e-procurement area, we created a new subsidiary, Endesa Marketplace, S.A., which is 72.7%-owned by us (including our indirect participation through Enersis). The remaining interests are owned by Commerce One, Inc. (10%) and PricewaterhouseCoopers (12%). In April 2000, Endesa Marketplace launched Opciona.com., a business-to-business portal. Through Opciona.com, buyers and sellers are able to enter into transactions with each other as well as access certain value-added services. Opciona.com is integrated into the Commerce One Global Trading Web, a network of regional and vertical interoperable business-to-business e-commerce portals.

In January 2001, Endesa Net Factory entered into a joint venture agreement to create the Internet portal Eutilia (<http://www.eutilia.com>) with the following European electricity companies: Electrabel S.A. (Belgium), Electricité de France (France), Enel SpA (Italy), Iberdrola, S.A. (Spain), National Grid Holdings Limited (UK), NV Nuon (Netherlands), RWE Systems AG (Germany), Scottish Power UK plc (UK), United Utilities BV (Netherlands) and Vattenfall AB (Sweden). Eutilia is expected to initially operate a comprehensive online marketplace for the procurement of goods and services in the electricity sector and, may in the future, supply other goods and services in the utility sector. Its activities may also be expanded in the future to include chain integration services, transaction support services and hosting services. Endesa Net Factory holds a 9.7% stake in Eutilia.

In 2001, we launched Delanto.com, a multiservices platform for small and medium enterprises in Spain. This portal provides web design and other Internet-related services for such companies in addition to administrative services.

In the business-to-consumer area, we have created Endesa Web Hogar, which launched Portae.com, a website through which we expect to provide services related to the home and housing market to 22 million residential clients.

Additionally, we are experimenting with new technologies for the transmission of data and voice through the low voltage electricity network (known as powerline communication technologies, or PLC technologies), an initiative which, if successful, is expected to enable us to offer new services to the 22 million customers connected to our electricity network. With this objective, on April 12, 2000, we acquired a 15% stake in the Spanish technology company, Diseños de Sistemas de Silicio (DS2), which develops solutions for the transmission of voice and data through transmission lines at speeds of up to 50 megabytes per second. We are also jointly developing PLC technologies with Ascom equipment in Barcelona.

We have agreed to invest \$15 million in EnerTech Capital Partners II, a venture capital fund that invests in the technology sector, focusing on investments related to the restructuring, deregulation and convergence of the of energy, telecommunications and public service sectors.

In December 2000 we acquired a 2.01% stake in the Spanish company Myalert.com. This company has developed an m-commerce portal which allows users to purchase goods and services through wireless handsets.

Other Services

Through Endesa Servicios, we provide a variety of products and services to other Endesa group companies and third parties, which are aimed at increasing operating efficiency. These products and services include information and management control systems, supply management and environmental services. We also provide maintenance services with respect to these systems.

Non-Core Diversified Assets

We own 2.14% of the capital stock of Repsol YPF, S.A. Repsol YPF had a market capitalization of €20.8 billion at December 31, 2000.

Public Takeover Offers

On October 17, 2000, we announced our proposed merger with Iberdrola, S.A. in accordance with the plan of merger approved by each company's board of directors. On February 5, 2001, we and Iberdrola, S.A. determined to discontinue our proposed merger following the imposition of certain conditions in connection with the proposed merger by the Spanish government.

In December 2000, our Chilean subsidiary, Enersis, completed two tender offers for Chilectra and Río Maipo for an aggregate amount of \$381 million. Following these tender offers, Enersis owns 98.03% of Chilectra and 98.46% of Río Maipo.

During 1999, we undertook a corporate reorganization through which we consolidated our then principal Spanish subsidiaries and Endesa by means of public exchange offers for those subsidiaries.

Capital Expenditures and Divestitures

The following table sets forth our capital expenditures relating to our power stations, distribution facilities, coal operations, and acquisitions during the years 1996 to 2000. Financing in those years consisted primarily of internally generated funds.

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999(1)</u>	<u>2000</u>
	(in millions of euro)				
Capital Expenditures:					
Power stations	592.7	480.5	333.8	894.5	707.6
Distribution facilities	427.1	400.8	374.9	988.7	1,024.6
Other	159.5	109.8	109.9	76.3	354.7
Total capital expenditures	<u>1,179.4</u>	<u>991.5</u>	<u>818.6</u>	<u>1,959.5</u>	<u>2,086.9</u>
Investments:					
Investments for consolidation, diversification and international	1,495.2 (2)	2,860.9 (3)	1,483.6 (4)	6,257.0 (5)	1,668.2
Other	34.3	78.3	36.0	115.4	358.0
Total investments	<u>1,529.5</u>	<u>2,939.2</u>	<u>1,519.6</u>	<u>6,372.4</u>	<u>2,026.3</u>
Total capital investments	<u>2,708.8</u>	<u>3,930.3</u>	<u>2,338.2</u>	<u>8,332.1</u>	<u>4,113.2</u>

(1) Includes the investments of Enersis and Endesa of Chile.

(2) Includes the purchase of additional interests in Fecsa and Sevillana in November 1996 for €1,197.2 million.

(3) Includes Endesa's €1,206.2 million investment in Enersis in 1997.

(4) Includes Endesa's €494.4 million investment in Repsol and its €309.3 investment in Coelce.

- (5) Includes a €1,350.3 million investment in a 32% stake in Enersis, a €2,000.4 million investment in a 34.7% stake in Endesa of Chile, and a €1,496.5 million investment to acquire minority interests in Spanish electric subsidiaries.

In 2000, we made total capital expenditures of €2,086.9 million, 57% of which was in Spain and 43% of which was in Latin America. Of the total capital expenditures, €1,257.1 million was recurrent capital expenditures and €829.8 million was invested in increased capacity and other non-recurrent expenditures.

During the first quarter of 2001, we made capital expenditures totaling €344 million, approximately 59% of which were related to our distribution business and improving the quality of service. These capital expenditures were financed by internally generated funds.

We have also made, or are in the process of making, significant divestitures. The following information describes our principal divestitures since 1998:

- In April 2001, the board of directors of Endesa of Chile agreed to sell its stake in the Chilean construction company, Infraestructuras 2.000, for €67.5 million.
- In March 2001, we sold our 40.20% stake in Edenor to Electricite de France for U.S.\$770 million.
- In June 2000, we sold our holdings in Electricidad de Caracas (Elecar) for a capital gain of €55.5 million.
- In 2000, we sold our holdings in Aguas Cordillera, a Chilean water utility, for €205.1.
- In 2000, we sold our interest in Aguas Puerto (Esval) for €147.5 million.
- In October 2000, we sold our holding in Transelec and another generation asset in Chile for US\$1.076 billion.
- In 1999, we sold our 7.2% interest in Airtel, our 3.6% interest in Antena 3 and our 7.8% interest in Cepsa and for total capital gains of €884.7 million, of which €817.1 million related to the sale of our interest in Airtel.
- In 1998, we sold our 7.2% stake in Unión Fenosa and our 0.42% stake in RWE for total capital gains of €229.5 million.

In addition, on April 28, 2001, our board of directors approved the initiation of the process pursuant to which we expect to divest certain generation and distribution assets in Spain. In connection with this process, the following generation assets will be transferred to our affiliate, Viesgo:

- hydroelectric generation plants with an aggregate installed capacity of 668 MW;
- fuel oil and gas generation facilities with an aggregate installed capacity of 753 MW;
- coal-fired power stations with an aggregate installed capacity of approximately 944 MW; and
- our stakes in the Garoña and Trillo nuclear plants, with installed capacity of 244 MW on a net-equity basis.

Following these transfers, Viesgo will have a total installed capacity of 2,610 MW and 560,000 customers. Together with Viesgo's existing distribution assets, Viesgo would have been the fifth largest electric utility company in Spain at December 31, 2000 in terms of market share for generation and distribution. Based on revenues generated by these assets in 2000, Viesgo's revenues would have been €710 million.

We expect to sell Viesgo during 2001 through a bidding process in which leading operators in the European and North American electricity markets are expected to participate. As part of our strategic plan for 2001-2005, we also expect to divest certain financial investments and other assets not related to our core business or with limited strategic value. We plan to make total divestitures (including Viesgo) with an aggregate estimated value of €5 billion. See Item 5. “Operating and Financial Review and Prospects—Operating Results—Overview—Our 2001-2005 Strategic Plan”.

Environmental Matters

The nature of our principal business (electricity generation through hydroelectric, nuclear and coal-powered facilities and distribution) and the fact that we undertake coal mining activities means that we are subject to a number of environmental and other laws and regulations affecting many aspects of our present and future operations including:

- the regulation of air emissions and wastewater discharges;
- the generation, storage and discharge of various types of waste (including the storage of radioactive materials);
- land use; and
- reclamation activities.

Such laws and regulations generally require us to obtain and comply with a wide variety of licenses, permits and other approvals. We believe that we are in material compliance with all such laws and regulations. If new regulations are adopted, they could have an adverse impact on our operations.

In particular, we are also subject to the risks arising from the operation of nuclear facilities and the storage and handling of low-level radioactive materials. These include risks arising from limitations on the type of insurance available in respect of losses that might arise in connection with nuclear operations. The Nuclear Safety Council has broad authority under Spanish law to impose safety-related requirements upon owners and operators of nuclear generating facilities and, in the event of non-compliance, has the authority to impose fines or shut down a unit, or both, depending upon its assessment of the severity of the situation, until compliance is achieved.

To meet customer demand for electricity with the lowest impact on the environment and in response to the risks outlined in the preceding paragraphs, we have developed a comprehensive program dealing with air and water quality control and land use. As a result of our environmental policy, during the past five years the average air pollution levels in the areas surrounding our facilities have been below the maximum levels permitted by Spanish regulations and those of the European Union.

In 2000, we focused on the implementation of environmental management systems conforming to the ISO 14001, an international standard for corporate environmental management systems. As a result, we have improved atmospheric emissions and their management systems, air quality control systems, the quality and control of waste discharges and noise pollution levels. We also apply our environmental management practices in Spain to our international operations.

Environmental measures we have taken with respect to air quality include installation and improvement of electrostatic filters and the use of low-sulphur imported coal and the retrofitting of some units with fluid gas desulphurization systems. The most significant measures taken to reduce pollution were the commissioning of fuel gas desulphurization facilities at thermal power plants. In 1999 and 2000, respectively, the Litoral de Almería and Teruel thermal power plants that eliminate 90% of sulphur dioxide emissions were tested and commissioned. The Teruel desulphurization facility required an investment of €174.3 million and will contribute towards the feasibility of the mining operations in the area. This facility has reduced specific emissions 45% to 21.05g/kwh in 2000 from 37.26g/kwh in 1999.

We installed continuous microparticle meters (PM10) to the air quality monitoring systems at our Mahón, Ibiza and Alcudia thermal power plants. We also installed continuous meter equipment to monitor atmospheric emissions at our Mahón and Ibiza plants. At our As Pontes thermal power plant, we are developing a program for the reduction and improvement of control of atmospheric emissions and their environmental impact, as well as a project for the reduction and improvement of control of water discharges. In addition, the waste water treatment facility is being optimized as a result of the application of a scale hydraulic model. At our Asco and Vandellos nuclear facilities, we have implemented an environmental radiation monitoring plan, undertaking an analysis of the radioactivity of the Ebro River in Asco and monitoring of the increase in the temperature of the river.

The efforts undertaken in 2000 to implement environmental management systems conforming to ISO 14001 has also improved our storage facilities for waste, particularly collection systems and the condition of temporary storage facilities of waste from nuclear, hydroelectric and thermal power plants. Pursuant to current regulation, we have also adopted a plan to eliminate polychlorobiphenyls, which was originally scheduled to be completed in 2000.

In the distribution area, we are designing substations near the Viesgo plant using green screens to integrate them into their surrounding landscapes. In the Canary Islands, we have invested €13.2 million to bury distribution lines.

In October 2000, our Coelce distribution facility (Brazil) conducted an environmental assessment project pursuant to our environmental management program. During the last two years, Coelce has set up a working group and a committee to implement the environmental management system and eliminate polychlorobenzols. Cerj is currently implementing a program to obtain environmental licenses for its hydroelectric facilities, substations and electrical lines. As part of this program, the company prepared a manual on environmental licensing programs for dissemination within the company. Cerj has also undertaken studies and assessments of landfill erosion in the dams of the Areal and Fagundes hydroelectric facilities. The implementation of our environmental management systems in our Edesur distribution facility is currently at a very advanced stage and has been initiated at Chilectra and Río Maipo. We are also implementing environmental management systems conforming to ISO 14001 at our Dock Sud and San Isidro facilities.

In recent years, we have conducted a number of environmental studies with respect to the surroundings of our existing plants, including:

- soil screening;
- flora research;
- desulphurization analysis; and
- emission measurements.

With regard to the installation of new power plants, it is mandatory to carry out environmental impact studies on each one of the projects. We also implemented a number of measures to minimize the visual impact of energy transmission facilities in urban areas, and to protect the fauna in the areas where our hydroelectric facilities are located.

Our accumulated investment in environmental research and development projects primarily in connection with the development of renewable energy sources, clean combustion and improvements in electrical lines was approximately €4.6 million at December 31, 2000.

As a result of our continued efforts to implement environmental management systems conforming to ISO 14001, in 2000 we received certification under ISO 14001 with respect to our environmental management systems at our As Pontes, Teruel, Litoral, Alcudia, Puertollano and Puentenuevo plants. Our San Adrian, Los Barrios, Barranco de Tirajana and Granadilla plants, as well as our Asco and Vandellos nuclear facilities, are also ISO 14001 certified. Consequently, over 80% of our thermal and nuclear plants and 73% of the energy generated in 2000, are ISO 14001 certified.

Regulation

Regulation of the Spanish Electricity Sector

General

The Spanish electricity sector has recently changed to a free-market system that incorporates elements of competition and liberalization. The new regulatory framework provides for:

- a wholesale generation market;
- freedom of entry for new operators in the electricity business; and
- a gradual increase in the number of consumers who are eligible to select their suppliers.

On November 27, 1997 the Spanish government passed Law 54/1997, which we refer to as the Electricity Sector Law, providing for a gradual transition to a liberalized system under which every consumer will be free to contract for electric power from generators or other suppliers 10 years from the date of its adoption. Under the Electricity Sector Law, Spanish electricity operations are no longer a public service provided by the government through Red Eléctrica de España, S.A., a state-controlled entity, which we refer to as Red Eléctrica. Red Eléctrica's dispatching functions have been taken over by the market operator, Compañía Operadora del Mercado Español de Electricidad, S.A. (OMEL). Red Eléctrica continues to serve as the system operator. OMEL is responsible for the economic management of the industry and Red Eléctrica is responsible for the technical management of the generation and transmission of electricity.

The Electricity Sector Law introduces competition by creating a competitive electricity generation market, allowing:

- third-party access to the transmission and distribution networks for eligible customers;
- development of wholesale markets for electricity generation; and
- authorized parties from countries outside of Spain to contract for their electricity supply either in the generation market or directly with generators and suppliers through bilateral agreements.

The Spanish government passed a Hydrocarbons Law on October 7, 1998. The Hydrocarbons Law creates the National Energy Commission, which replaced the National Electricity System Commission. The National Energy Commission supervises the electricity industry as well as the hydrocarbons and natural liquid gas industries in Spain.

New Regulatory Structure

Under some of the basic provisions of the new regulatory scheme, electricity transmission and distribution activities will continue to be regulated, since their particular characteristics impose severe limitations on the possibility of introducing competition. The new regulatory framework does, however, change the manner in which electricity businesses receive payment, in order to promote efficiency and quality of service.

The regulations set fixed compensation amounts for transmission, while permitting businesses to take into account their investment and operation costs related to their transmission activities. Fixed compensation amounts for distribution are based on investment, operational and maintenance costs, and also take distribution areas, incentives for supply quality, loss reduction and commercial management costs into account. In addition, the new regulations provide for:

- developing wholesale markets for electricity generation. This market is managed by OMEL, which was founded at the end of 1997 and privatized in 1998;

- allowing eligible consumers to select and contract with their electricity suppliers, which encourages suppliers to engage in marketing activities directed toward eligible customers; and
- establishing freedom of installation for generation activities, which enables potential investors and suppliers who have the necessary technical and financial capacity to enter into the electricity generation business.

Royal Law-Decree 6/2000 of June 23

On June 23, 2000, Royal Law-Decree 6/2000 was adopted to increase competition in the electricity and other sectors. The main consequences of these measures were:

- a moratorium on generation capacity increases greater than 1,600 MW by Endesa until June 23, 2005, excluding capacity increases related to projects currently under construction that have received the necessary administrative permits and future projects to replace current generation capacity; and
- a maximum reduction in residential tariffs during the period between 2001 and 2003 of 9% depending on the evolution of demand, interest rates and efficiencies resulting from the opening of the market to competition.

Generation

The Electricity Sector Law seeks to create a competitive electricity generation market. The new system provides for:

- paying generators based on a competitive bid process (*sistema de ofertas*) known as the “energy pool”, plus a “capacity payment”;
- permitting the free entry of new generators and the liberalization of the installation of new generation capacity;
- creating two new private entities, the market operator to oversee economic matters and the system operator to ensure the system’s technical reliability;
- liberalizing energy sources during a transition period for domestic coal (Plan 1998-2005 for Coal Mining and the Alternative Development of Mining Areas, which we refer to as the Coal Plan); and
- allowing electricity companies to recover part of the costs they incur in the transition to the competitive market regime.

Under the Electricity Sector Law, power generation plants are dispatched based on the results of a competitive bidding process. Each generating company must report to the market operator on a daily basis for each hour of the following day the price and quantity of electricity they are prepared to supply. Plants offering the lowest bids are dispatched first by the pool operator, while the plants with higher bids come on line later until demand is satisfied. The price of all the electricity produced during the scheduled period is determined by the bid submitted by the last plant dispatched to satisfy the demand for electricity at the time. In addition, electricity generators are compensated by a “capacity payment”, calculated based on each individual plant’s availability and capacity. Electricity generators will also be compensated for providing services that complement electricity generation and ensure the quality, reliability and safety of the electricity supplied.

However, plants using cogeneration and other renewable energy sources with a capacity of less than 50MW operate under a “special regime”. The Electricity Sector Law provides that existing “special regime” facilities may:

- choose to operate under the new regulatory regime implemented by the Electricity Sector Law;

- operate under the regulations previously in effect for a period of up to ten years starting on the date the Electricity Sector Law came into effect.

Some generation plants operating under the “special regime” will receive economic incentives for their contribution to environmental preservation and energy efficiency.

Market Operator

In order to administer the bid process, the Electricity Sector Law established an independent company to serve as “market operator” to:

- organize the bid process;
- provide the market price that results from the bid process; and
- settle all commercial transactions in connection with the bid process.

The market operator, OMEL, is a private entity which is expected to perform its duties subject to the principles of transparency, objectivity and independence. No shareholder is entitled to own, directly or indirectly, more than 10% of the share capital of OMEL, and the aggregate direct or indirect holdings of entities operating in the Spanish electricity sector may not exceed 40%.

System Operator

The Electricity Sector Law also provides that a private entity shall carry out the functions of “system operator”. The system operator is responsible for the technical operation of the electricity system, including:

- the continuity and safety of the electricity supply;
- the management of network shortfalls;
- the management of those services that complement electricity generation; and
- the coordination of the generation and transmission systems.

The system operator performs its duties subject to the principles of transparency, objectivity and independence and coordinates its activities with the market operator. The system operator’s shareholders are subject to the maximum shareholding limitations applicable to the market operator. The Electricity Sector Law provides for Red Eléctrica to carry out the functions of system operator and of manager of the transmission network. Sociedad Española de Participaciones Industriales (SEPI) is required to hold at least 25% of the share capital of Red Eléctrica until December 31, 2003 and thereafter to hold at least 10%.

Acquisition of Fuels

The process of fuel purchasing by generating plants has been generally liberalized with the exception of coal which is affected by the Coal Plan. The Coal Plan establishes incentives for the consumption of domestically-produced coal. Plants that use domestic coal will receive an average premium of 1 peseta per KWh generated. Accordingly, coal-fired generators are permitted to meet their existing commitments to domestic coal suppliers while being able to compete in a deregulated environment. The Coal Plan will be effective for 9 years, and it is anticipated that the amount of domestic coal under purchase contracts will be reduced 28.32% during the life of the Coal Plan.

Eligible Customers

In 1999, measures were adopted to decrease the legal threshold for customers who were eligible to choose their electric power suppliers, which we refer to as eligible customers. This threshold was further decreased and, as of July 1, 2000, all consumers who are supplied at a nominal voltage above 1,000 volts are eligible customers. Therefore, customers that consume more than 1GWh per year or are supplied at a tension greater than 1,000 volts are eligible to contract freely with a supplier. These eligible customers negotiate supply contracts at prices below the regulated tariff. At December 31, 2000, there were approximately 50,000 points of consumption by eligible customers, accounting for 53% of Spain's energy consumption. Consumers who exercised the right to choose their suppliers accounted for 29% of Spain's energy consumption in 2000.

Electricity Rate Reductions

As a result of the new competitive environment, Spanish electricity rates, which have been decreasing in real terms every year since 1984 (with the exception of 1991), have accelerated their rate of decrease significantly over the past five years. The cumulative rate of reduction in nominal terms for all Spanish customers from 1996 through 2001 (using the current rates for 2001 approved in December 2000) has been approximately 17.3% (29.4% in real terms).

In December 1998, the Spanish government approved an average rate reduction for non-qualifying consumers of 2.5% per KWh, which became effective on January 1, 1999. In addition, in April 1999 the Spanish government approved an average rate reduction of 1.5% per KWh for residential non-qualifying consumers to apply to the rates which were effective on January 1, 1999 and an additional 0.74% reduction in the rate paid by distribution companies to cogeneration and renewable energies producers. Spanish rates are now below the European average for the majority of consumer categories.

In 2000, the average rate for all consumers, including eligible and non-eligible consumers, decreased 4.85% (8.5% in real terms). The average rate reduction for 2001 for all consumers, including eligible and non-eligible consumers, as approved in December 2000, is approximately 1.52% (3.8% in real terms). Royal Law-Decree 6/2000 features a maximum reduction in residential tariffs of 4% in 2001 and 9% during the 2001-2003 period.

Competition Transition Costs (CTCs)

The Electricity Sector Law, as amended, provides for a transition period until 2010 during which power generation companies (including Endesa) subject to the Stable Legal Framework (regulated by Royal Decree 1538/1987) as of December 31, 1997 will be entitled to partial compensation for the costs they incur in connection with the transition to the competitive market regime. This payment is made from amounts collected from consumers and liquidated by the National Electricity System Commission (*Comisión Nacional del Sistema Eléctrico*).

Law 54/1997, as amended by Royal Law-Decree 2/2001, dated February 2, 2001, states that the overall base present value of the remuneration for competition transition costs (CTCs), in constant 1997 value, may not exceed €10.44 billion.

This overall base amount consists of the following components:

- The maximum amount of the allocation for consumption of domestic coal has a present value of €1.77 billion and is payable to the production units which effectively consume local coal.
- The maximum amount of allocation to technological competition transition costs has a present value of €8.66 billion, 51.2% of which corresponds to Endesa.

In 2000, the Competition Transition Costs paid to the electric companies were principally the fixed costs that the power generation companies would have been entitled to under the historical regulatory system but which cannot be recovered under the new regulatory structure. See Note 6 to our audited consolidated financial statements. Due to tariff reductions and increases in the price of electricity purchased by electricity companies from the pool, the

amount collected from consumers during 2000 was insufficient to pay the full amount that we and other electric companies are entitled to receive. In light of this situation, the Ministry of Economy issued an order on November 21, 2000, which provides that this deficit will be shared by all electricity companies in proportion to the competition transition costs they received in previous years and added to each companies' competition transition costs. The amounts used to cover this deficit are taken into account to determine the competition transition costs to be recovered at the end of the year. At December 31, 2000, the total amount of our payment deficit amounted to €170.3 million. We have established a provision in our financial statements to cover the full amount of our deficit.

Royal Law-Decree 2/2001 has clarified the payment mechanism for competition transition costs. Any excess amounts received by a generation company from sales at a rate above 6 Ptas/kWh will be deducted from the balance of CTCs that the company is entitled to receive. Such excess amounts may be retained by the generation company without the obligation to reimburse them. As a result, the deduction only affects the CTC balance.

Other significant changes introduced by Royal Law-Decree 2/2001 are:

- In case of the sale of a plant, the right to receive CTCs allocated to the plant will be transferred to the purchaser. The difference between the market value of the plant, i.e., the sale price, and the value assigned to the plant at December 31, 1997, in connection with the determination of CTCs allocated to the plant, will be deducted from the balance of CTCs to which the selling party is entitled (including CTCs with respect to other plants owned by such party);
- The repeal of a provision under the previous regime that provided for the recovery of a certain percentage of the CTCs by assignment of 4.5% of billings; and
- The amount of CTCs allocated to each company is established annually by the Ministry of Economy on the basis of the outstanding balance at the end of the previous year.

The Ministry of Economy issued an order on March 28, 2001, allowing the set off against reserves of capitalized CTCs that could be recovered by assignment of 4.5% of billings prior to the enactment of Royal Law-Decree 2/2001, and which recovery through the fixed amount of CTCs cannot be reasonably deemed certain.

This CTC program is under review by the European Commission in order to verify whether or not it is in compliance with the Internal Electricity Market Directive and its requirements for state aid. See “—Regulation of European Internal Electric Market”.

New Producers

The Electricity Sector Law provides for the installation of new power generation plants to be completely liberalized and not subject to government planning, subject only to authorizations required by applicable laws and regulations. New electricity generators will be entitled to the same rights and remunerated on the same terms as existing electricity generators. These new electricity generators will not, however, be entitled to CTC payments.

Separation of Generation and Distribution Activities

The Electricity Sector Law maintains the principle established under the historical regulatory framework that generation and distribution activities must be performed by separate companies, although these companies may have common ownership. In addition, distribution activities must be carried out by companies which have as their exclusive purpose the performance of this regulated activity. The separation of generation and distribution activities carried out by any one company was required to take place before December 31, 2000. The Electricity Sector Law guarantees the transparency of the payments for transmission and distribution, which will continue to be fixed by the government.

Supply and Distribution

Under the new regulatory system, generation companies, distribution companies, marketing companies and customers who are supplied at a nominal voltage greater than 1,000 volts or consume more than 1GWh may contract freely with power generation companies to purchase power. Over time, this level will continue to decrease and by the year 2003 all customers will be entitled to contract freely with power generation companies or to change suppliers. Under the Electricity Sector Law, entities which supply electricity, eligible customers and authorized foreign entities will be entitled to use freely the existing power distribution networks upon payment of the applicable fees and tariffs. Remuneration for transmission and distribution continues to be fixed by the government.

Royal Decree 1955/2000 dated December 1, 2000 established the conditions for engaging in transport, distribution and trading activities. This decree regulates access to the electricity networks and renewed the system of electricity connections to new supplies, which had been in effect since 1982. This decree also sets out the minimum levels of technical quality and customer support required in connection with electricity services, both on an individual customer basis and on a geographical basis. In addition, this decree regulates the discounts to be applied with respect to billings to individual customers that exceed certain thresholds.

The Off-Mainland and Island System

The Electricity Sector Law recognizes that Spanish electric companies operating off mainland Spain, such as GESA, UNELCO and Endesa with its activities in Ceuta and Melilla, require special treatment given the special technical and financial requirements arising from their small size and isolation.

They may be excluded from the competitive bid process and their remuneration may include an additional component to cover specific costs. This additional component will be characterized as a permanent cost of the system and will be covered by the entire national electricity system.

Regulation of the European Internal Electricity Market

The European Commission has followed a flexible approach for energy liberalization in the European Union and, to this end, has adopted guidelines based on six general principles:

- the gradual opening to competition for eligible customers;
- the need for a gradual approach to enable the electricity industry to adjust to its new environment;
- allowing, within the framework of the European Union's directives, each member state to choose the system best suited to its own national situation;
- the respect of the public service obligations of secure supply and consumer protection;
- the need to avoid excessive regulations; and
- a legislative approach based on Article 100(a) of the EC Treaty, which allows political dialogue with the European Parliament and the Council and consultations with other interested parties.

These principles are the basis for the Internal Electricity Market Directive, which was approved on December 19, 1996 by the Energy Council of the European Union and became effective on February 19, 1997. This directive requires member states to take steps necessary for:

- the opening up of the construction of new electricity generation capacity to competition;
- the "unbundling" (i.e., separation) of the accounting for electricity generation, transmission and distribution operations;

- the designation of a transmission network operator responsible for the operation, maintenance and, where appropriate, development of the transmission network in specific areas and for its interconnections with other networks;
- the designation of a distribution network operator responsible for the operation, maintenance and, where appropriate, development of the distribution network in specific areas and for its interconnections with other networks; and
- the introduction of a system of third-party access to the network, either negotiated or regulated, is to be introduced pursuant to a schedule provided in the directive which permits gradual entry into the market of certain eligible customers.

The Electricity Sector Law was approved by the Spanish government to comply with this directive.

Regulation in Latin America

The characteristics of the regulatory regimes in the principal Latin American countries where we operate vary.

- *Generation:* In general, regimes are market driven, where private agents make decisions in the context provided by the relevant government authority. In all the countries, except Colombia, centralized dispatching is based on variable costs of production which, depending on the country, are partially dollarized. In Colombia, dispatching is based on offered prices.
- *Distribution:* In the five countries where we operate, sales to regulated customers are priced according to the purchase price paid to the energy generators plus a factor linked to the aggregate value of the distribution activities, which is sometimes also linked to the value of the U.S. dollar. In Argentina, Chile and Peru, the purchase price to the distribution company is linked to the marginal cost of generation. In Colombia the purchase price is negotiated directly with the generation company. Finally, in Brazil, the purchase price is regulated and is reflected in long-term contracts.
- *Limits on integration and concentration:* Vertical integration is generally permitted if the activities are separately accounted for. In Brazil, the limit on horizontal concentration is 20%, and in Argentina and Chile there is no limit. However, Chile is currently reviewing this regulation. In Peru, horizontal concentration of more than 15% requires prior authorization.
- *Access to the electricity network:* In Argentina, Colombia and Peru, access to the electricity network is regulated by the government, while in Brazil and Chile access and prices are negotiated.

The following table shows the minimum threshold levels of energy consumption for customers to be able to freely choose their energy provider:

<u>Country</u>	<u>MW (Minimum)</u>
Chile	2.0
Argentina	0.03
Colombia	0.1
Peru	1.0
Brazil	3.0

C. ORGANIZATIONAL STRUCTURE

Endesa operates through the following wholly-owned subsidiaries in its principal lines of business:

Energy and Related Businesses

1. Endesa Generación operates Endesa's mining and generation assets in Spain.
 2. Endesa Distribución operates Endesa's electricity distribution assets in Spain.
 3. Endesa Energía sells electricity to eligible customers in Spain, the rest of Europe and Northern Africa.
 4. Endesa Internacional holds Endesa's electricity operations abroad, mainly in Latin America, including electricity generation and distribution assets.
- Endesa Diversificación has interests in:
 - distribution businesses that sell piped gas to residential, commercial and industrial customers in Spain and Portugal;
 - cogeneration and renewable energies, including wind, biomass and solar energy; and
 - businesses related to water and the environment, including two water companies, Aguas de Barcelona and Interagua. Endesa's subsidiary, Senda Ambiental, leads Endesa's interests in environment-related activities.

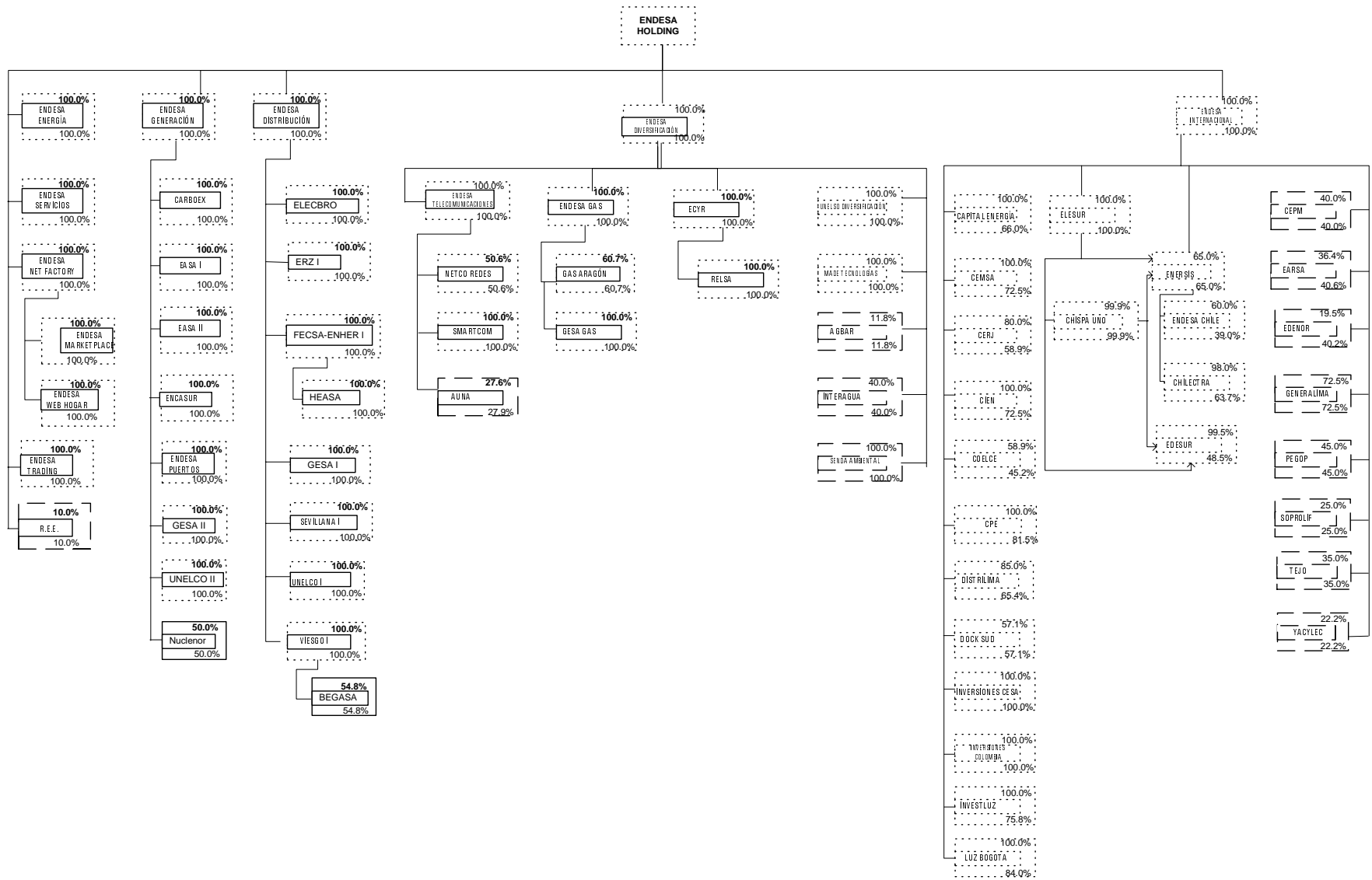
Telecommunications

- Endesa Telecomunicaciones holds Endesa's interest in Auna, Spain's second integrated telecommunications operator, and Smartcom, a wireless communications operator in Chile.

New Technologies and Other Services

- Endesa Net Factory heads all initiatives in electronic commerce (B2B and B2C) and investments in new technologies related to Endesa's core business.
- Endesa Servicios aggregates our significant assets relating to control systems, communications and information technology-related assets.

The chart below illustrates the structure and holdings of Endesa and its principal subsidiaries and their treatment in Endesa's financial statements as of December 31, 2000.



Legend		Legend	
100.0%	% Control of Endesa subsidiary	Full Consolidation
10.0%	% indirect interest	-----	Proportional Integration
		-----	Equity Method

D. PROPERTY, PLANTS AND EQUIPMENT

See Item 4. “Information on the Company—Business Overview—Operations in Spain” and “—International Electricity Business”.

Item 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. OPERATING RESULTS

The following discussion is based on our audited consolidated financial statements included in this annual report on Form 20-F. Such audited consolidated financial statements have been prepared in accordance with Spanish GAAP which differs in certain significant respects from U.S. GAAP. See Note 26 to our audited consolidated financial statements.

Overview

The Endesa group, which consists of Endesa and its consolidated subsidiaries and affiliates, is the leading electricity generator, marketer and distributor in Spain and Latin America. The Endesa group is also the third largest power group in the European Union by market capitalization. The Endesa group operates in Spain and in 11 other countries and, in addition to its core business of electricity generation and distribution, it operates in other business areas including telecommunications, new technologies and other services.

Changes in the Composition of the Group

1999

In 1999, we undertook a corporate reorganization pursuant to which we merged our then existing principal subsidiaries into Endesa, S.A. through the exchange of newly-issued shares of Endesa, S.A. for shares held by minority investors in such subsidiaries. The merger became effective as of January 1, 1999 for accounting purposes. Although we previously consolidated these subsidiaries, the merger process resulted in a reduction in “income attributable to minority interests”.

In addition, in 1999, we acquired additional interests in Enersis and Endesa of Chile. As a result, Enersis and its subsidiaries were consolidated by the global integration method as from January 1, 1999. Income attributable to minority interests in 1999 includes the varying interests held by third parties in Enersis and Endesa of Chile throughout the year.

2000

In 2000, we acquired 100% of Smartcom PCS (Smartcom), Chile’s fourth largest wireless communications operator, for €422.4 million. As of June 30, 2000, we fully consolidate Smartcom in our financial statements using the global integration method.

In 2000, our main disposals of non-core assets were the sale of our holdings in Aguas Cordillera for €205.1 million, representing capital gains of €105.7 million, and the sale of Aguas Puerto (Esval) for €147.5 million, representing capital gains of €46.5 million. As a result of these disposals, we no longer consolidate such companies. In June 2000, we sold our holdings in Electricidad de Caracas (Elecar) for a capital gain of €55.5 million, as a result of which this company ceased to be accounted for by the equity method. In addition, in October 2000, Endesa of Chile sold its holding in Transelec and another generation asset in Chile for U.S.\$1.076 billion, representing a capital gain of €347.7 million, as a result of which we no longer consolidate this company.

In 1999, we began to account for our 3.6% stake in Repsol YPF under the equity method. In 2000, we sold a 1.4% stake in Repsol YPF, thereby reducing our interest to 2.2% of Repsol YPF’s share capital. Consequently, our interest in Repsol YPF is no longer accounted for by the equity method as from April 1, 2000 because our ownership interest represents less than 3% of Repsol YPF’s outstanding share capital.

Beginning in 2000, we consolidate Hidroeléctrica de L'Emporda, Relsa, Endesa Puertos and Carboex by the global integration method. In addition, we began to consolidate Cien and Cemsa, each of which was previously accounted for under the equity method, by the global integration method in 2000.

In 2000, we formed several companies which we consolidate by the global integration method:

- Endesa Marketplace, in which we hold a 72.7% stake (including our indirect participation through Enersis); and
- Endesa Net Factory, Endesa Web Hogar and Endesa Trading, each of which is a wholly-owned subsidiary.

Our 2001-2005 Strategic Plan

In April 2001, our shareholders ratified our strategic plan for 2001-2005, which includes a €20.5 billion investment plan, of which €14.4 billion will be dedicated to making selective investments in European and Latin American electricity markets. The funds for our investment plan are expected to be generated from our cash flows and planned divestitures. In connection with the plan, we expect to divest certain generation and distribution assets in Spain as well as financial investments and other assets not related to our core business or with limited strategic value. We plan to make total divestitures with an aggregate estimated value of €5 billion. See Item 4. "Information on the Company—Business Overview—Capital Expenditures and Divestitures."

Regulatory Structure and Tariffs in Spain

Our companies in Spain operate within a regulatory framework for the electricity industry that came into effect on January 1, 1998. This framework establishes a deregulated system in which production units compete in a wholesale market and a growing number of customers are able to choose their electricity supplier from among several competitors. As of July 1, 2000, all consumers who are supplied a nominal voltage of 1 kV can choose their electricity supplier. We estimate that customers in this category represent approximately 53% of Spain's energy consumption.

Under Spain's regulatory structure, average electricity rates have been reduced over the past three years at an accelerated rate. We estimate that, from 1996 through 2001, the cumulative rate of reduction in nominal terms for all Spanish customers has been approximately 17.3% (29.4% in real terms). Spanish electricity rates are now below the European average for the majority of consumer categories.

Pursuant to Spanish law and regulation, all electricity companies are entitled to receive payment for transportation, distribution and marketing costs as well as for systems and diversification costs and costs related to ensuring adequate supply of electricity. This payment is made with amounts collected from consumers and liquidated by the National Electricity System Commission (*Comisión Nacional del Sistema Eléctrico*). Due to tariff reductions and increases in the price of electricity purchased by electricity companies from the pool, the amount collected from consumers during 2000 will be insufficient to pay the full amount that we and all other electric companies are entitled to receive. In light of this situation, the Ministry of Economy issued an order on November 21, 2000 which provides that this deficit will be shared pro rata by all electricity companies and added to each company's competition transition costs. At December 31, 2000, the total amount of our payment deficit amounted to €170.3 million. We have established a provision in our financial statements to cover the full amount of this deficit. See "Item 4—Information on the Company—Regulation—Regulation of the Spanish Electricity Sector—Competition Transition Costs (CTCs)."

New Treatment of Domestic Electricity Sales and Purchases

During 1998, power generators or distributors who sold or purchased energy through Spain's energy pool settled payment for these transactions directly with each other based on information provided by the energy pool administrators. Consequently, sales and purchases through the pool by companies in the Endesa group were eliminated from Endesa's 1998 consolidated financial statements. In 1999, a change in applicable tax laws resulted

in the implementation of a different settlement system whereby sales and purchases were made to the energy pool itself and energy pool administrators ceased providing information for settlement purposes about counterparties to these transactions. Consequently, in 1999 all sales made by Endesa group companies to the pool are included in sales in the 1999 consolidated financial statements and all purchases are similarly recorded even if the counterparty to certain of these transactions was also a member of the Endesa group. As a result, the sales and energy purchases reflected in Endesa's consolidated income statement for 1999 are not comparable to those recorded in 1998.

Our Foreign Currency Exposure

Although our revenues and expenses are principally denominated in euro, a material portion of our revenues and expenses is denominated in Latin American currencies. The results of operations of our Latin American companies and other non-Spanish affiliates are reported in foreign currencies (primarily Chilean pesos) and then converted into euro for inclusion in our financial statements. As the exchange rate between the euro and these foreign currencies fluctuate, the currency translation could have a material effect on our results of operations as reported in euro.

At December 31, 2000, 50% percent of our net financial debt was denominated in euro. The remainder of our debt is denominated in our foreign currencies, mainly in U.S. dollars, in order to cover the risk of investments in Latin America. The debt denominated in foreign currencies is therefore exposed to the risk of fluctuations in exchange rates. To minimize this risk, we have entered into different contracts to hedge against exchange rate risk. See Item 11. "Quantitative and Qualitative Disclosures about Market Risk."

Macroeconomic Considerations

Endesa's principal business is the generation and distribution of electricity in Spain. Consequently, Endesa's results of operations are, to a large extent, dependent on the level of demand for electricity which, in turn, is directly related to the overall level of economic activity in Spain. During 2000:

- the Spanish economy, as measured by gross domestic product ("GDP"), grew by 4.1% compared to a 3.7% increase in GDP for 1999;
- inflation, as measured by the consumer price index, increased to 4%; and
- interest rates increased, resulting in an increase of the European Interbank Offered Rate (EURIBOR) to 4.8% at December 31, 2000 from 3.3% at December 31, 1999, as published by the Central Bank of Spain.

The long-term growth and stability of the Spanish economy is expected to be determined largely by realizing the objectives elaborated in the Treaty on European Union negotiated at Maastricht and the EU Convergence Plan. As of January 1, 1999, the euro replaced the peseta as the national currency of Spain.

For 2000, total electricity consumed in Spain was 196,421 GWh, an increase of 5.8% from 1999 as a result of the effect of improved economic activity in Spain. To satisfy this demand, the electricity industry generated 223,944 GWh of electricity (including production by cogeneration and renewable energies facilities with an installed capacity of less than 50 MW), an increase of 7.2% from 1999. Total hydroelectric power generated for 2000 was 36,042 GWh, an increase of 17.2% from 1999. In addition, for 2000 there was an 8.4% increase in power production by cogeneration and renewable energies facilities with an installed capacity of less than 50 MW in the Spanish electricity sector totaling approximately 36,421 GWh, representing 16.3% of the total power generated in Spain.

Results of Operations for the Years Ended December 31, 2000, 1999 and 1998

Operating Income

Operating income for 2000 increased 5.5% to €3,061.2 million from €2,901.5 million in 1999, which in turn represented an increase of 52.5% from €1,902.6 million in 1998. The table below provides the principal domestic and international components of our results of operations for each of the three years ended December 31, 2000.

	2000					Total	1999	1998(1)
	Endesa Domestic	Percentage Change from 1999	Endesa International	Percentage Change from 1999	Endesa International Diversification (2)			
	(millions of euro, except percentages)							
Operating revenues . . .	10,463.9	11.9%	5,169.5	24.7%	48.8	15,682.3	13,494.8	6,836.5
Operating expenses . .	8,646.6	17.9%	3,866.5	18.6%	108.0	12,621.1	10,593.3	4,933.9
• Purchases	5,669.6	22.8%	2,093.3	19.0%	55.9	7,818.8	6,375.4	2,083.8
• Personnel expenses	907.7	0.2%	447.1	3.6%	7.5	1,362.3	1,337.8	1,012.7
• Depreciation and amortization	1,359.5	14.6%	659.6	12.5%	11.6	2,030.7	1,773.0	1,196.6
• Other operating expenses	709.6	13.9%	542.9	28.0%	33.0	1,409.2	1,107.1	640.9
Operating income	1,817.4	(9.9)%	1,303.0	47.4%	(59.2)	3,061.2	2,901.5	1,902.6
Financial revenues . . .	62.7	(93.2)%	700.9	(7.9)%	4.9	768.6	1,685.2	297.0
Financial expenses . . .	699.7	3.3%	1,195.7	(7.7)%	15.8	1,911.2	1,973.2	595.8
Financial income (loss)	(636.9)	(357.9)%	(494.8)	(7.5)%	(10.9)	(1,142.7)	(288.0)	(298.8)
Non-operating income (loss)	304.2	199.5%	614.7	819.6%	(5.7)	913.2	(391.1)	(93.5)
Consolidated income before taxes	1,448.7	(24.7)%	1,250.3	812.3%	(86.6)	2,612.4	2,059.9	1,601.5
Income attributable to the controlling company	1,077.2	(19.1)%	405.7	867.5%	(76.4)	1,406.6	1,278.1	1,097.2

(1) Prior to 1999, Endesa did not have any consolidated international operations.

(2) Results attributable to SmartCom.

Domestic electricity business

Operating Revenues

In 2000, operating revenues in Endesa's domestic business increased 11.9% to €10,463.9 million from €9,350.5 million in 1999, which in turn represented an increase of 36.8% from €6,836.5 million in 1998. The increase in 2000 was mainly due to:

- a 3.3% increase in Endesa's generation of electricity in Spain to 96,128 GWh from 93,052 GWh for 1999;
- an 18.6% increase in the price per KWh for generation sales in the Iberian peninsula; and
- a 4.8% increase in the amount of energy sold in Spain to 83,783 GWh from 79,916 GWh in 1999. Despite the 4.9% increase in the amount of energy sold during 2000, distribution and transmission revenues increased only 2.6% to €5,027.4 from €4,899.7 in 1999, principally as a result of a higher proportion of eligible customers for whom only access charges are accounted for as distribution revenues. Sales to eligible customers in 2000 increased 61.4% to €959.7 from €594.5 in 1999 mainly due to a 60.6% increase in the amount of energy sold to eligible customers to 20,526 GWh.

In 1999, excluding the change in sales accounting criteria described above, operating revenues in Endesa's domestic business increased by 2%, principally as a result of an increase in the demand for electricity partially offset by the decrease in electricity rates.

In 2000, we produced 96,128 GWh of electricity in Spain, an increase of 3.3% over 93,052 GWh in 1999, which in turn represented an increase of 3.8% over 1998. The increases in 1999 and 2000 in electricity production were primarily due to increases in the level of demand due to a strong Spanish economy. We had a 51.1% market share of total Spanish electricity production in 2000, 53.3% in 1999 and 53.1% in 1998. The decrease in market share in 2000 was due to the sale of our 33% interest in the Soto de Ribera plant in April 1999 and high levels of hydroelectric generation in late 2000 with respect to which we have a relatively lower market share.

In 2000, our total sales of energy to final customers increased by 4.8% to approximately 83,783 GWh (including 6,188 points of consumption by eligible customers representing 12.4% of the total net energy consumed in Spain) from total energy sales of 79,916 GWh in 1999. This increase was primarily due to the increase in the consumption of energy.

In 1999, our total sales of energy to final customers increased 7.8% to 79,916 GWh (including 12,780 GWh to 3,058 points of consumption by eligible customers representing approximately 7.9% of the total net energy consumed in Spain) from total energy sales of 74,146 GWh in 1998. In 1999, domestic sales (net of energy purchases) increased by 2% to €5,901.2 million from €5,786.5 million in 1998. Domestic sales (net of energy purchases) is the only comparable parameter as a result of the change in accounting treatment described under "—New Treatment of Domestic Electricity Sales and Purchases". This increase was due to the increase in production and demand, which was offset in part by the lowering of the tariff by 2.5% as from the beginning of 1999 and by 1.5% for domestic tariff as from April 1999.

Operating Expenses

In 2000, our operating expenses in the domestic business increased 17.9% to €8,646.6 million from €7,333.1 million in 1999, which in turn represented an increase of 48.6% from €4,933.9 million in 1998. The increase in 2000 was mainly due to:

- a 14.0% increase in electricity purchased to €3,667.9 million from €3,216.7 million in 1999;
- a 43.9% increase in fuel costs to €1,645.5 million from €1,143.2 million in 1999; and
- a 20.8% increase in depreciation and amortization and an increase in operating provisions to €1,447.4 million from €1,198.0 million in 1999.

The increase in operating expenses in 1999 is very unevenly distributed among controllable or fixed and variable costs:

- Fuel consumption increased by 11.3% as a result of:
 - the increase in production;
 - the increased use of thermal power plants due to the low hydraulicity of the year; and
 - the increase in oil-bearing fuel prices.
- Depreciation decreased by 0.8% as a result of a change in the economic life of certain fixed assets.
- Other operating costs, excluding provisions and amortization, decreased by €96.2 million with respect to 1998, which represents a decrease of 5.1%.

The table below sets forth the percentage increases (decreases) for 1999 and 2000 and the amounts of operating expenses for the years ended.

	Operating Expenses in the Domestic Business		
	1999	2000	2000
	(Percentage change from prior year)		(millions of euro)
Electricity purchases	290.0%	14.0%	3,667.9
Raw materials and other consumables consumed	11.3%	43.9%	1,645.5
Personnel expenses	(10.5)%	0.2%	907.7
Depreciation and amortization(1)	(0.9)%	20.3%	1,447.4
Other operating expenses	1.2%	1.6%	621.8

(1) Includes variation in operating provisions.

In Spain, electricity purchased increased 14.0% to €3,667.9 million from €3,216.7 million in 1999, which in turn represented a 290.0% increase from €824.8 million in 1998. The increase in 2000 was principally a result of an increase in the price per KWh of energy purchased from the pool due to the increase in our total sales of energy to final customers. The increase in 1999 was mainly due to the new treatment of domestic electricity sales and purchases as of January 1, 1999, as a result of changes in the tax law.

Total fuel costs increased 43.9% to €1,645.5 in 2000 from €1,143.2 million in 1999, which in turn represented an 11.3% increase in 1999. The increase in 2000 was principally due to the increase in the price of oil-bearing fuels and increases in generation by our fuel oil and gas generating facilities. The increase in 1999 was mainly due to an increase in generation, the increased use of thermal plants and the increase in the price of oil-bearing fuels.

Personnel expenses increased 0.2% to €907.7 million in 2000 from €906.2 million in 1999, which in turn represented a 10.5% decrease from €1,012.7 million in 1998. The increase in 2000 was due to salary adjustments pursuant to the collective bargaining agreement. The decrease in 1999 was principally a result of the implementation of our cost reduction program. Our total average number of employees in 2000 was 17,734 as compared to 18,994 in 1999 and 21,433 in 1998. The unit cost per employee including pensions and social security was 7.3% lower in 2000 compared to 1999, which in turn reflected a 4.2% decrease over 1998.

In 2000, depreciation and amortization costs increased 20.3% to €1,447.4 million from €1,186.8 million in 1999, which in turn represented a 0.9% decrease from €1,196 million in 1998. The increase in 2000 was principally due to the 14.6% increase in amortization of workforce restructuring. The decrease in 1999 was principally due to the changes in homogenization of the economic life of certain fixed assets in Spain as described above.

The following chart shows the fuel mix used in and the production by Endesa's domestic operations and the electricity industry in Spain for the years shown:

	Endesa in Spain			Spanish Industry(1)		
	1998	1999	2000	1998	1999	2000
	(Percentage of GWh production, unless otherwise indicated)					
Thermal	56.4	59.0	59.8	44.7	52.6	52.0
Nuclear	30.9	29.8	30.3	35.1	33.6	33.2
Hydroelectric	12.8	11.2	9.9	20.2	13.8	14.9
Total production (in GWh)	89,657	93,052	96,128	168,167	175,320	187,465

(1) Does not include energy generated by independent producers.

As a result of the foregoing, Endesa's operating income from domestic operations decreased by 9.9% in 2000 to €1,817.4 million from €2,017.5 in 1999 compared to a 6.0% increase in 1999.

International Electricity Business

Operating income from international activities increased 47.4% to €1,303.0 million in 2000 from €884.0 million in 1999. We did not have any consolidated international operations prior to 1999.

The table below sets forth a breakdown of operating income for international activities for 1999 and 2000.

	<u>2000</u>	<u>1999</u>	<u>Percentage Change</u>
	(millions of euro)		
Generation	530.8	260.4	103.9%
Distribution and Transport	743.0	620.3	19.8%
Others	<u>29.2</u>	<u>3.4</u>	756.3%
Total	<u><u>1,303.0</u></u>	<u><u>884.0</u></u>	47.4%

In 2000, net income from international activities was €405.7 million compared to a net loss of €52.9 million in 1999. The increase in net income in 2000 was primarily a result of a 23.1% increase in sales to €4,940.9 million from €4,013.7 million for 1999. Operating expenses increased 18.6% to €3,866.5 from €3,260.2 million in 1999. The increase in operating expenses in 2000 was mainly due to a 107.2% increase in write-offs and provisions to €123.7 million from €59.7 million in 1999, principally relating to increases in provisions for bad debt. The main factors affecting 1999 international results were:

- the negative effects of the drought in Chile on electricity generation and distribution (as a result of higher fuel costs and energy purchases and lower revenues due to rationing);
- the negative consequences of the economic crisis in Latin America that started in 1998 and has resulted in moderate economic growth rates in the region;
- the negative impact of the devaluation of the Latin American currencies against the U.S. dollar, resulting in a €440 million foreign exchange loss attributable to the international business; and
- the impact of the penalty imposed on Edesur as a consequence of the failure in a substation in Buenos Aires.

Generation

Output figures for 2000 were:

	<u>2000 (GWh)</u>	<u>Percentage Change from 1999</u>
Chile	15,346	12.3%
Colombia	9,618	(12.2)%
Argentina	10,470	9.3%
Brazil	3,406	5.7%
Peru	<u>3,623</u>	17.1%
Total	<u><u>42,463</u></u>	4.8%

Distribution

Sales of electricity in Latin America in 2000 were:

	<u>2000 (GWh)</u>	<u>Percentage Change from 1999</u>
Chile	10,265	5.7%
Colombia	8,776	3.1%
Argentina	12,597	4.1%
Brazil	13,472	5.8%
Peru	<u>3,564</u>	3.8%
Total	<u><u>48,674</u></u>	4.7%

As a result of the above, operating income by business activity and country, was the following in 1999 and 2000:

Generation

	<u>Operating Income</u>		
	<u>2000</u>	<u>1999</u>	<u>Percentage Change</u>
	(millions of euro)		
Chile	114.9	(22.4)	612.4%
Colombia	126.6	84.9	49.2%
Argentina	99.0	73.7	34.3%
Brazil	71.3	48.3	47.7%
Peru	<u>119.1</u>	<u>76.0</u>	56.7%
Total	<u><u>530.8</u></u>	<u><u>260.4</u></u>	103.9%

Distribution

	<u>Operating Income</u>		
	<u>2000</u>	<u>1999</u>	<u>Percentage Change</u>
	(millions of euro)		
Chile	258.7	206.9	25.1%
Colombia	65.2	41.5	57.0%
Argentina	201.0	162.7	23.5%
Brazil	156.3	155.9	0.3%
Peru	<u>61.7</u>	<u>53.3</u>	15.9%
Total	<u><u>742.9</u></u>	<u><u>620.3</u></u>	19.8%

Amortization of Goodwill

Amortization of goodwill increased 38.9% to €272.3 million in 2000 from €196.1 million in 1999 principally as a result of the acquisition of additional interests in Cerj and Chilectra and the acquisition of SmartCom, offset in part by the disposition of part of our interest in Repsol YPF, S.A. Amortization of goodwill increased 373.7% to €196.1 million in 1999 from €41.4 million in 1998 principally as a result of the acquisition of additional interests in Enersis during 1999.

Financial Income (Loss)

Financial loss increased significantly by 296.7% to €1,142.7 million in 2000 from €288.0 million in 1999, which in turn was a 3.6% decrease from financial loss of €298.8 million for 1998. The significant increase in 2000 was principally due to an increase in interest rates, resulting in an increase in EURIBOR to 4.8% at December 31, 2000 from 3.3% at December 31, 1999, and the weakness of the euro which experienced an accumulated 8.0% devaluation against the dollar in 2000.

Financial loss for 1999 was mainly due to:

- net financial expenses of €1,225.3 million, principally due to a €697.3 million increase in financial expenses as a result of the consolidation of Enersis by the global integration method. Against this increase in the financial expense due to the increase in the amount of debt, the average interest cost of debt, excluding Enersis, continued to fall in 1999 to an average of 3.9% from 4.9% in 1998. Following Enersis' consolidation, the blended average cost of Endesa's total debt was 5.6%; and
- foreign exchange losses, mainly in dollar-denominated debt, of €496.5 million. This debt finances investments in countries with currencies that do not show the required level of correlation with the U.S. dollar that would allow the debt to be considered as "hedging debt" by the applicable accounting standards.

Financial loss for 1999 was partially offset by:

- capital gains from disposal of stakes totaling €884.7 million in 1999, the most significant of which was from the sale of Endesa's interest in Airtel in the amount of €817.1 million; and
- \$432 million in gains arising from deposits in U.S. dollars and forwards operations.

Net financial debt increased by €227.3 million in 2000. However, the euro's devaluation against the other currencies in which Endesa's debt is denominated resulted in an increase in the euro value of net financial debt of €768.6 million. Therefore the balance of the net financial debt increased compared to December 31, 1999 by €995.9 million to €21.94 billion at December 31, 2000.

Financial expenses relating to this debt and accrued provisions for pension and workforce restructuring liabilities increased 18% to €1,659.5 million in 2000 from €1,406.4 in 1999.

Average cost of debt for 2000 was 6.5% compared to 5.6% in 1999. In 2000, average cost of debt related to Endesa's domestic business was 4.6% and average cost of debt related to the international business was 7.9%.

Foreign exchange differences on debt after minority interests have not had a meaningful impact on Endesa's results of operations for 2000 or 1999, given existing hedging mechanisms used as a consequence of the financial and accounting policies implemented by Endesa in 1999.

Endesa's total net debt at December 31, 1999 amounted to €20.94 billion, of which €9.33 billion financed the domestic business and €11.61 billion financed the international business. In 1999, net debt increased by €10.59 billion with respect to that at the close of the previous fiscal year. Of this increase, €8.71 billion related to Enersis' debt and €1.88 billion related to the increase in the debt related to the domestic business.

Non-Operating Income (Loss)

Non-operating income was €913.2 million in 2000 compared to a non-operating loss of €391.1 million in 1999, principally due to a 265.2% increase in non-operating revenues to €1,474.4 million in 2000 from €403.8 in 1999. Non-operating income included mainly:

- €108.7 million in capital gains realized from the sale of 1.4% of Repsol YPF, S.A.;
- €55.5 million in capital gains realized from the sale of our interest in Electricidad de Caracas (Elecar);
- €105.7 million, €46.5 million and €347.7 million in capital gains realized from the sale of Aguas Cordillera, Aguas Puerto (Esval) and Transelec, respectively;

- €24.3 in capital gains realized from the sale of treasury stock and a reversal of provisions in the amount of €45.6 million;
- the inclusion in non-operating revenues of €154.7 million attributable to prior years but which were not recorded until 2000 because of uncertainty regarding their recovery or because their deferral was deemed more appropriate in accordance with accrual accounting such as subsidies; and
- the net reversal of provisions, mainly related to pensions, in the amount of €120.6 million.

Non-operating income was offset in part by a non-operating expense in the amount of €170.3 million in connection with the write-off in accounts receivable as a result of the difference between the amount of accrued competition transition costs and the amounts collected in accordance with previously existing regulation.

Non-operating revenues increased by 27.9% to €403.8 million in 1999 from €315.8 million in 1998 principally as a result of capital gains realized from the sale of investments for an amount of €456.3 million.

Non-operating expenses increased by 94.2% to €794.9 million in 1999 from €409.3 million in 1998 principally due to:

- a 210.7% increase in provisions for contingencies and third-party liabilities to €387.6 million in 1999 from €124.7 million in 1998;
- a 197.1% increase in other non-operating expenses to €229.4 million in 1999 from €77.2 million in 1998. This increase was principally due to a €75.6 million provision relating to the decrease in market value of the treasury stock. Other non-operating expenses were also affected by an extraordinary expense of €89.6 million that resulted from a fine imposed on the Argentine company, Edesur, for the blackout that occurred in Buenos Aires in first quarter of 1999 prior to Endesa acquiring control of this company as a result of its takeover of Enersis; and
- a 77.4% increase in variation in utility plant and intangible assets provisions to €83.3 million in 1999 from €45.4 million in 1998.

As a result of the foregoing and the consolidation of Enersis by the global integration method, non-operating loss increased by 318% to €391.1 million in 1999 from €93.5 million in 1998.

Income Tax Expense

Income tax expense decreased by 19.5% to €618.7 million in 2000 from €768.6 million in 1999. Of the 2000 income tax expense:

- €365.3 million related to taxes on the domestic business, representing 25.2% of income before taxes;
- €263.7 million related to the international business; and
- an income tax credit of €10.3 million related to our diversification business.

Income tax expense increased by 144.5% to €768.6 million in 1999 from €314.4 million in 1998. Of the 1999 income tax expense, €580.2 million related to taxes on the domestic business, representing 30.2% of income before taxes, and €188.4 million related to the international business, which was higher than income before tax (€137.0 million) of the international business in 1999 because the corporate structure of Enersis does not allow for the deduction of the full amount of expenses related to financial investment debt.

Minority Interests

Income attributable to minority interests increased 4,333.2% to €587.2 million in 2000 from €13.2 million in 1999, principally as a result of a significant increase in income attributable to minority interest in companies held by Endesa International to €581.0 million in 2000 from €1.5 million in 1999, mainly due to:

- €161.4 million in income attributable to minority interest in Endesa of Chile;
- €64.3 million in income attributable to minority interest in Edesur;
- €60.1 million in income attributable to minority interest in Emgesa;
- €60.7 million in income attributable to minority interest in Edegel;
- €47.1 million in income attributable to minority interest in Chilectra;
- €42.6 million in income attributable to minority interest in Codensa; and
- €41.0 million in income attributable to minority interest in Coelce.

These increases were offset in part by a loss of €97.7 million attributable to minority interest in Enersis. We also received income attributable to minority interest of €7.0 million relating to minority interest in companies held by Endesa Diversificación, which was offset in part by a loss of €0.7 million attributable to minority interest in companies held by Endesa Net Factory.

Income attributable to minority interests decreased 93.1% to €13.2 million in 1999 from €189.9 million in 1998, principally as a result of the corporate reorganization in 1999 pursuant to which we exchanged shares of Endesa for shares of our then principal subsidiaries held by minority stockholders.

Net Income

As a result of the foregoing, net income increased 10.1% in 2000 to €1,406.6 million from €1,278.1 million in 1999, which in turn represented an increase of 16.5% from €1,278.1 million in 1998.

Information by Line of Business

The following table shows revenues, operating income and net income for 2000 by principal lines of business.

	<u>Revenues</u>	<u>Operating Income</u>	<u>Net Income</u>
	(millions of euro)		
Generation	4,092.7	911.7	506.1
Distribution	5,027.4		
		644.5	374.6
Supply	959.7		
		32.3	13.2
International	4,940.9		
		1,303.0	405.7
Diversification	290.1		
		(21.2)	(58.9)
Services	254.7	2.5	(21.6)
Corporate structure	431.2	188.3	187.5
Intercompany adjustments	(732.4)	-	-
Total	<u>15,264.3(1)</u>	<u>3,061.2</u>	<u>1,406.6</u>

(1) Does not include capitalized expenses and other operating revenues.

Telecommunications and other businesses

Results from diversified businesses in Spain before goodwill amortization were as follows in 1999 and 2000:

	<u>Year Ended December 31,</u>		<u>Percentage Change</u>
	<u>2000</u>	<u>1999</u>	
	(millions of euro)		
Telecommunications	(94.4)	8.0	(1,280.0)%
Water	16.3	6.0	171.7%
Gas	16.0	21.4	(25.2)%
Cogeneration	3.4	13.8	(75.4)%
Others	<u>(0.2)</u>	<u>68.0</u>	(100.3)%
Total	<u>(58.9)</u>	<u>117.0</u>	

Results from Endesa's telecommunications business in 2000 were a net loss of €94.4 million compared to net income of €8.0 million in 1999. This loss was principally attributable to substantial investments made by those businesses which are still in their developmental stage.

The telecommunications business experienced a significant improvement in 1999 with additional investments in Retevisión, Amena, Menta, Supercable Andalucía and Supercable Sevilla. Moreover,

- revenues increased by 120%;
- customers increased by 200%;
- Internet subscribers rose by 400%; and
- the number of homes serviced by Endesa's cable operators were more than 460,000.

U.S. GAAP Reconciliation

Our audited consolidated financial statements have been prepared in accordance with Spanish GAAP, which differs in certain significant respects from U.S. GAAP. Our net income for 2000, 1999 and 1998 under Spanish GAAP was €1,046.6 million, €1,278.1 million and €1,097.2 million, respectively, and under U.S. GAAP was €926.4 million, €1,085.6 million and €1,114.1 million, respectively. Our stockholders' equity for 2000, 1999 and 1998 under Spanish GAAP was €8,638.0 million, €9,316.5 million and €7,565.8 million, respectively, and under U.S. GAAP was €9,472.5 million, €9,150.5 million and €6,629.2 million, respectively. The principal differences relate to:

- our 1996 restatement;
- treatment of pension plans and early retirements;
- treatment of Chilean technical accounting bulleting (*boletín técnico*) 64; and
- cumulative effect of changes in revenue recognition principles.

See Note 26 to our consolidated financial statements.

New U.S. accounting standard for derivative instruments and hedging activities

In 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No.133, "Accounting for Derivative Instruments and Hedging Activities", which was subsequently amended by SFAS No.137 and SFAS No.138. SFAS No.133 must be applied to all derivative

instruments and certain derivative instruments embedded in hybrid instruments and requires that such instruments be recorded in the balance sheet either as an asset or liability measured at its fair value through earnings, with special accounting allowed for certain qualifying hedges.

If the derivative is designated as a hedge, depending on the nature of the hedge, changes in the fair value of derivatives that are considered to be effective, as defined, will either offset the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or will be recorded in other comprehensive income until the hedged item is recorded in earnings. Any portion of a change in a derivative's fair value that is considered to be ineffective, as defined, is immediately recorded in earnings. Any portion of a change in a derivative's fair value that the Company has elected to exclude from its measurement of effectiveness, will also be recorded in earnings.

Endesa, S.A. and its dependent companies will adopt SFAS No. 133 as of January 1, 2001. Due to the adoption of SFAS No.133, Endesa, S.A. will recognize an after-tax and minority interest non-cash gain of approximately Ptas. 5,768 million (approximately €34.7 million) in earnings and an after-tax and minority interest non-cash gain in "Other Comprehensive Income," a component of shareholders' equity, of approximately Ptas. 4,755 million (approximately €28.6 million) from the cumulative effect of a change in accounting principle. The adoption will also impact assets and liabilities recorded on the balance sheet.

B. LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operating activities in 2000 decreased by 24.4% to €3,340.2 million from cash flow from operating activities of €4,417.3 million in 1999. Of the 2000 cash flow from operating activities, €2,330.1 million related to cash flow from operating activities of our domestic business, €1,066.1 million related to cash flow from operating activities of our international business and €56.0 related to negative cash flow from operating activities of our diversification business. Cash flow from operating activities in 1999 increased by 50.3% to €4,417.3 million from cash flow from operating activities of €2,938.9 million in 1998. Of the 1999 cash flow from operating activities, €3,583.9 million related to cash flow from the operating activities of our domestic business and €833.4 million related to cash flow from the operating activities of our international business. All the 1998 cash flow from operating activities related to cash flow from operating activities of our domestic business.

Investments in the amount of €4,113.2 million were made in 2000, broken down as follows:

	Year Ended December 31, 2000
	(millions of euro)
Acquisition of consolidated companies	1,150.9
Repurchase of shares in affiliates	203.8
Financial Investments	671.6
Capital Expenditures	1,971.9
Intangibles	115.0
Total	<u>4,113.2</u>

The table below shows a breakdown of capital expenditures in 2000 by line of business:

	Domestic	International	Total
	(millions of euro)		
Generation	373.4	334.2	707.6
Distribution	549.9	474.7	1,024.6
Other	200.1	39.7	239.8
Total	<u>1,123.4</u>	<u>848.6</u>	<u>1,972.0</u>

Investments in the amount of €8,332.1 million were made in 1999, broken down as follows:

	Year Ended December 31, 1999
	(millions of euro)
Merger with Spanish affiliates	1,496.6
Acquisitions of consolidated companies	3,500.1
Financial investments	1,260.5
Capital expenditures	<u>2,074.9</u>
Total	<u><u>8,332.1</u></u>

The table below shows a breakdown of capital expenditures in 1999 by line of business:

	Domestic	International	Total
	(millions of euro)		
Generation	234.9	659.6	894.5
Distribution	472.8	515.9	988.7
Other	<u>124.5</u>	<u>67.2</u>	<u>191.7</u>
Total	<u><u>832.2</u></u>	<u><u>1242.7</u></u>	<u><u>2074.9</u></u>

In 2000, 100.0% of the €4,113.2 million that Endesa invested was financed by internally generated funds, partly from Endesa's cash flow of €3,340.2 million, and partly from divestitures in the amount of €2,433.9 million.

In 1999, 71% of the €8,332.1 million that Endesa invested was financed by internally generated funds, partly from the capital increase in connection with the corporate restructuring process, and partly from Endesa's cash flow.

In 1998, 100.0% of the €2,302.2 million Endesa invested was financed with internally generated funds.

Capital expenditures amounted to €1,971.9 in 2000, €2,074.9 in 1999 and €818.6 million in 1998. In 2000, Endesa increased its investments in distribution to €1,024.6 million, representing approximately 52% of total capital expenditures for the year, in order to improve the quality of its service and the continuity of its supply. The increase in capital expenditures in 1999 was due to increases in investments in generation and distribution.

Financial investments amounted to €671.6 in 2000, consisting principally of:

- €358.0 million in loans to non-consolidated companies;
- €142.7 million for the acquisition of an additional interest in Auna;
- €50.7 million for the acquisition of an additional interest in Amena; and
- €36.6 million for the acquisition of an additional interest in Menta.

Endesa's principal acquisitions of shares in consolidated companies in 2000 were:

- €422.4 million for the acquisition of Smartcom in Chile;
- €367.3 million for its acquisition of an additional 26% interest in Chilectra;
- €193.0 million for its acquisition of an additional 25.2% interest in Cerj; and
- €46.0 million for its additional investment in Chispas in Chile.

Financial investments in 1999 were €1,260.5 million, consisting principally of :

- €172.9 million for its additional investment in Retevisión;
- €108.5 million for its acquisition of its interests in Cien;
- €60.6 million for its investment in Generalima;
- €31.1 million for its investments in Easa;
- €37.8 million for its acquisition of an additional 23% interest in Amena; and
- €36.0 million for its investment in Menta.

Endesa's principal acquisition of shares in consolidated companies in 1999 were:

- €1,350.3 million for its acquisition of an additional 32% interest in Enersis; and
- €2.0 billion for its acquisition of an additional 34.7% interest in Endesa Chile.

Financial investments in 1998 were €1,483.6 million, consisting of:

- €596.4 million for international investments and €160.0 million for diversification investments;
- €494.4 million for the acquisition of 3.64% of Repsol; and
- €112.0 million for loans to employees in order to finance the purchase of shares offered in connection with Endesa's final privatization. These loans were made at prevailing interest rates.

Endesa's main international investments in 1998 were:

- €309.3 million for its interest in Distriluz (Coelce);
- €100 million for interests in Enersis;
- €75.5 million for its interest in Easa;
- €69.0 million for its interest in Edenor; and
- €38.0 million for its interest in Cien.

Highlights of Endesa's diversification investments in 1998 include:

- €84.3 million in telecommunications and cable;
- €32.5 for gas; and
- €13.2 for renewable energies and cogeneration.

The amount of bonds and debentures payable by Endesa was approximately €4,672.6 million in 1998, €12,987.0 million in 1999 and €12,535.8 in 2000. Endesa had unused lines of credit of approximately €1,527.0 million at December 31, 2000. See Note 16 to our consolidated financial statements.

Estimated aggregate capital expenditures for the 2001-2005 period are €6.1 billion. We expect to finance our capital expenditures principally with internally generated funds. We believe that our working capital is sufficient for

our present requirements. See Item 4. “Information on the Company—Capital Investments”.

The following table sets forth the amortization schedule for certain of our consolidated debt at December 31, 2000:

	2001	2002	2003	2004	Subsequent Years	Total
Debentures and bonds	158.76	199.62	1,232.78	970.99	6,491.02	9,053.09
Other negotiable instruments . .	3,350.02	—	—	—	42.07	3,392.09
Notes payable	91.58	—	—	—	—	91.58
Loans and credits	189.21	254.76	1,214.32	18.71	628.71	2,305.71
Loans in foreign currency	<u>1,584.15</u>	<u>2,522.86</u>	<u>1,521.68</u>	<u>249.43</u>	<u>1,040.30</u>	<u>6,918.41</u>
Total	<u>5,373.71</u>	<u>2,977.24</u>	<u>3,958.70</u>	<u>1,239.12</u>	<u>8,202.30</u>	<u>21,760.87</u>

For details of the composition of, and changes in, our debt, see note 16 to our consolidated financial statements.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

Endesa’s accumulated investment in environmental research and development projects primarily in connection with developing renewable energy sources, clean combustion and improvements in electrical lines was approximately €41.7 million at December 31, 2000.

Item 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth the names of the members of our board of directors, their current positions with us, the year they were appointed to the board, the year in which their current term expires and their principal positions outside Endesa.

Name	Position	Year First Appointed	Current Term Expires	Present Principal Occupations Outside Endesa
Rodolfo Martín Villa(1)(6)(7)(8) . .	Chairman	1997	2005	Vice Chairman, Aguas de Barcelona, S.A.
Manuel Pizarro Moreno(2)(6)	Vice Chairman	1996	2004	Chairman, Ibercaja; Chairman, Confederación Española de Cajas de Ahorro (CECA); Vice Chairman, Sociedad Rectora de la Bolsa de Madrid; Director, Dragados Group.
Rafael Miranda Robredo(3)(6)	Director and Chief Executive Officer (10)	1997	2005	Vice Chairman, Enersis, S.A.; Director, Red Eléctrica de España, S.A.(REE); Director, Actividades de Construcción y Servicios, S.A. (ACS)
Alberto Alonso Ureba(4)(6)	Director	1998	2002	Professor of Mercantile Law, Rey Juan Carlos I de Madrid University.
Miguel Blesa de la Parra(5)(6)	Director	2000	2004	Chairman, Caja Madrid; Director, Iberia, L.A.E., S.A; Director, Electronic Trading System, S.A.
Rafael Español Navarro(4)(8)	Director	1996	2004	Chairman, La Seda Group; Chairman, Fundació Catalana per a la Reserca; Director, Potasa Group.
José María Fernández Cuevas(4)(6)	Director	1998	2002	Chief Financial Officer and Adviser, Mff Group, S.A.; Director, Banco Universal.

<u>Name</u>	<u>Position</u>	<u>Year First Appointed</u>	<u>Current Term Expires</u>	<u>Present Principal Occupations Outside Endesa</u>
José Manuel Fernández-Norniella(4)(6)	Director	1998	2002	Chairman, Ebro Agrícolas; Vice Chairman, Aldeasa Group.
José Fernández Olano(4)(8)	Director	1996	2004	Chairman, Aldeasa Group; Director, Altadis.
Rafael González-Gallarza Morales(4)(8)	Director	1998	2002	Chairman, PR Larios.
Francisco Nuñez Boluda (4)(7) . . .	Director	1998	2002	Manager, Colegio Oficial de Corredores de Comercio.
José Luis Oller Ariño(4)(7)	Director	1997	2005	Economist.
Francisco Javier Ramos Gascón(4)(7)	Director	2001	2005	Director and Member of the Permanent Commission Madrid stock exchange.
Manuel Ríos Navarro(4)(8)	Director	1998	2002	Managing Director, Inpelsa; Director, Bancaja.
José Serna Masiá(4)(7)	Director	2000	2004	Exchange broker.
Salvador Montejo Velilla(9)	Secretary General and to the Board	1999		

- (1) Director with a professional and permanent link to Endesa; non-executive.
- (2) Director appointed as representative of Ibercaja, S.A.
- (3) Executive Director with a professional and permanent link to Endesa.
- (4) Independent Director with no professional link to Endesa and not appointed by a particular shareholder.
- (5) Director appointed as representative of Caja Madrid.
- (6) Member of the Executive Commission.
- (7) Member of the Audit Committee.
- (8) Member of the Compensation Committee.
- (9) Non-Director.
- (10) Managing director from 1987 to 1997.

The following table sets forth the names of our executive officers, their current positions with us, the number of years at their positions, the number of years at the Endesa Group, their areas of experience at the Endesa Group and their business experience outside Endesa Group during the past five years. Each executive officer is appointed for an indefinite term.

<u>Name</u>	<u>Position</u>	<u>Number of Years at Position</u>	<u>Number of Years at Endesa Group</u>	<u>Areas of Experience at Endesa Group</u>	<u>Business Experience Outside Endesa Group during Past 5 Years</u>
Rafael Miranda Robredo (1)	Chief Executive Officer	13	13	General Management	
Salvador Montejo Velilla (1)	Secretary General and to the Board	2	2	Legal Department	Congressional Auditor
General Managers					
José Damián Bogas Gálvez (1)	Electricity Business	13	19	General management - electricity business	
Manuel Morán Casero	Generation	3	3	General management - generation	President, Aerolíneas Argentinas
Javier Uriarte Monereo	Supply	2	2	General management - supply	Adjunct managing director, Banesto; Director, Banesto Sequros

<u>Name</u>	<u>Position</u>	<u>Number of Years at Position</u>	<u>Number of Years at Endesa Group</u>	<u>Areas of Experience at Endesa Group</u>	<u>Business Experience Outside Endesa Group during Past 5 Years</u>
Rufino Parra Terrón	Distribution	3	29	General management - distribution	
José Luis Marín López-Otero (1)	Diversification	3	4	General management - diversification	Managing Director, Bechtel
Evaristo Villa Ruiz	Company Services	3	13	General management - services and Finance and Economics, Compañía Sevillana de Electricidad	
Luis Rivera Novo(1)	Planning and Resources	3	3	General management - planning and resources	Partner, McKinsey & Co.
Alfredo Llorente Legaz(1)	International	4	14	General management - International	
José Félix Ibáñez Guerra	Mining	11	22	General management - Mining	
Michael G. Reynolds	European Business	less than 1	less than 1	General management - Europe	President and CEO, Sothe Energy Europe
Corporate Managers					
Antonio Pareja Molina	Planning and Control	14	14	Planning and control	
Francisco de Borja Acha Besga	Legal	3	3	Legal department	General counsel, SEPI
Gabriel Castro Villalba(1)	Communications	3	4	Communications	Director, Scope, S.L.
José Luis Palomo Alvarez (1)	Finance and Economics	9	9	Finance and economics	
Germán Medina Carrillo	Human Resources	13	14	Human resources	
Miguel Vila Despujol	Energy Management	3	37	Distribution	
José Luis Puche Castillejo	Group Audit	3	3	Audit	General manager, Grupo Telecinco
Alberto Martín Rivals	Organization	less than 1	3	Organization	Project manager, McKinsey & Co.

(1) Member of the Executive Committee.

B. COMPENSATION

As of January 1, 2001, the aggregate annual compensation for members of our board of directors is equal to 0.1% of our net income, as approved by the general shareholders' meeting. This overall base amount consists of the following components:

- a fixed monthly gross salary of €4,006.7 per director;
- a monthly gross attendance allowance of €2,003.4 per director as compensation for attending meetings of the Board of Directors, the Executive Commission and any other corporate governance body; and
- a share in our profits.

In accordance with the provisions of Article 130 of the Spanish Corporations Law, remuneration by way of profit sharing may only be paid after the legal and statutory reserve requirements have been complied with and after a minimum dividend of 4% has been paid to shareholders.

In 2000, our Board of Directors accrued an aggregate compensation of approximately €3.01 million, divided as follows:

- an approximate total fixed remuneration of €0.43 million;
- monthly attendance allowances for attending the meetings of the corporate governance bodies totaling approximately €0.4 million;
- an aggregate of approximately €1.3 million in salaries;
- an aggregate share in profits of approximately €0.44; and
- pension and life insurance commitments to directors totaling approximately €0.45 million.

Monthly attendance allowances for attending the meetings of the boards of directors of our subsidiaries are deducted from the overall compensation. In 2000, these attendance allowances totaled €0.25 million.

For the year ended December 31, 2000, the aggregate compensation (including performance-based bonuses) of all of our executive officers, paid or accrued, was €9.9 million. Executive officers are eligible for variable compensation under a bonus plan, calculated as a percentage of the fixed compensation and primarily based on Endesa's overall economic performance and on each officer's individual performance. The total variable remuneration for 2000 was paid in April 2001. The amounts set aside or accrued in 2000 to provide pension and retirement benefits for our executive officers totaled €1.67 million.

C. BOARD PRACTICES

The composition of the Audit Committee and the Remuneration Committee is indicated in the table above describing the board of directors.

The Audit Committee

The Audit and Shareholders Relations Committee is composed of four directors and the Chairman of the Board of Directors. It performs the following functions:

- supervision of our actions to ensure their transparency, with a special focus on the transparency of the information provided to shareholders and the securities markets, and to avoid any trading on inside information;
- formulation of the proposal for the selection of the external auditors and the terms of their appointment;
- formulation of the policies and procedures necessary to assure compliance with laws and the applicable internal rules; and
- supervision of our internal control systems and the principles and practices used in the preparation of our financial statements.

The Remuneration Committee

The Organization, Appointments and Compensation Committee, composed of four directors and the Chairman of the Board of Directors, is responsible for:

- the supervision and proposal of the assignment of duties to the directors;
- proposing the remuneration of the directors and compensation plans for the senior management of Endesa and its subsidiaries; and
- the assessment of the business development, promotion and recruiting policies of executive officers.

D. EMPLOYEES

At December 31, 2000, Endesa had 29,062 employees in active service. Of those employees, 17,274 were located in Spain and 11,788 were located outside Spain. Endesa has continued to pursue a policy of staff reductions and workforce rationalization which has resulted in a steady reduction in employment levels. During 2000, Endesa reduced its Spanish workforce by 925 employees (a 5.1% decrease from 1999). Our personnel expenses for our operations in Spain were approximately €907.7 million. Endesa plans a net reduction of its labor force in Latin America by approximately 630 employees by the year 2003, as permitted by relevant employment laws.

The table below shows Endesa's employment levels at the dates indicated. For a discussion of personnel costs, see Item 5. "Operating and Financial Review and Prospects — Operating Results". Endesa has a voluntary early retirement plan in place which is expected to reduce its personnel by approximately 6,200 employees in the five-year period ending 2003. In addition, Endesa has recently signed a new voluntary retirement plan that is expected to reduce Endesa's workforce by approximately 5,000 employees during the five-year period ending 2005.

The following table sets forth the number of employees in Spain and outside Spain at the dates indicated:

	<u>At December 31,</u>		
	<u>1998</u>	<u>1999</u>	<u>2000(1)</u>
Total employees in Spain	19,479	18,199	17,274
Total employees outside Spain	<u>70</u>	<u>15,413</u>	<u>11,788</u>
Total	<u>19,549</u>	<u>33,612</u>	<u>29,062</u>

(1) Figure includes 150 employees as a result of the effect of consolidating new subsidiaries by the global integration method.

The following tables provide a breakdown of our employees by main category of activity and geographic distribution at December 31, 2000.

<u>Employees in Spain</u>	<u>Total</u>
Managerial staff	2,306
Mid-level staff	2,167
Clerical staff	8,230
Workers	5,189
Total	<u>17,892(1)</u>

(1) Includes a total of 618 employees at Smartcom in Chile.

<u>Employees outside Spain</u>	<u>Total</u>
Managerial staff	2,793
Mid-level staff	3,351
Clerical staff	3,016
Workers	2,011
Total	<u>11,170</u>

In Spain, our non-management personnel are represented by a total of seven unions, two of which represent 85% of our non-management employees. The unions negotiate collective bargaining agreements relating to salary with companies in the Endesa group through negotiating committees composed of representatives of each union.

We signed two important agreements to address the labor consequences of the corporate restructuring effected in 1999 and other restructurings undertaken throughout the year. In addition, our former affiliated companies signed work force adjustment plans which expire on December 31, 2002.

On October 25, 2000, we reached a general framework collective bargaining agreement that will serve as a guideline for our individual lines of business. We will also negotiate with workers in the newly-acquired companies in Latin America. While we have experienced work stoppages for short periods of time, we have never experienced a work interruption having a material effect on our results of operations.

For information with respect to our pension and benefit plans, see Notes 15 and 18 to our consolidated financial statements. Our pension and benefit plans are fully funded. As required by Spanish law, we expect to transfer our pension and benefits plans over time to independent pension funds.

E. SHARE OWNERSHIP

At April 28, 2001, the members of our Board of Directors directly owned an aggregate of 32,966 shares of Endesa, representing 0.00311% of our capital stock, and indirectly owned an aggregate of 1,930 shares, as shown in the table below:

	<u>Number of Shares Beneficially Owned</u>	<u>% of Capital Stock</u>
D. Rodolfo Martín Villa	6,267	0.00059
Manuel Pizarro Moreno	10,004	0.00094
Rafael Miranda Robredo	6, 581(1)	0.00062
Alberto Alonso Ureba	1	0.00000
Miguel Blesa de la Parra(2)	1,000	0.00009
Rafael Español Navarro	846	0.00008
José María Fernández Cuevas	1	0.00000
José Manuel Fernández-Norniella	1	0.00000
José Fernández Olano	—	—
Rafael González-Gallarza Morales	1	0.00000
Francisco Nuñez Boluda	1,000	0.00009
José Luis Oller Ariño	400	0.00004
Francisco Javier Ramos Gascón	2,251(3)	0.00021
Manuel Ríos Navarro	1,789	0.00017
José Serna Masiá	<u>4,754(4)</u>	0.00045
Total	<u>34,896</u>	0.00330

(1) 6,388 are held directly and 193 are held indirectly.

(2) Director appointed as representative of Caja Madrid to Endesa's board of directors. At April 28, 2001, Caja Madrid owned 53,043,481 of our shares, representing 5.01% of our outstanding share capital.

(3) 992 are held directly and 1,259 are held indirectly.

(4) 4,276 are held directly and 478 are held indirectly.

None of our executive officers beneficially owned shares representing one percent or more of our share capital.

Item 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

In accordance with Royal Decree 377/1991, concerning reporting requirements in connection with a significant ownership percentage of listed company's shares, the following are beneficial owners of more than 5% of our share capital at April 28, 2001.

Title of Class	Identity of Person or Group	Number of Shares Beneficially Owned	Percent of Class
Ordinary shares	Caja de Ahorros y Monte de Piedad de Madrid (Caja Madrid)	53,043,481	5.01%
Ordinary shares	Caja de Ahorros y Pensiones de Barcelona (La Caixa)	52,979,956	5.004%

Our major shareholders have the same voting rights as all other shareholders.

B. RELATED PARTY TRANSACTIONS

The aggregate amount of advances and loans granted to members of our Board of Directors at December 31, 2000 totaled €0.79 million, of which €0.76 million were outstanding at April 31, 2001. Of these loans and advances, €0.45 million accrue interest at MIBOR plus 0.5% and €0.34 million are interest-free. These advances and loans were made for terms in excess of 12 months.

Item 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

Financial Statements

See Item 18 for our consolidated financial statements.

Legal Proceedings

Two shareholders of Enher, representing 0.07% of Enher's share capital, have commenced a legal action against Endesa challenging the resolutions regarding the merger of Endesa and Enher approved at the general shareholders' meeting of April 22, 1998. We believe this action is completely without merit.

On May 30, 2000, Pérez Compañac S.A. (subsequently renamed Pecom Energía S.A.) and PCI Power Edesur Holding Limited (together "Pérez Compañac") commenced an action against Endesa of Chile, Chilectra and Enersis before the Arbitration Court of the International Chamber of Commerce, Paris, France (the "Arbitration Court"). Pérez Compañac petitioned the court either to:

- recognize its alleged right to nominate both a director and an alternate director in addition to the directors to whom it already has the right to nominate; or
- determine that Pérez Compañac and the Enersis group should each have an equal number of directors in Distrilec Inversora.

Endesa of Chile, Chilectra and Enersis have contested Pérez Compañac's action.

There are no other legal proceedings to which we are a party which are material to us. However, at December 31, 2000, we had a provision of €3,891.4 billion, of which €2,958.2 billion related to coverage for future liabilities (except pension funding liabilities) derived from the restructuring plans which are to be carried out as a consequence of the transition to competition. The rest of the provision relates to an estimated amount to cover probable or certain liabilities in current litigation and indemnities or contingent liabilities.

Dividend Policy

As in previous years, we expect to declare an interim dividend and a final dividend. The interim dividend is normally paid on the first business day of the year, following approval by the Board of Directors. The final dividend is normally paid on the first business day of July, following approval by the shareholders of our financial statements and management report at our general meeting of shareholders, which is usually held during the first half of the year.

The following table sets forth the interim, final and total dividends paid by Endesa per share in respect of each year indicated, in each case restated to give retroactive effect to Endesa's 4:1 stock split effected in 1997 and translated into U.S. dollars per ADS (each ADS representing the right to receive one share).

Year Ended December 31	euro per share			U.S. dollars per ADS(1)			% Increase from Prior Year
	Interim	Final	Total	Interim	Final	Total	
1996	0.150	0.271	0.421	0.189	0.304	0.493	28.7%
1997	0.168	0.295	0.463	0.184	0.313	0.497	8.1%
1998	0.192	0.337	0.529	0.217	0.348	0.565	13.7%
1999	0.216	0.373	0.589	0.217	0.355	0.572	11.4%
2000	0.240	0.410	0.650	0.227	0.347	0.574	10.2%

(1) Based on the Noon Buying Rates in effect at the respective payment dates, except for the final 2000 dividend which is converted, for comparison purposes only, at the Noon Buying Rate on May 31, 2001.

We currently intend to pay dividends in amounts that are consistent with our objective of maximizing value and return for our shareholders. Our policy is to maintain a competitive dividend payout rate. The amount of dividends, if any, paid by us in the future will depend on our results of operations, financial condition, cash requirements and other factors deemed relevant by the Board of Directors. In 2000 our rate of income distribution was 48.9%, which translated into a 10.2% increase in dividends per share from 1999.

Dividends payable by Endesa to holders of shares or ADSs not residing in Spain for tax purposes and not operating through a permanent establishment in Spain are subject to Spanish withholding tax at the rate of 18%, subject to reduction pursuant to applicable tax treaties.

Item 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

Market Price Information

Endesa's ordinary shares are currently listed on the Spanish stock exchanges in Madrid, Bilbao, Barcelona and Valencia and are traded on the Automated Quotation System of the Spanish stock exchanges. Endesa's ordinary shares are also listed on the Santiago Off Shore Stock Exchange in Chile.

Endesa's ADSs representing ordinary shares of Endesa are listed on the New York Stock Exchange. Each Endesa ADS represents one ordinary share of Endesa. Effective on May 18, 2000, Citibank, N.A. became Endesa's depositary issuing the ADRs evidencing the Endesa ADSs. Endesa's ticker symbol on the New York Stock Exchange is "ELE".

The table below sets forth, for the periods indicated, the reported high and low sales prices per Endesa ADS on the New York Stock Exchange. Prices have been adjusted to reflect all stock splits.

	Per ADS	
	High	Low
	(in U.S. dollars)	
1996	17.44	11.81
1997	22.34	14.97
1998	27.94	16.88
1999:		
First Quarter	30.25	24.44
Second Quarter	25.63	20.81
Third Quarter	21.63	18.44
Fourth Quarter	21.75	18.53
2000:		
First Quarter	23.75	17.94
Second Quarter	23.63	19
Third Quarter	21.25	18.44
Fourth Quarter	20	15.25
Month ended December 31,	17.25	15.25
2001:		
First Quarter	19.75	15.66
Month ended January 31,	19.75	16.69
Month ended February 28,	19.20	16.25
Month ended March 31,	16.97	15.66
Second Quarter (through June 15)	17.97	15.94
Month ended April 30,	17.97	16.15
Month ended May 31,	17.2	15.94
Month ended June 30, (through June 15)	17.04	16.2

At December 31, 2000, approximately 4.25% of our shares were held in the form of ADSs by 221 holders of record. The number of ADSs outstanding was 45,005,715 at December 31, 2000.

The table below sets forth, for the periods indicated, the reported high and low closing sale prices per Endesa share on the Automated Quotation System, which is the principal market for the shares. Prices have been adjusted to reflect all stock splits. Such prices have also been translated into dollars at the Noon Buying Rate on the respective dates of such quotations. See Item 3. “Key Information – Exchange Rates” regarding exchange rates applicable during the periods set forth below.

	Per Share		Per Share	
	High	Low	High	Low
	(in euro)		(in U.S. dollars)	
1996	13.88	9.66	17.79	12.87
1997	19.85	12.79	22.29	15.02
1998	25.96	15.66	27.94	16.89
1999:				
First Quarter	25.57	21.50	27.63	23.23
Second Quarter	23.97	19.65	24.71	20.26
Third Quarter	21.05	17.73	24.40	18.87
Fourth Quarter	20.85	17.62	20.90	17.70
2000:				
First Quarter	24.49	17.70	23.75	17.93
Second Quarter	24.54	20.09	23.45	20.85
Third Quarter	23.50	20.02	21.18	18.05
Fourth Quarter	23.05	17.23	20.78	15.53
Month ended November 30,	20.35	18.50	18.34	16.68
Month ended December 31,	19.20	17.23	17.31	15.53

	Per Share		Per Share	
	High	Low	High	Low
	(in euro)		(in U.S. dollars)	
2001:				
First Quarter	20.45	17.70	18.43	15.95
Month ended January 31,	20.10	17.70	18.12	15.95
Month ended February 28,	20.45	18.10	18.43	16.31
Month ended March 31,	19.69	18.01	17.74	16.23
Second Quarter (through June 15)	20.00	18.20	18.03	15.70
Month ended April 30,	20.00	18.20	18.03	16.34
Month ended May 31,	19.50	18.26	16.49	15.70
Month ended June 30, (through June 15)	19.84	19.26	17.12	16.28

(1) Share prices in Spanish pesetas for years 1996, 1997 and 1998 have been translated into euro at the irrevocably fixed rate of exchange of Ptas 166.386 = €1.00. Since January 1999, Endesa shares prices have been quoted in euro.

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

Spanish Securities Market

The Spanish securities market for equity securities (the “Spanish stock exchanges”) consists of the four stock exchanges located in Madrid, Barcelona, Bilbao and Valencia (the “local exchanges”), the majority of the transactions on which are conducted through the Automated Quotation System (*Sistema de Interconexión Bursátil Español* or “S.I.B.E.”).

At December 31, 2000, there were 158 companies listed with shares traded through the Automated Quotation System. The total market capitalization of these companies at December 31, 2000, was approximately €525.8 billion (\$493.6 billion), and their reported trading volume for the year ended December 31, 2000, was €488.9 billion (\$459.0 billion).

Automated Quotation System

In April 1989, the Spanish stock exchanges began to implement the Automated Quotation System, a system of computer-based trading of securities that connects the four Spanish stock exchanges and eliminates the traditional differences among such exchanges. During 1998, the Automated Quotation System accounted for the majority of the total trading volume of equity securities on the Spanish stock exchanges. The remaining transactions involving only the local exchanges, and not the Automated Quotation System, were carried out on the local stock exchanges.

The Automated Quotation System provides those securities listed on it with a uniform continuous market that eliminates certain of the differences among the local exchanges. The principal feature of the system is the computerized matching of buy and sell orders at the time of entry of the order. Each order is executed as soon as a matching order is entered, but can be modified or canceled until executed. The activity of the market can be continuously monitored by investors and brokers. The Automated Quotation System is quoted and regulated by Sociedad de Bolsas, S.A. (the “Sociedad de Bolsas”), a corporation owned by the companies that manage the local exchanges. All trades on the Automated Quotation System must be placed through a brokerage firm, an official stock broker or a dealer firm.

Each trading session starts with a pre-opening or auction session held from 8:30 a.m. to 9:00 a.m. in which orders may be entered, modified or cancelled, but are not executed. In such pre-opening session an opening price is established for each security traded on the Automated Quotation System based on orders placed at that time. If none of the existing bid and ask orders may be matched, no opening price is fixed at the end of the pre-opening or auction session and such session is extended as required. As a general rule, the opening price must be within 15% of the

previous day closing price. If exceptional circumstances occur, the Sociedad de Bolsas may take any measures it deems appropriate such as modifying the 15% limit up to the limit required.

The computerized trading hours are from 9:00 a.m. to 5:30 p.m. During the trading session, the trading price of a security is permitted to vary up to a maximum so-called “static” range of the reference price, provided that the trading price for each trade of such security is not permitted to vary in excess of a maximum so-called “dynamic” range with respect to the trading price of the immediately preceding trade of the same security. If, during the trading session, there exist matching bid and ask orders over a security within the computerized system which exceed any of the above “static” and “dynamic” ranges, trading on the security is automatically suspended and a new auction is held where a new reference price is set, and the “static” and “dynamic” ranges will apply over such reference price. The “static” and “dynamic” ranges applicable to each particular security are set up and reviewed periodically by the Sociedad de Bolsas.

Between 5:30 p.m. and 8:00 p.m., trades may occur outside the computerized matching system without prior authorization of the Sociedad de Bolsas, at a price within the range of 5% above the higher of the average price and closing price for the day and 5% below the lower of the average price and closing price for the day, if there are no outstanding bids or offers, as the case may be, on the system matching or bettering the terms of the proposed off-system transaction, and if the trade involves more than €0.30 million and more than 20% of the average daily trading volume of the stock during the preceding three months. At any time trades may take place (with the prior authorization of the Sociedad de Bolsas) at any price if the trade

- involves more than €1.5 million and more than 40% of the average daily trading volume of the stock during the preceding three months;
- relates to a merger or spin-off of a listed company;
- relates to the reorganization of a business group;
- involves certain types of contracts or complex structures; or
- if the Sociedad de Bolsas finds other justifiable cause.

Information with respect to computerized trades between 9:00 a.m. and 5:30 p.m. is made public immediately, and information with respect to trades outside the computerized matching system is reported to the Sociedad de Bolsas by the end of the trading day and published in the *Boletín de Cotización* and in the computer system by the beginning of the next trading day.

Clearance and Settlement System

Transactions carried out on the Spanish stock exchanges are cleared and settled through the Servicio de Compensación y Liquidación de Valores, S.A. (the “SCLV”). Only members of the system are entitled to use it, and membership is restricted to authorized broker members of the Spanish stock exchanges and, with the approval of the Comisión Nacional del Mercado de Valores (“CNMV”), other brokers not members of the Spanish stock exchanges, banks, savings banks and foreign settlement and clearing systems. Under the new provisions of the Securities Markets Act, non-resident institutions are also permitted to carry out similar activities provided they meet the Spanish government’s requirements. The SCLV is owned by its members and by the companies which manage the local exchanges. The clearance and settlement system and its members are responsible for maintaining records of purchases and sales under the book entry system. The SCLV, which manages the clearance and settlement system, maintains a registry reflecting the number of shares held by each of its member entities (*entidad adherida*) as well as the amount of such shares held on behalf of beneficial owners. Each member entity, in turn, maintains a registry of the owners of such shares. Royal Decree 2590/1998 (December 7, 1998) established a new procedure for the clearing and settlement of exchange dealings resulting from monetary policy operations executed by the European System of Central Banks.

Obtaining legal title to shares of a company listed on a Spanish stock exchange requires the participation of a Spanish official stockbroker, broker-dealer or other entity authorized under Spanish law to record the transfer of shares. Brokerage commissions are not regulated. Brokers’ fees, to the extent charged, will apply upon transfer of

title of shares from Citibank, N.A. (the “Depositary”) to a holder of American Depositary Receipts (“ADRs”) in exchange for such American Depositary Shares (“ADSs”), and upon any later sale of such shares by such holder. Transfers of ADSs do not require the participation of an official stockbroker. The Deposit Agreement, as amended and restated as of May 18, 2000 (the “Deposit Agreement”), provides that holders depositing shares with the Depositary in exchange for ADSs or withdrawing shares in exchange for ADSs will pay the fees of the official stockbroker or other person or entity authorized under Spanish law applicable both to such holder and to the Depositary.

Securities Market Legislation

The Securities Markets Act was enacted in 1988 with the purpose of reforming the organization and supervision of the Spanish securities markets. This legislation and the regulation implementing it

- established an independent regulatory authority, the CNMV to supervise the securities markets;
- established a framework for the regulation of trading practices, tender offers and insider trading;
- required stock exchange members to be corporate entities;
- required companies listed on a Spanish stock exchange to file annual audited financial statements and to make public quarterly financial information;
- established the legal framework for the Automated Quotation System;
- exempted the sale of securities from transfer and value added taxes;
- deregulated brokerage commissions; and
- provided for transfer of shares by book entry or by delivery of evidence of title.

On February 14, 1992, Royal Decree No. 116/92 established the clearance and settlement system and the book entry system, and required that all companies listed on a Spanish stock exchange adopt the book entry system.

In November of 1998, the Securities Markets Act was amended by Law 37/1998, which implements two EU directives into Spanish law. The first is Directive 93/22/CE, relating to investment services in securities, which was later amended by Directive 95/26/CE of the European Parliament and Council. The second is Directive 97/9/CE of the European Parliament and Council, relating to investor compensation systems.

The first directive modifies the Securities Markets Act by introducing the principle of “community passport” or “single license” pursuant to which a services company authorized by a Member State of the European Union can provide investment services and related activities in Spain by offering its services or establishing itself as a branch. This modification permits the direct admission of certain entities into the stock exchange area. The second directive enlarges the scope of the Securities Markets Act by extending the controls applicable to negotiable instruments to a broader list of financial instruments, such as financial exchange contracts, swaps, options, futures or installment financial contracts.

Other modifications under Law 37/1998 include:

- revocation of the Sociedades and Agencias de Valores’ monopoly in keeping the book entry records for the securities not admitted for trading on official markets;
- consideration of the secondary official markets as regulated markets, and amendments to the requirements for admission and exclusion of securities for trading on official secondary markets;
- amendment to the rules granting access to the capital stock of governing companies of stock exchanges;
- new regulation of several aspects concerning the Spanish Government Securities Market;

- delimiting the functions and conditions under which investment companies can operate in the markets;
- incorporation of the Investments Guarantee Fund in order to indemnify investors in cases where insolvency and bankruptcy proceedings of investment services companies may cause cash or securities conferred to them by an investor to become unavailable;
- increase of the CNMV's inspection, sanctioning and supervisory powers; and
- several amendments to different laws such as Stock Companies Act and, Companies Tax Act and Collective Investment Institutions Act.

Trading by Endesa and its Subsidiaries in Endesa Shares

The Spanish Corporations Law dated December 22, 1989 (the "Spanish Corporations Law") prohibits the purchase by Endesa and its subsidiaries of Endesa shares in the secondary market except in limited circumstances. Such a purchase of shares must be authorized by the general meeting of stockholders of Endesa and, in the case of a purchase of Endesa shares by a subsidiary of Endesa, also by a general meeting of shareholders of the subsidiary. The shares so purchased have no economic or voting rights while held by the Endesa group and have no voting rights while held by Endesa's subsidiaries. The purchaser must create reserves equal to the purchase price of any Endesa shares that are purchased and, if a subsidiary is the acquirer, the reserve must also be recorded by the parent company. The total number of Endesa shares held by Endesa and its subsidiaries may not exceed 5% of the total capital of the Endesa group. At December 31, 2000, Endesa owned 3,262,811 of its own shares, or approximately 0.31% of Endesa shares then outstanding. See Note 12 to the audited consolidated financial statements for information relating to transactions by Endesa in its own shares.

Royal Decree 377/1991 on the Reporting of Relevant Holdings and Acquisition of Treasury Stock provides that any holding of its own equity stock by a company or by its affiliates equaling 1% or more of the capital stock must be reported to the CNMV within seven business days.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

Item 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

The following summary of the current terms of the capital stock of Endesa is not meant to be complete and is qualified by reference to the Endesa by-laws (*estatutos*).

Set forth below is condensed information concerning the ordinary shares and a summary of certain provisions of Endesa's by-laws in effect at the date hereof and of certain requirements of Spanish law. This summary contains all material information concerning the Endesa ordinary shares but does not purport to be complete. References to provisions of the by-laws are qualified in their entirety by reference to the by-laws which have been filed as an exhibit to this annual report.

General

The issued capital of Endesa at December 31, 2000 was €1,270,502,540.40 divided into a single series of 1,058,752,117 ordinary shares in book-entry form, with a nominal value of €1.20 each. All of the ordinary shares are fully paid and non-assessable. Non-residents of Spain may hold and vote ordinary shares subject to the restrictions set forth under “— Foreign Investment and Exchange Control Regulations.”

We are registered with the Commercial Registry of Madrid (Spain). Our registration number at the Commercial Registry of Madrid is volume 468, book 51, section 3, folio 80, page 434. Our business objective, as described in Article 2 of the Articles of Association, consists of:

- various commercial and industrial activities in the electric business sector;
- the exploitation of all types of primary energy resources;
- the rendering of industrial services, especially telecommunications, water and gas services; and
- the management of the business group, composed of shareholdings in other companies.

Directors

All members of the Board of Directors are elected by a majority of our shareholders at the annual general meeting of shareholders to serve four-year terms.

The articles of association provide that directors must retire from the Board of Directors at age 70. The age limit for the position of Managing Director is 65, but Managing Directors may continue to serve as Directors until age 70.

Dividend and Liquidation Rights

The Board of Directors of Endesa has normally declared an interim dividend in the fourth quarter of each year. Payment of final dividends is proposed by the Board of Directors and must be authorized by the shareholders at the annual general meeting. Holders of newly-issued ordinary shares participate in such dividends for each year from the date agreed by the general shareholders' meeting. According to the Spanish corporations law and Endesa's by-laws, dividends may be paid out of profits or distributable reserves only if (1) the value of Endesa's net worth is not, and as a result of distribution would not be, smaller than the capital stock and (2) the amount of distributable reserves is equal to or greater than the amount of any pending amortization of start-up costs, certain research and development expenses and goodwill. Pursuant to the deposit agreement dated as of May 18, 2000 with Citibank, N.A., as depositary, under which ADSs are issued, the depositary will receive such dividends with respect to ordinary shares underlying the ADSs. The right to a dividend lapses and reverts to Endesa if it is not claimed within five years after it becomes due.

Upon a liquidation of Endesa, stockholders would be entitled to receive *pro rata* any assets remaining after the payment of Endesa's debts and taxes and expenses of the liquidation.

Legal Reserve

Under Spanish law, Endesa is required to allocate 10 percent of each fiscal year's profit to a legal reserve, until such reserve reaches at least 20 percent of Endesa's capital stock. The legal reserve may only be allocated to offset losses if there are not other available reserves sufficient for this purpose. Endesa's legal reserve currently meets this 20 percent requirement.

General Meetings

The annual general meeting of shareholders of Endesa is held in Madrid within the first six months of each fiscal year on a date fixed by the Board of Directors. Extraordinary meetings may be called from time to time by Endesa's Board of Directors whenever deemed appropriate or at the request of shareholders representing

five percent of the outstanding share capital. Notices of all meetings are published in the Commercial Registry's Official Gazette and in one of the newspapers with a large circulation in the Madrid area at least 15 days before the date fixed for the meeting or at least one month before the date fixed for the meeting if the agenda includes a proposal relating to a merger or split-up.

Attendance and Voting at General Stockholders' Meetings

Record holders of at least 50 Endesa ordinary shares may attend general shareholders' meetings. Holders of less than 50 Endesa ordinary shares may join other shareholders in order to hold an aggregate of at least 50 Endesa ordinary shares and may then appoint a representative to attend the meeting and vote their ordinary shares. Only holders of record of shares may attend the meeting.

Proxies may be given only to individuals acting in their individual capacity or to legal entities, must be in writing and are valid only for a single meeting. The representative may not represent more than 3% of the share capital. A proxy may be revoked by written notice to Endesa prior to the meeting or by attendance by the shareholders at the meeting.

Only holders of ordinary shares

- duly registered in the corresponding book entry record at least five days prior to the day on which a meeting is scheduled to be held in the manner provided for in the notice with respect to the meeting; and
- holding the corresponding card (*tarjeta de asistencia*) issued by the relevant entity which maintains records under the book-entry system (See “—Registration and Transfers”) at least two days prior to the meeting

may attend and vote at the meeting.

Subject to the above, the depository (or its nominee) is entitled to vote the ordinary shares underlying the ADSs. The deposit agreement requires the depository (or its nominee) to accept voting instructions from holders of ADRs and to execute such instructions to the extent permitted by law.

In accordance with Spanish law, our by-laws provide that the quorum requirement for shareholders' meetings is that established by law, which in turn provides that, on first call, a duly constituted ordinary or extraordinary general meeting of shareholders requires the presence in person or by proxy of shareholders representing at least 25% of the paid-in capital of Endesa. On second call there is no quorum requirement. Consideration of such extraordinary matters as modifications of our by-laws including changes in our share capital, bond issuances, merger, split-up, dissolution or changes in corporate form requires on first call the presence in person or by proxy of shareholders representing at least 50% of the paid-in capital of Endesa, and on second call the presence in person or by proxy of shareholders representing at least 25% of the paid-in capital. If on this second call, the shareholders present in person or by proxy represent less than 50% of the paid-in capital, the resolutions relating to extraordinary matters may be adopted only with the vote of shareholders representing two-thirds of the capital present or represented at such meeting. A resolution relating to an amendment to limit voting rights requires the affirmative vote of a majority of the outstanding capital entitled to vote at both first and second call.

Resolutions at general meetings are in all other cases passed by a simple majority of the votes cast. In general, resolutions passed by a general meeting are binding upon all shareholders. In certain circumstances (such as change in corporate purpose or certain changes in corporate form), Spanish law gives dissenting or absent shareholders the right to have their ordinary shares redeemed by Endesa at prices determined in accordance with established formulae.

Shares held by Endesa or subsidiaries of Endesa are counted for purposes of determining quorums although they have no vote.

At the general meeting of shareholders of May 12, 1998, the shareholders passed a resolution to limit the voting rights attaching to the ordinary shares such that the shareholders shall have the right to one vote for each ordinary share which they own or represent, except that no shareholder may exercise a number of votes which exceeds the number of votes which corresponds to 10% of the total capital stock with voting rights existing from time to time even though the number of ordinary shares held by such shareholder exceeds 10% of the capital stock of Endesa. This limitation applies to the number of votes cast by any two shareholding companies which belong to the same group of companies or to any two or more shareholding companies which are controlled by any one shareholder, whether the ordinary shares held by such companies are issued jointly or separately. In spite of the limitations on voting rights, all of the ordinary shares belonging to one holder, or to one group of companies or to one person and the companies which such person controls will be included together for the purpose of establishing whether a quorum is present for the carrying on of business at any general shareholders' meeting.

Registration and Transfers

Our ordinary shares are in book-entry form. Ordinary shares are indivisible. Co-owners of one share must designate a single person to exercise their shareholders' rights, but they shall be jointly and severally liable to Endesa for all the obligations relating to their status as shareholders.

The SCLV, which manages the clearance and settlement system of the Spanish stock exchanges, maintains a registry reflecting the number of ordinary shares held by each of its member entities, as well as the amount of such shares held on behalf of beneficial owners. Each member entity, in turn, maintains a registry of the owners of such shares.

Transfers of ordinary shares quoted on a Spanish stock exchange must be made through or with the participation of a member of a Spanish stock exchange that is an authorized broker or dealer (*Sociedad o Agencia de Valores*) by book-entry registry.

Requirement of Government Approval for Certain Transactions

On May 14, 1998, the Spanish Council of Ministers (*Consejo de Ministros*) adopted Royal Decree 929/1998, as amended by Royal Decree 1113/1999 of June 25, pursuant to Law 5/1995 which requires, for a period of ten years from the date on which the government's ownership of Endesa falls below 15%, prior government approval for:

- the direct or indirect acquisition by a single group or individual of five percent or more of the capital stock of Endesa (not including its consolidated subsidiaries) or any securities which confer directly or indirectly a right to subscribe or acquire five percent or more of the capital stock of Endesa;
- the direct or indirect acquisition by a single group or individual of 10% or more of the capital stock of any of the relevant companies (as defined below) or any securities which confer directly or indirectly a right to subscribe or acquire 10% or more of the capital stock of any of the relevant companies;
- any resolution to sell, dispose of or encumber in any way any of the capital stock in any relevant company of which Endesa may be the holder or any securities held by Endesa which confer a right to subscribe or acquire capital stock of such relevant company; or
- any resolution by Endesa or any of the relevant companies for the voluntary liquidation (*disolución voluntaria*) of such company, the split up (*escisión*) of such company or the merger (*fusión*) of such company with any other company.

For the purposes of the preceding paragraph, "relevant companies" means

- Endesa Generación, S.A.;

- Endesa Distribución, S.A.;
- Endesa Energía, S.A.;
- Endesa Diversificación, S.A.;
- Fecsa-Enher I, S.A.
- Eléctricas Reunidas de Zaragoza I, S.A.;
- Electra de Viesgo I, S.A.;
- Compañía Sevillana de Electricidad I, S.A.;
- Unión Eléctrica de Canarias I, S.A.;
- Unión Eléctrica de Canarias II, S.A.;
- Gas y Electricidad I, S.A.;
- Gas y Electricidad II, S.A.;
- Empresa Eléctrica de Córdoba, S.A. (ENECO);
- Empresa Carbonífera del Sur, Encasur, S.A. (ENCASUR);
- Endesa Telecomunicaciones, S.A.; and
- Carboex, S.A.

The consequences of carrying out any of the transactions described above without first obtaining the requisite government approval will be that any such acts, agreements or transactions will be null and void and strict limitations will apply to the voting and other rights attaching to any shares or securities which are subscribed, acquired or transferred pursuant to such unapproved transaction.

In December 2000, the Justice Tribunal of the European Community filed a complaint against the Kingdom of Spain with respect to the requirement for government approval in connection with certain transactions of Endesa and certain other Spanish companies.

Reporting Requirements

Because Endesa ordinary shares are listed on a Spanish stock exchange, agreements with respect to the acquisition or disposition of Endesa's ordinary shares must be reported within seven business days of the acquisition or disposal to Endesa, the CNMV, the relevant Spanish stock exchanges and, where the person or group effecting the transaction is a non-Spanish resident, the Spanish Registry of Foreign Investment, where:

- in the case of an acquisition, the acquisition results in that person or group holding (x) five percent (or successive multiples thereof) of Endesa's share capital, or (y) one percent (or successive multiples thereof) of Endesa's share capital if the acquiror or a person acting on his behalf is a resident of a "tax haven"; or
- in the case of a disposal, the disposal results in the existing holding of that person or group to fall below a threshold of (x) five percent (or successive multiples thereof) of Endesa's share capital, or (y) one percent (or successive multiples thereof) if the person or group or a person acting on his or its behalf is a resident of a "tax haven".

Any member of the Board of Directors must report to Endesa, the CNMV and the relevant Spanish stock exchanges, any percentage or number of shares and stock options held at the time of becoming a member of the Board of Directors. Endesa's officers must report to the CNMV any acquisition of Endesa's ordinary shares or options if such transactions are part of a compensation plan.

Furthermore, any member of the Board of Directors of Endesa must similarly report any acquisition or disposal, regardless of size, of ordinary shares or stock options.

Withholding Tax on Dividends

Dividends payable by Endesa to holders of shares or ADRs not residing in Spain for tax purposes and not operating through a permanent establishment in Spain are subject to a Spanish withholding tax at the rate of 18%, subject to reduction by applicable tax treaties. See “—Taxation — Spanish Tax Considerations.”

Preemptive Rights

Pursuant to the Spanish corporations law, shareholders and holders of convertible bonds have preemptive rights to subscribe for any new shares issued by Endesa, including ordinary shares, and for bonds convertible into shares. These preemptive rights may not be available under special circumstances if rescinded by a resolution passed at a meeting of shareholders in accordance with Article 159 of Spanish corporations law. Further, these preemptive rights, in any event, will not be available in the event of an increase in capital to meet the requirements of a convertible bond issue or a merger in which ordinary shares are issued as consideration. These preemptive rights are transferable, are traded on the Automated Quotation System of the Spanish stock exchanges and may be of value to existing shareholders because the new ordinary shares may be offered for subscription at prices lower than prevailing market price. Ordinary shares issuable upon exercise of preemptive rights must be registered under the U.S. Securities Act of 1933, as amended, in order to be offered to holders of ADRs. If Endesa decided not to register such ordinary shares, the preemptive rights would not be distributed to holders of ADRs. Pursuant to the deposit agreement, however, holders of ADRs are entitled to receive their proportionate share of proceeds, if any, from the sale by the depositary of any preemptive rights pertaining to holders of ADRs.

C. MATERIAL CONTRACTS

None.

D. EXCHANGE CONTROLS

Foreign Investment and Exchange Control Regulations

Under present Spanish regulations, foreign investors may transfer invested capital, capital gains and dividends out of Spain without limitation as to amount other than applicable taxes. The Spanish stock exchanges and securities markets are open to foreign investors, although any foreign investment over 50% of the share capital of a Spanish company by an entity resident in a tax haven requires prior clearance from the Ministry of Economy. Any other purchase of shares by a foreign entity or individual only requires that the Spanish authorities be notified of such purchase.

E. TAXATION

Material Tax Considerations

The following is a discussion of the material Spanish and U.S. federal income tax consequences to you of the acquisition, ownership and disposition of the Endesa ADSs or shares.

This discussion only applies to you if you are (or will become) a beneficial owner of Endesa shares or ADSs and you are either:

- a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any state of the United States; or
- an estate or trust the income of which is subject to U.S. federal income tax without regard to its source.

The discussion of Spanish tax consequences below applies to you only if you are a non-resident of Spain and your ownership of Endesa ADSs or shares is not effectively connected with a permanent establishment or fiscal base in Spain.

You should consult your own tax advisor regarding the particular tax consequences to you of owning and disposing of Endesa ADSs or shares including your eligibility for the benefits of any treaty between Spain and the country of your residence for the avoidance of double taxation, the applicability or effect of any special rules to which you may be subject, and the applicability and effect of state, local, foreign and other tax laws and possible changes in tax law.

For purposes of the Spanish-U.S. income tax treaty and the U.S. Internal Revenue Code of 1986, as amended (the “Code”), United States holders of ADRs will generally be treated as the owners of the ADSs evidenced by the ADRs and of the shares represented by such ADSs.

Spanish Tax Considerations

The following discussion describes the material Spanish tax consequences to U.S. residents of the acquisition, ownership and disposition of Endesa ADRs, ADSs or ordinary shares. This discussion is based upon the tax laws of Spain and regulations thereunder, which are subject to change, possibly with retroactive effect.

Taxation of dividends

Under Spanish law, dividends paid by a Spanish resident company to a holder of shares or ADRs not residing in Spain for tax purposes and not operating through a permanent establishment in Spain are subject to an income tax withheld at source on the gross amount of dividends, currently at an 18% tax rate. However, under the Spanish-U.S. income tax treaty, you may be entitled to the reduced rate of 15%.

To benefit from the reduced rate of 15%, you must provide:

- a certificate from the United States Internal Revenue Service (the “IRS”) that to the best knowledge of the IRS you are a resident of the United States; and
- evidence from the depository (if you hold ADSs) or your broker (if you hold shares) representing that, at the dividend payment date, you are the beneficial owner of the ADSs or shares.

According to the Order of April 13, 2000, to get a direct application of the Spanish-U.S. income tax treaty-reduced rate of 15%, the certificate referred to above must be provided to our depository before the tenth day following the end of the month in which the dividends became payable. Otherwise, you may afterwards obtain a refund of the 3% withheld in excess of the 15% rate provided for in the Spanish-U.S. income tax treaty from the Spanish tax authorities.

Spanish refund procedure

According to Spanish Regulations on Non-Resident Income Tax, approved by Royal Decree 326/1999, dated February 26, 1999, as amended, a refund of the amount withheld in excess of the rate provided by the Spanish-U.S. income tax treaty can be obtained from the relevant Spanish tax authorities. To pursue the refund claim, if you are a

U.S. resident entitled to the benefits of the Spanish-U.S. income tax treaty, you are required to file all of the following:

- a Spanish 210 form;
- the IRS certificate referred to in the preceding section; and
- evidence that Spanish non-resident income tax was withheld with respect to you.

You are urged to consult your own tax advisor regarding refund procedures and any U.S. tax implications of refund procedures.

Taxation of capital gains

Under the Spanish law, any capital gains derived from securities issued by persons residing in Spain for tax purposes are considered to be Spanish source income and, therefore, are taxable in Spain. For Spanish tax purposes, income obtained by you if you are a U.S. resident from the sale of ADSs or ordinary shares of Endesa will be treated as capital gains. Spanish non-resident income tax is currently levied at a 35% tax rate on capital gains obtained by persons not residing in Spain for tax purposes who are not entitled to the benefit of any applicable treaty for the avoidance of double taxation.

Notwithstanding the above, capital gains derived from the transfer of shares in an official Spanish secondary stock market by any holder who is resident in a country that has entered into a treaty for the avoidance of double taxation with Spain containing an “exchange of information” clause will be exempt from taxation in Spain. Under the Spanish-U.S. income tax treaty, capital gains realized by you upon the disposition of ADSs or shares will not be taxed in Spain provided you have not held, directly or indirectly, 25% of the capital of Endesa during the twelve months preceding the disposition of the stock. In principle, you are required to establish that you are entitled to this exemption by providing to the relevant Spanish tax authorities an IRS certificate of residence in the United States, together with the appropriate Spanish tax form mentioned above.

Spanish wealth tax

Individuals not residing in Spain who hold shares or ADSs located in Spain are subject to the Spanish wealth tax (Spanish Law 19/1991), which imposes a tax on property located in Spain on the last day of any year. The Spanish tax authorities may take the view that all shares of Spanish corporations and all ADSs representing such shares are located in Spain for Spanish tax purposes. If such a view were to prevail, non-residents of Spain who held shares or ADSs on the last day of any year would be subject to the Spanish wealth tax for such year at marginal rates varying between 0.2% and 2.5% of the average market value of such shares or ADSs during the last quarter of such year. In relation to this tax, the Ministry of Economy and Finance will publish the average market value of such shares for the fourth quarter of the year.

Spanish inheritance and gift taxes

Transfers of shares or ADSs on death or by gift are subject to Spanish inheritance and gift taxes (Spanish Law 29/1987) if the transferee is a resident in Spain for tax purposes, or if the shares or ADSs are located or exercisable in Spain at the time of death or gift, regardless of the residence of the beneficiary. In this regard, the Spanish tax authorities may determine that all shares of Spanish corporations and all ADSs representing such shares are located in Spain for Spanish tax purposes. The applicable tax rate, after applying all relevant factors, ranges between 0 and 81.6% for individuals.

Gifts granted to corporations non-resident in Spain are subject to Spanish Non-Resident Income Tax at a 35% tax rate on the fair market value of the shares as a capital gain. If the donee is a United States corporation, the exclusions available under the Spanish-U.S. income tax treaty described in the section “Taxation of capital gains” above will generally be applicable.

Expenses of transfer

Transfers of ADSs or shares will be exempt from any transfer tax or value-added tax. Additionally, no stamp duty will be levied on such transfers.

United States Tax Considerations

General

The following describes the material U.S. federal income tax consequences of the ownership and disposition of Endesa ADSs or ordinary shares. The discussion is based on the tax laws of the United States, including the Code, its legislative history, final, temporary and proposed regulations, published rulings and court decisions, as well as on the Spanish-U.S. income tax treaty, all as currently in effect and all subject to change at any time, perhaps with retroactive effect.

This discussion deals only with Endesa ADSs or shares held by you as capital assets and does not address the tax treatment of persons that are subject to special treatment under the U.S. income tax laws. Persons subject to special treatment include, but are not limited to:

- banks, financial institutions, securities dealers or traders and insurance companies;
- tax-exempt entities;
- investors liable for the alternative minimum tax;
- investors that hold the Endesa ADSs or shares as part of straddles, hedging transactions or conversion transactions;
- United States holders that have an office or other fixed place of business or “tax home” outside the United States, or investors whose functional currency is not the U.S. dollar;
- persons who own ADSs or shares indirectly through foreign partnerships or other foreign pass-through entities;
- persons who acquired Endesa shares pursuant to the exercise of an employee stock option or otherwise as compensation; and
- persons owning directly, indirectly or by attribution 10% or more of the voting stock of Endesa.

Moreover, the effect of any applicable U.S. state or local tax laws is not discussed herein.

This discussion assumes that we are not, and will not become, a passive foreign investment company (a “PFIC”) for U.S. federal income tax purposes, as described more fully below. This discussion also assumes that each obligation of the deposit agreement dated as of May 18, 2000, as amended, between us, Citibank, N.A., as depositary, and all holders of Endesa ADSs and any related agreement will be performed in accordance with its terms and that the representations made by Citibank, N.A., as depositary, regarding the pre-release of Endesa ADSs are true. The U.S. Treasury has expressed concerns that parties to whom ADSs are released may be taking actions that are inconsistent with the claiming of foreign tax credits. Accordingly, the creditability of Spanish taxes described below could be affected by actions that may be taken by the U.S. Treasury.

Ownership and disposition of Endesa ADSs or ordinary shares

Taxation of dividends

Distributions paid on ADSs or ordinary shares out of current or accumulated earnings and profits, as determined for U.S. federal tax purposes, before reduction for any Spanish income tax withheld by us, will be taxable to you as foreign source dividend income and will not be eligible for the dividends-received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated first as a tax free return of capital to the extent of your basis in the shares and then as capital gain.

You will be required to include dividends paid in pesetas or euro in income in an amount equal to their U.S. dollar amount calculated by reference to the exchange rate in effect on the date such items are received. If you hold shares, dividends are received on the date you receive the distribution regardless of whether the pesetas or euro are converted into U.S. dollars. If you hold ADSs, that date is the date Citibank, N.A., receives the dividend. If items received in pesetas or euro are not converted into U.S. dollars on the day they are received, you may be required to recognize foreign currency gain or loss, which will be U.S. source ordinary income or loss, as the case may be, upon a subsequent sale or other disposition of the pesetas or euro.

Effect of Spanish withholding taxes

Payments of dividends on the ADSs or ordinary shares to foreign investors are subject to Spanish withholding taxes. For U.S. federal income tax purposes, you will be treated as having received the gross amount of any dividend, including Spanish taxes withheld by us, and then as having paid over the withheld taxes to the Spanish taxing authorities. As a result of this rule, the amount of income included in gross income for U.S. federal income tax purposes by you in connection with such payments will be greater than the amount of cash actually received or receivable by you from us.

Subject to generally applicable limitations and restrictions, you will be entitled to a credit against your U.S. federal income tax liability, or a deduction in computing your U.S. federal taxable income, for Spanish income taxes withheld by us. However, taxes withheld in excess of the rate provided in the Spanish-U.S. income tax treaty will not be eligible for this foreign tax credit or deduction unless you exhaust all remedies to recover such excess withholding, including the seeking of competent authority assistance from the IRS, without obtaining a refund. A description of how you can secure the rate provided in the Spanish-U.S. income tax treaty for withholding on dividends paid by us is contained in the discussion of Spanish tax consequences above. You may be required to recognize ordinary income or loss attributable to currency fluctuations upon your receipt of a refund in respect of Spanish withholding tax to the extent that the U.S. dollar value of the refund differs from the U.S. dollar equivalent of the refund amount on the date the underlying dividend was received.

You must satisfy minimum holding period requirements to be eligible to claim a foreign tax credit for foreign taxes withheld on dividends. A foreign tax credit is not allowed for foreign taxes withheld on dividends in circumstances where you are under an obligation to make related payments in connection with positions in “substantially similar or related property.” The limitation on foreign taxes eligible for credit is calculated separately for specific classes of income. For this purpose, depending on your particular circumstances, dividends paid by us on our shares will generally constitute “passive income” or “financial services income.” We urge you to consult your tax advisor to determine whether and to what extent a foreign tax credit would be available to you.

Sale or exchange

Upon a sale or exchange of Endesa ADSs or ordinary shares, you will recognize a capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realized on the sale or exchange and your adjusted tax basis in the ADSs or ordinary shares. This gain or loss will be long-term capital gain or loss if your holding period in the ADSs or ordinary shares exceeds one year. Any gain or loss will be U.S. source gain or loss.

Passive Foreign Investment Company rules

We believe that we are not a PFIC for U.S. federal income tax purposes for the current taxable year. However, since PFIC status depends upon the composition of a company's income and the market value of its assets, including, among others, equity investments in various entities, from time to time, there can be no assurance that we will not be considered a PFIC for any future taxable year. If we were a PFIC for any taxable year, certain adverse consequences could apply to you.

Backup withholding and other reporting requirements

Payments of dividends and other proceeds in connection with ADSs or ordinary shares by a U.S. paying agent or other U.S. intermediary may be reported to the IRS and to you. Backup withholding at the rate specified in the Code may apply to these payments if you fail to provide an accurate taxpayer identification number or fail to report all interest and dividends required to be shown on your federal income tax returns. Some persons, such as corporations are not subject to backup withholding. Depending on the type of person you are, you may qualify for exemption from backup withholding provided you comply with the procedure for obtaining the exemption. Any amounts withheld under the backup withholding rules may be refunded (or credited against the beneficial owner's U.S. federal income tax liability, if any), provided that the required information is furnished to the IRS.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENTS BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

Endesa files annual reports on Form 20-F with the SEC and furnishes periodic reports on Form 6-K to the SEC. You may read and copy any of these reports at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms.

Item 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the course of its business the Endesa group is exposed to the risk of fluctuations in interest and exchange rates. It seeks to minimize these risks by entering into hedging contracts and, in the case of exchange-rate risk, by balancing asset- and liability-generating operations and collections and payments to the extent possible.

The structure of group debt at December 31, 2000, distinguishing between fixed- and variable-rate debt, is as follows:

	<u>Fixed rate</u>	<u>Floating rate</u>	<u>Total</u>
		(millions of euro)	
Bonds and debentures	4,493.1	4,559.1	9,052.1
Commercial Paper	114.2	3,277.9	3,392.1
Bank debts	<u>1,421.3</u>	<u>7,801.9</u>	<u>9,223.1</u>
Total	<u><u>6,028.5</u></u>	<u><u>15,638.8</u></u>	<u><u>21,667.3</u></u>

All existing lending and derivatives operations at December 31, 2000 are described below. Average weighted interest rates are expressed as a margin applied to the benchmark rate indicated. The information presents the equivalent amount in pesetas. The exchange rates are those set by the Bank of Spain on December 29, 2000. The cash flows of the instruments are denominated in the currency indicated. All the commitments in foreign currencies appear both in the following tables and in the tables under the heading "Exchange-rate sensitivity".

Interest Rate Sensitivity

The following tables provide information on the derivatives of Endesa at December 31, 2000 and December 31, 1999 that are sensitive to interest rate fluctuations and include debt instruments, interest rate swaps and options. All the instruments are held for the purpose of hedging risks.

For debt commitments, the tables present the main cash flows and the average interest rates weighted by expected maturity date. For swaps, the tables present the notional amounts and the weighted interest rates in accordance with the expected maturity. The notional amounts are used to calculate the contractual payments to be exchanged in accordance with the agreement.

INTEREST-RATE SENSITIVITY
December 31, 2000

Debt	Denominated in	Maturity Dates						Total	Fair Value at December 31, 2000
		2001	2002	2003	2004	2005	Subsequent		
(millions of pesetas, except rates)									
FLOATING RATE DEBT									
Bank loans	EURO	13,982	286	286	286	286	1,157	16,283	16,283
Weighted average spread -Euribor		0.1%	0.1%	0.1%	0.1%	0.0%	0.1%		
Structured Loans	EURO	0	0	0	0	0	75,500	75,500	75,500
Weighted average spread - Euribor							(0.1)%		
EIB Loans	EURO	0					13,500	13,500	13,500
Weighted average spread - Euribor							(0.1)%		
Credits	EURO	250	41,642	201,478	2,677	0	0	246,047	246,047
Weighted average spread - Euribor		0.1%	0.1%	0.1%	0.1%	0.0%	0.0%		
Other loans and credits	EURO	1,168	218	0	0	5,236	2,682	9,304	9,304
Weighted average spread - Euribor		0.1%	0.1%	0.0%	0.0%	0.1%	0.1%		
MTN	EURO	0	11,490	49,267	89,451	0	385,309	535,517	535,517
Weighted average spread - Euribor		0.0%	0.1%	0.1%	0.2%	0.0%	0.2%		
Debentures and bonds	EURO	3,750	10,000	30,000	49,916	0	0	93,666	93,666
Weighted average spread - Euribor		0.0%	0.1%	0.0%	0.0%	0.0%	0.0%		
Debentures and bonds	EURO	0	0	0	0	0	0	0	0
Weighted average spread - Bank liabilities		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Euro commercial paper	EURO	387,386	0	0	0	0	0	387,386	387,386
Weighted average spread - Euribor		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Commercial paper	EURO	131,518	0	0	0	0	0	131,518	131,518
Weighted average spread - Euribor		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Other	EURO	15,862	0	0	0	0	0	15,862	15,862
Weighted average spread - Euribor		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Bank Loans	USD	68,153	348,525	89,579	18,351	36,558	22,596	583,762	583,762
Weighted average spread - Libor		0.8%	0.9%	1.7%	0.6%	0.7%	0.3%		
Credits	USD	37,711	2,115	86,596	0	0	0	126,422	126,422
Weighted average spread - Libor		0.1%	0.1%	0.1%	0.0%	0.0%	0.0%		
EIB Loans	USD	0	7,817	7,817	7,817	7,817	50,809	82,077	82,077
Weighted average spread - Libor		0.0%	(0.1)%	(0.1)%	(0.1)%	(0.1)%	(0.1)%		
Project Financing	USD	2,103	1,829	1,380	442	77	1,694	7,506	7,506
Weighted average spread - Libor		0.7%	0.7%	0.7%	0.6%	0.5%	0.5%		
Commercial paper	USD	26,492						26,492	26,492
Weighted average spread - Libor		0.0%							
MTN	USD			89,407				89,407	89,407
Weighted average spread - Libor				0.0%					
Bank Loans	CLP	14,538	0	0	0			14,538	14,538
Weighted average spread - TAB		1.9%	0	0	0				
Bank Loans	Brazilian Real	5,363						5,363	5,363
Weighted average spread - CDI		4.0%							
Project financing	Brazilian Real	2,700	2,435	2,704	547	574	450	9,411	9,411
Weighted average spread - FINEL		4.0%	4.0%	0.0%	0.0%	0.0%	0.0%		
Weighted average spread - IGPM		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%		
Public sector loans	Brazilian Real	3,159	381	0	2,847	467	5,173	12,028	12,028
Weighted average spread - TJLP		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Weighted average spread - TR		4.0%	0.0%	0.0%	4.0%	0.0%	0.0%		
Weighted average spread - IGPM		0.0%	1.0%	0.0%	0.0%	12.0%	12.0%		
Public sector loans	Brazilian Real	999	471	1,555	429	445	626	4,524	4,524
Weighted average spread - FINEL		6.2%	6.2%	6.2%	6.2%	6.2%	6.2%		
Weighted average spread - IGPM		12.0%	12.0%	12.0%	12.0%	0.0%	0.0%		
Local debentures and bonds	Brazilian Real	0	0	5,262	0	0	0	5,262	5,262
Weighted Average Spread		0.0%	0.0%	14.0%	0.0%	0.0%	0.0%		
Credits	Brazilian Real	10,060	0	0	0	0	0	10,060	10,060
Weighted Average Spread - CDI		0.5%	0.0%	0.0%	0.0%	0.0%	0.0%		

INTEREST-RATE SENSITIVITY
December 31, 2000

Debt	Denominated in	Maturity Dates						Total	Fair Value at December 31, 2000
		2001	2002	2003	2004	2005	Subsequent		
		(millions of pesetas, except rates)							
EIB Loans	CHF	863	863	863	863	0	0	3,452	3,452
Weighted average spread - Libor		3.8%	3.8%	3.8%	3.8%	0.0%	0.0%		
Credits	JPY	0	0	9,883	0	0	0	9,883	9,883
Weighted average spread - Libor		0.0%	0.0%	0.1%	0.0%	0.0%	0.0%		
Loans	JPY	14,582	11,754	17,897	178	0	0	44,411	44,404
Weighted average spread - Libor		2.5%	2.6%	2.7%	2.7%	0.0%	0.0%		
Bank loans	Other Currencies	2,947	220	220	220	359	0	3,966	3,966
Weighted average spread - DTF		1.5%	0.8%	0.8%	0.8%	0.8%			
Bank loans	Other Currencies	2,301	0	0	0	0	0	2,301	2,301
Weighted average spread - VAC		6.3%	0.0%	0.0%	0.0%	0.0%	0.0%		
Public sector loans	Other Currencies	286	286	286	286	778	0	1,922	1,922
Weighted average spread - CF BIRF		0.6%	0.7%	0.7%	0.8%	0.9%	0.0%		
Local bonds	Other Currencies	7,417	125	2,514	6,608	3,626	14,421	34,711	34,711
Weighted average spread - DTF		5.5%	3.4%	3.4%	3.4%	3.4%	3.4%		
TOTAL FLOATING		753,590	440,458	596,995	180,899	56,222	573,917	2,602,081	2,602,074

INTEREST-RATE SENSITIVITY
December 31, 2000

Maturity Dates

Debt	Denominated in	2001	2002	2003	2004	2005	Subsequent	Total	Fair Value at December 31, 2000
		(millions of pesetas, except rates)							
FIXED RATE DEBT									
Loans	EURO	18	18	18	18	18	218	308	258
Weighted average interest rate		2.2%	2.2%	2.2%	2.2%	2.2%	2.2%		
EIB loans	EURO	198	220	243	131	0	0	792	849
Weighted average interest rate		9.0%	9.0%	9.0%	9.0%	9.0%	0.0%		
Commercial Paper	EURO	0	0	0	0	0	7,000	7,000	7,000
Weighted average interest rate		0.0%	0.0%	0.0%	0.0%	0.0%	13.9%		
Debentures and bonds	EURO	6,750	10,000	0	14,875	49,916	93,276	174,817	172,468
Weighted average interest rate		6.6%	11.0%	0.0%	4.5%	4.5%	5.0%		
Structured loans	EURO	0	0	0	0	0	6,000	6,000	6,013
Weighted average interest rate		0.0%	0.0%	0.0%	0.0%	0.0%	4.2%		
MTN	EURO	0	0	0	0	0	75,731	75,731	75,549
Weighted average interest rate		0.0%	0.0%	0.0%	0.0%	0.0%	4.8%		
European Commercial Paper	EURO	12,000	0	0	0	0	0	12,000	12,000
Weighted average interest rate		4.5%	0.0%	0.0%	0.0%	0.0%	0.0%		
EIB loans	USD	52	58	63	35	0	0	208	242
Weighted average interest rate		14.4%	14.4%	14.4%	14.4%	0.0%	0.0%		
Bank loans	USD	46,503	31,784	22,357	860	892	2,888	105,285	108,949
Weighted average interest rate		7.8%	8.0%	6.5%	6.4%	6.5%	6.5%		
Public Sector Loans	USD	1,101	1,100	1,100	1,100	1,100	6,049	11,550	11,551
Weighted average interest rate		1.8%	1.8%	1.8%	1.8%	1.8%	2.0%		
Project financing	USD	0	0	1,557	948	948	1,550	5,003	5,003
Weighted average interest rate		2.5%	2.5%	2.5%	0.8%	0.8%	0.8%		
International debentures and bonds	USD	1,109	1,305	27,984	0	0	432,818	463,216	422,074
Weighted average interest rate		7.6%	7.6%	7.6%	0.0%	0.0%	7.6%		
Local debentures and bonds	USD	2,682	0	0	0	0	19,670	22,352	22,352
Weighted average interest rate		7.7%	0.0%	0.0%	0.0%	0.0%	8.6%		
Deferred customs duties	USD	744	449	917	190	569	0	2,868	2,868
Weighted average interest rate		9.0%	8.8%	8.6%	8.0%	8.0%	0.0%		
Other debt	USD	6,688	6,216	7,868	5,944	15,209	13,618	55,541	55,541
Weighted average interest rate		7.0%	7.0%	7.1%	7.1%	7.2%	7.2%		
Bank loans	CLP	18,057	3,318	401	401	486	758	23,420	44,453
Weighted average interest rate		8.7%	8.4%	9.0%	9.0%	9.0%	9.0%		
Debentures and bonds	CLP	4,705	290	647	690	739	4,393	11,465	10,721
Weighted average interest rate		7.2%	7.8%	7.8%	7.8%	7.8%	7.8%		
Credits	CLP	0	0	0	0	0	0	0	0
Weighted average interest rate		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Project Financing	CLP	0	0	0	0	0	0	0	0
Weighted average interest rate		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Short-Term Local	CLP	10,491	0	0	0	0	0	10,491	10,491
Weighted average interest rate		8.8%	0.0%	0.0%	0.0%	0.0%	0.0%		
Project Financing	Brazilian Real	0	0	0	0	0	583	583	583
Weighted average interest rate		0.0%	0.0%	0.0%	0.0%	0.0%	6.0%		
EIB Loans	CHF	37	42	47	25	0	0	150	151
Weighted average interest rate		6.9%	6.9%	6.9%	6.9%	0.0%	0.0%		
EIB Loans	JPY	53	60	67	37	0	0	216	246
Weighted average interest rate		9.4%	9.4%	9.4%	9.4%	0.0%	0.0%		
Bank Loans	Other Currencies	14,062	0	0	0	0	0	14,062	14,062
Weighted average interest rate		15.3%	0.0%	0.0%	0.0%	0.0%	0.0%		
TOTAL FIXED		125,249	54,859	63,269	25,253	69,876	664,552	1,003,058	983,425
TOTAL FIXED + FLOATING		878,839	495,317	660,264	206,152	126,098	1,238,468	3,605,139	3,585,499

INTEREST-RATE SENSITIVITY
December 31, 2000

	Denominated in	Maturity Dates						Total	Fair Value at December 31, 2000
		2001	2002	2003	2004	2005	Subsequent		
INTEREST RATE SWAPS									
SWAP in EUROS									
(millions of pesetas, except rates)									
From floating to fixed		205,000	6,939	107,231	206,118	20,000	213,210	758,497	10,235
Rate paid	ESP	2.8%	5.0%	3.3%	3.9%	4.6%	4.7%		
Spread received - Euribor	ESP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
From fixed to floating		0	10,000	79,916	84,861	49,916	345,067	569,760	(1,395)
Rate received	ESP	0.0%	11.0%	6.3%	3.6%	5.9%	5.4%		
Spread received - Euribor	ESP	0.0%	0.2%	0.0%	0.1%	0.3%	0.0%		
From floating to floating		0	0	0	0		92,139	92,139	1,879
Spread received - Euribor	ESP	0.0%	0.0%	0.0%	0.0%		0.3%		
Spread paid - Euribor	ESP	0.0%	0.0%	0.0%	0.0%		(0.1)%		
Interest rate Swap in foreign currency									
From fixed to floating		0	0	0	3,436	0	0	3,436	(67)
Rate received	CHF	0.0%	0.0%	0.0%	6.4%	0.0%	0.0%		
Spread paid - Libor	CHF	0.0%	0.0%	0.0%	3.8%	0.0%	0.0%		
From variable to variable		4,576						4,576	(4)
Spread received - USD	Brazilian Real	(1.5)%							
Spread paid - CDI	Brazilian Real	(3.5)%							
From fixed to variable		3,165						3,165	86
Spread received	Brazilian Real	3.9%							
Spread paid - CDI	Brazilian Real	3.7%							
From variable to variable		3,292						3,292	(27)
Spread received - USD	USD	3.3%							
Spread paid - USD	USD	4.1%							
From variable to fixed		5,722						5,722	51
Rate paid	USD	5.1%							
Spread received - Libor	USD	0.2%							
From fixed to variable				89,407				89,407	2,297
Rate received	USD			5.9%					
Spread paid - Libor	USD			0.0%					
INTEREST RATE OPTIONS									
COLLAR		20,000	84,983	95,000	55,000	0	15,736	270,719	1,904
Buy CAP - Euribor	ESP	4.5%	4.6%	4.7%	4.8%	0.0%	8.0%		
Sell Floor - Euribor	ESP	3.0%	3.1%	2.9%	3.5%	0.0%	5.1%		
CAP		19,000	176,000	0	0	0	0	195,000	79
Buy CAP -Euribor	ESP	7.6%	5.1%	0.0%	0.0%	0.0%	0.0%		
TOTAL		260,755	277,922	371,553	349,415	69,916	666,151	1,995,713	15,039

INTEREST-RATE SENSITIVITY
December 31, 1999

Maturity Dates

Debt	Denominated in	2000	2001	2002	2003	2004	Subsequent	Total	Fair Value at December 31, 1999
(in millions of Pesetas except for rates)									
FLOATING RATE DEBT									
Bank loans	EURO		10,286	286	286	286	1,431	12,575	12,575
Weighted average spread -Euribor			0.1%	0.1%	0.1%	0.1%	0.1%		
Structured Loans	EURO						7,000	7,000	7,000
Weighted average spread - Euribor							-0.1%		
EIB Loans	EURO						13,500	13,500	13,500
Weighted average spread - Euribor							-0.1%		
Credits	EURO	70,503				260,446		330,949	330,949
Weighted average spread - Euribor		0.1%				0.1%			
Intragroup Loans and credits	EURO	3,163						3,163	3,163
Weighted average spread - Euribor		0.1%							
MTN	EURO	93,412	8,311	11,490	40,948	84,861	326,923	565,945	565,945
Weighted average spread - Euribor		0.1%	0.0%	0.1%	0.1%	0.2%	0.3%		
Debentures and bonds	EURO	10,436		23,401	30,000	91,512		155,349	155,349
Weighted average spread - Euribor		-0.1%		0.1%	0.1%	0.1%			
Debentures and bonds	EURO		7,500					7,500	7,500
Weighted average spread - Bank liabilities			1.0%						
Euro commercial paper	EURO	270,087						270,087	270,087
Weighted average spread - Euribor		0.0%							
Commercial paper	EURO	271,907	19,467					291,374	291,374
Weighted average spread - Euribor		0.1%	0.1%						
Other	EURO	18	18	18	18	18	235	325	325
Weighted average spread - Euribor		0.1%	0.1%	0.1%	0.1%	0.1%	0.1%		
EIB Loans	CHF	815	815	815	815	816		4,076	4,076
Weighted average spread - Libor		3.8%	3.8%	3.8%	3.8%	3.8%			
MTN	CHF	15,549						15,549	15,549
Weighted average spread - Libor		0.1%							
Bank Loans	USD	39,577	475,295	31,156	11,903	11,318	38,799	608,047	608,047
Weighted average spread - Libor		0.1%	0.8%	1.2%	1.4%	1.5%	1.3%		
Credits	USD					46,049		46,049	46,049
Weighted average spread - Libor						0.1%			
EIB Loans	USD			7,240	7,240	7,240	54,301	76,021	76,021
Weighted average spread - Libor				-0.1%	-0.1%	-0.1%	-0.1%		
Project Financing	USD	1,607	1,506	1,179	1,128	757	1,886	8,063	8,063
Weighted average spread - Libor		0.6%	0.6%	0.6%	0.6%	0.6%	0.6%		
Debentures and bonds	USD	23,894					5,411	29,304	29,304
Weighted average spread - Libor		1.5%					1.7%		
MTN	USD				82,812			82,812	82,812
Weighted average spread - Libor					0.1%				
Bank Loans	CLP	1,162	556	14,260	878	878		17,734	17,734
Weighted average spread - TAB		1.1%	1.1%	1.2%	0.8%	0.8%			
Bank Loans	Brazilian Real	1,891						1,891	1,891
Weighted average spread - CDI		0.8%							
Project financing	Brazilian Real	1,113	591	701	568	552	3,412	6,936	6,936
Weighted average spread - FINEL		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%		
Weighted average spread - IGPM		8.0%	8.0%	8.0%	8.0%	8.0%	8.0%		
Public sector loans	Brazilian Real	1,302	1,737	1,323	26			4,389	4,389
Weighted average spread - TJLP		4.0%	4.0%	4.0%					
Weighted average spread - TR		6.0%	6.0%	6.0%					
Weighted average spread - IGPM		12.0%	12.0%	12.0%	12.0%				
Public sector loans	Brazilian Real	3,963	4,719	4,699	3,939	3,655	7,102	28,077	28,077
Weighted average spread - FINEL		6.2%	6.2%	6.2%	6.2%	6.2%	6.2%		
Weighted average spread - IGPM		12.0%	12.0%	12.0%	12.0%				

INTEREST-RATE SENSITIVITY
December 31, 1999

Maturity Dates

Debt	Denominated in	2000	2001	2002	2003	2004	Subsequent	Total	Fair Value at December 31, 1999
(in millions of Pesetas except for rates)									
Bank loans	Other Currencies	3,796	17,965					21,761	21,761
Weighted average spread - DTF . .		4.0%	4.0%						
Bank loans	Other Currencies	2,628	1,525					4,154	4,154
Weighted average spread - VAC . .		6.3%	6.3%						
Public sector loans	Other Currencies	275	275	275	275	275		1,375	1,375
Weighted average spread - CF BIRF		0.5%	0.5%	0.5%	0.5%	0.5%			
Other debts	Other Currencies			3,984		8,356		12,340	12,340
Weighted average spread - DTF . .				2.9%		2.9%			
Debentures and bonds	Other Currencies	16,196		3,602				19,798	19,798
Weighted average spread - DTF . .		2.9%		2.9%					
Debentures and bonds	Other Currencies						1,673	1,673	1,673
Weighted average spread - IPC . .							10.5%		
Debentures and bonds	Other Currencies	5,118	1,906					7,024	7,024
Weighted average spread - VAC . .		5.5%	5.5%						

INTEREST-RATE SENSITIVITY
December 31, 1999

Maturity Dates

Debt	Denominated in	2000	2001	2002	2003	2004	Subsequent	Total	Fair Value at December 31, 1999	
		(in millions of Pesetas except for rates)								
FIXED RATE DEBT										
EIB loans	EURO	179	179	179	179	257		973	1,097	
Weighted average interest rate		10.1%	10.1%	10.1%	10.1%	10.1%				
Commercial Paper	EURO	4,850						4,850	5,036	
Weighted average interest rate		11.7%								
Debentures and bonds	EURO	21,936	10,500			33,277	86,006	151,719	145,985	
Weighted average interest rate		5.0%	6.2%			4.5%	4.5%			
Structured loans	EURO	10,000					79,500	89,500	84,652	
Weighted average interest rate		4.7%					4.2%			
MTN	EURO		12,000				50,731	62,731	60,713	
Weighted average interest rate			3.6%				4.7%			
EIB loans	CHF	32	32	32	32	46		174	190	
Weighted average interest rate		6.9%	6.9%	6.9%	6.9%	6.9%				
Bank loans	USD	38,834	19,684	18,195	3,418	2,102	8,268	90,502	86,389	
Weighted average interest rate		7.6%	6.5%	6.6%	6.6%	6.6%	6.6%			
EIB loans	USD	43	43	43	43	64		236	257	
Weighted average interest rate		16.4%	16.4%	16.4%	16.4%	16.4%				
Public sector loans	USD	1,476	1,433	1,391	1,391	1,391	7,925	15,007	11,584	
Weighted average interest rate		1.7%	1.8%	1.9%	2.0%	2.1%	2.0%			
Project financing	USD	5,423	5,373	5,373	6,449	5,373	29,551	57,541	51,473	
Weighted average interest rate		6.8%	6.8%	6.8%	6.8%	6.9%	6.9%			
Debentures and bonds	USD	812	1,027	6,178	29,597	845	410,748	449,205	413,580	
Weighted average interest rate		8.5%	8.5%	8.5%	8.4%	7.8%	7.7%			
Other debts	USD	1,638	1,335	1,512	1,696	739	361	7,281	6,751	
Weighted average interest rate		6.7%	5.8%	6.1%	6.3%	6.3%	8.0%			
EIB loans	JPY	51	51	51	51	71		275	338	
Weighted average interest rate		9.4%	9.4%	9.4%	9.4%	9.4%				
MTN	JPY				16,196			16,196	16,007	
Weighted average interest rate					0.72%					
Bank Loans	JPY	125	1,305	1,305	1,305	1,305	1,431	6,776	7,683	
Weighted average interest rate		4.9%	4.9%	4.9%	4.9%	4.9%	4.9%			
Bank Loans	CLP	32,542	437	590	639	639	1,242	36,089	35,796	
Weighted average interest rate		9.0%	7.9%	8.0%	8.1%	8.2%	8.5%			
Debentures and bonds	CLP	8,487	5,856	1,101	1,174	1,325	7,619	25,562	24,304	
Weighted average interest rate		7.0%	7.1%	7.3%	7.3%	7.3%	7.2%			
Credits	CLP	15,956						15,956	15,905	
Weighted average interest rate		8.8%								
Project financing	CLP	5	7	2			1,966	1,979	2,026	
Weighted average interest rate		11.5%	11.5%	11.5%			11.5%			
C/P local	CLP	845	646				475	1,966	1,762	
Weighted average interest rate		7.15%	7.15%				7.15%			
Debentures and bonds	Brazilian Real				11,953			11,953	12,004	
Weighted average interest rate					14.0%					
Bank loans	Other Currencies	6,630	3,541	240	240	240	240	11,132	10,996	
Weighted average interest rate		13.5%	9.6%	4.3%	4.3%	4.3%	4.3%			
Debentures and bonds	Other Currencies		2,484					2,484	2,315	
Weighted average interest rate			7.7%							
Projects finance	Other Currencies	10						10	11	
Weighted average interest rate		9.8%								
C/P local	Other Currencies	2,375						2,375	2,393	
Weighted average interest rate		16.9%								
TOTAL FIXED + FLOATING		990,659	618,406	140,621	255,201	564,693	1,147,735	3,717,314	3,654,087	

INTEREST-RATE SENSITIVITY
December 31, 1999

	Denominated in	Maturity Dates						Total	Fair Value at December 31, 1999
		2000	2001	2002	2003	2004	Subsequent		
(Millions of Pesetas)									
INTEREST RATE SWAPS									
SWAP in EUROS									
From floating to fixed		0	205,000	0	81,865	206,118	207,849	700,832	19,258
Rate paid	ESP	0.0%	2.8%	0.0%	4.8%	3.9%	4.7%		
Spread received - Euribor	ESP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
From fixed to floating		5,000	0	10,000	30,000	0	28,000	73,000	11,743
Rate received	ESP	3.1%	0.0%	11.0%	8.8%	0.0%	6.9%		
Spread received - Euribor	ESP	-0.1%	0.0%	0.18%	0.10%	0.0%	-0.1%		
From floating to floating		30,000	6,925	0	0	0	68,500	105,425	886
Spread received - Euribor	ESP	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%		
Spread received - Euribor	ESP	0.0%	0.31%	0.0%	0.0%	0.0%	-0.1%		
Interest rate FRA									
Fra seller	ESP	2,978						2,978	5
Interest rate Swap in foreign currency									
From fixed to floating		0	0	0	0	4,073	0	4,073	(50)
Rate received	CHF	0.0%	0.0%	0.0%	0.0%	6.35%	0.0%		
Spread paid - Libor	CHF	0.0%	0.0%	0.0%	0.0%	3.8%	0.0%		
INTEREST RATE OPTIONS									
COLLAR		112,000	20,000	84,983	95,000	55,000	0	366,983	4,526
Buy CAP - Euribor	ESP	6.3%	4.5%	4.6%	4.7%	4.8%	0.0%		
Sell Floor - Euribor	ESP	3.7%	3.0%	3.1%	2.9%	3.5%	0.0%		
CAP		32,000	19,000	177,333	0	0	0	228,333	1,351
Buy CAP -Euribor	ESP	6.8%	7.6%	5.2%	0.0%	0.0%	0.0%		
TOTAL		181,978	250,925	272,316	206,865	265,191	304,349	1,481,623	37,719

Exchange Rate Sensitivity

The following tables provide information regarding financial instruments and derivatives of Endesa at December 31, 2000 and December 31, 1999 that are sensitive to exchange-rate fluctuations. These include bond instruments, currency swaps and exchange insurance. All the instruments are held for the purpose of hedging risks.

For debt commitments, the tables present the main cash flows and average interest-rate weighted by the expected maturity date. For swaps, the tables present the notional amounts and the interest-rate weighted by the expected contractually agreed expiry (maturity) date. For exchange-rate insurance, the tables show the notional amounts weighted by the expected maturity (contractual expiry) date. The notional amounts are used to calculate the contractual payments to be exchanged in accordance with the agreement.

The average weighted interest rates are presented as a margin applied to the benchmark rate indicated. Except where indicated, the information presents the equivalent amount in pesetas, since the peseta is the currency in which Endesa presents its accounts. The exchange rates used are those fixed by the Bank of Spain on December 29, 2000 with respect to the information at December 31, 2000 and on December 31, 1999 with respect to the information at December 31, 1999. The cash flows of the instruments are denominated in the currency indicated. All foreign-currency commitments appear in both the following tables and the tables under the heading "Interest-rate sensitivity".

EXCHANGE RATE SENSITIVITY
December 31, 2000

Debt	Denominated in	Maturity Dates						Total	Fair Value at December 31, 2000
		2001	2002	2003	2004	2005	Subsequent		
FLOATING RATE DEBT		(millions of pesetas, except rates)							
Bank Loans	USD	68,153	348,525	89,579	18,351	36,558	22,596	583,762	583,762
Weighted average spread - Libor		0.8%	0.9%	1.7%	0.6%	0.7%	0.3%		
Credits	USD	37,711	2,115	86,596	0	0	0	126,422	126,422
Weighted average spread - Libor		0.1%	0.1%	0.1%	0.0%	0.0%	0.0%		
EIB Loans	USD	0	7,817	7,817	7,817	7,817	50,809	82,077	82,077
Weighted average spread - Libor		0.0%	(0.1)%	(0.1)%	(0.1)%	(0.1)%	(0.1)%		
Project Financing	USD	2,103	1,829	1,380	422	77	1,694	7,506	7,506
Weighted average spread - Libor		0.7%	0.7%	0.7%	0.6%	0.5%	0.5%		
Commercial paper	USD	26,492						26,492	26,492
Weighted average spread - Libor		0.0%							
MTN	USD			89,407				89,407	89,407
Weighted average spread - Libor				0.0%					
Bank Loans	CLP	14,538	0	0	0			14,538	14,538
Weighted average spread - TAB		1.9%	0	0	0				
Bank Loans	Brazilian Real	5,363						5,363	5,363
Weighted average spread - CDI		4.0%							
Project financing	Brazilian Real	2,700	2,435	2,704	547	574	450	9,411	9,411
Weighted average spread - FINEL		4.0%	4.0%	0.0%	0.0%	0.0%	0.0%		
Weighted average spread - IGPM		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%		
Public sector loans	Brazilian Real	3,159	381	0	2,847	467	5,173	12,028	12,028
Weighted average spread - TJLP		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Weighted average spread - TR		4.0%	0.0%	0.0%	4.0%	0.0%	0.0%		
Weighted average spread - IGPM		0.0%	1.0%	0.0%	0.0%	12.0%	12.0%		
Public sector loans	Brazilian Real	999	471	1,555	429	445	626	4,524	4,524
Weighted average spread - FINEL		6.2%	6.2%	6.2%	6.2%	6.2%	6.2%		
Weighted average spread - IGPM		12.0%	12.0%	12.0%	12.0%	0.0%	0.0%		
Local debentures and bonds	Brazilian Real	0	0	5,262	0	0	0	5,262	5,262
Weighted Average Spread - IGPM		0.0%	0.0%	14.0%	0.0%	0.0%	0.0%		
Credits	Brazilian Real	10,060	0	0	0	0	0	10,060	10,060
Weighted Average Spread - CDI		0.5%	0.0%	0.0%	0.0%	0.0%	0.0%		
EIB Loans	CHF	863	863	863	863	0	0	3,452	3,452
Weighted average spread - Libor		3.8%	3.8%	3.8%	3.8%	0.0%	0.0%		
Credits	JPY	0	0	9,883	0	0	0	9,883	9,883
Weighted average spread - Libor		0.0%	0.0%	0.1%	0.0%	0.0%	0.0%		
Loans	JPY	14,582	11,754	17,897	178	0	0	44,411	44,404
Weighted average spread - Libor		2.5%	2.6%	2.7%	2.7%	0.0%	0.0%		
Bank loans	Other Currencies	2,947	220	220	220	359	0	3,966	3,966
Weighted average spread - DTF		1.5%	0.8%	0.8%	0.8%	0.8%			
Bank loans	Other Currencies	2,301	0	0	0	0	0	2,301	2,301
Weighted average spread - VAC		6.3%	0.0%	0.0%	0.0%	0.0%	0.0%		
Public sector loans	Other Currencies	286	286	286	286	778	0	1,922	1,922
Weighted average spread - CF BIRF		0.6%	0.7%	0.7%	0.8%	0.9%	0.0%		
Local bonds	Other Currencies	7,417	125	2,514	6,608	3,626	14,421	34,711	34,711
Weighted average spread - DTF		5.5%	3.4%	3.4%	3.4%	3.4%	3.4%		
TOTAL FLOATING		199,674	376,822	315,964	38,569	50,700	95,769	1,077,498	1,077,491

EXCHANGE RATE SENSITIVITY
December 31, 2000

Debt	Denominated in	Maturity Dates						Total	Fair Value at December 31, 2000
		2001	2002	2003	2004	2005	Subsequent		
		(millions of pesetas, except rates)							
FIXED RATE DEBT									
EIB loans	USD	52	58	63	35	0	0	208	242
Weighted average interest rate		14.4%	14.4%	14.4%	14.4%	0.0%	0.0%		
Bank loans	USD	46,503	31,784	22,357	860	892	2,888	105,285	108,949
Weighted average interest rate		7.8%	8.0%	6.5%	6.4%	6.5%	6.5%		
Public Sector Loans	USD	1,101	1,100	1,100	1,100	1,100	6,049	11,550	11,551
Weighted average interest rate		1.8%	1.8%	1.8%	1.8%	1.8%	2.0%		
Project financing	USD	0	0	1,557	948	948	1,550	5,003	5,003
Weighted average interest rate		2.5%	2.5%	2.5%	0.8%	0.8%	0.8%		
International debentures and bonds	USD	1,109	1,305	27,984	0	0	432,818	463,216	422,074
Weighted average interest rate		7.6%	7.6%	7.6%	0.0%	0.0%	7.6%		
Local debentures and bonds	USD	2,682	0	0	0	0	19,670	22,352	22,352
Weighted average interest rate		7.7%	0.0%	0.0%	0.0%	0.0%	8.6%		
Deferred customs duties.	USD	744	449	917	190	569	0	2,868	2,868
Weighted average interest rate		9.0%	8.8%	8.6%	8.0%	8.0%	0.0%		
Other debt	USD	6,688	6,216	7,868	5,944	15,209	13,618	55,541	55,541
Weighted average interest rate		7.0%	7.0%	7.1%	7.1%	7.2%	7.2%		
Bank loans	CLP	18,057	3,318	401	401	486	758	23,420	44,453
Weighted average interest rate		8.7%	8.4%	9.0%	9.0%	9.0%	9.0%		
Debentures and bonds	CLP	4,705	290	647	690	739	4,393	11,465	10,721
Weighted average interest rate		7.2%	7.8%	7.8%	7.8%	7.8%	7.8%		
Credits	CLP	0	0	0	0	0	0	0	0
Weighted average interest rate		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Project Financing	CLP	0	0	0	0	0	0	0	0
Weighted average interest rate		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Short-Term Local	CLP	10,491	0	0	0	0	0	10,491	10,491
Weighted average interest rate		8.8%	0.0%	0.0%	0.0%	0.0%	0.0%		
Project Financing	Brazilian Real	0	0	0	0	0	583	583	583
Weighted average interest rate		0.0%	0.0%	0.0%	0.0%	0.0%	6.0%		
EIB Loans	CHF	37	42	47	25	0	0	150	151
Weighted average interest rate		6.9%	6.9%	6.9%	6.9%	0.0%	0.0%		
EIB Loans	JPY	53	60	67	37	0	0	216	246
Weighted average interest rate		9.4%	9.4%	9.4%	9.4%	0.0%	0.0%		
Bank Loans	Other Currencies	14,062	0	0	0	0	0	14,062	14,062
Weighted average interest rate		15.3%	0.0%	0.0%	0.0%	0.0%	0.0%		
TOTAL FIXED		106,283	44,622	63,008	10,228	19,942	482,327	726,410	709,288
TOTAL FIXED + FLOATING		305,957	421,443	378,972	48,797	70,642	578,096	1,803,907	1,786,779

EXCHANGE RATE SENSITIVITY
December 31, 2000

	Denominated in	Maturity Dates						Total	Fair Value at December 31, 2000
		2001	2002	2003	2004	2005	Subsequent		
EXCHANGE RATE SWAPS									
(millions of pesetas, except rates)									
From variable to fixed		0	0	16,196	0	0	0	16,196	7
Rate paid	JPY	0.0%	0.0%	0.6%	0.0%	0.0%	0.0%		
Spread received	EURO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
From fixed to variable		12,012						12,012	841
Spread paid	EURO	(0.1)%							
Rate received	JPY	5.0%							
From variable to variable		0	0	0	0	49,662	0	49,662	3,484
Spread received	EUR					0.3%			
Spread paid	USD					0.3%			
From variable to variable				16,987				16,987	(1,319)
Spread received	JPY			2.7%					
Spread paid	USD			3.2%					
From fixed to variable				2,153			53,066	55,219	10,718
Rate received	USD			5.2%			6.0%		
Spread paid	EUR			0.0%			0.1%		
From variable to variable		55,820	11,490					67,311	(1,063)
Spread received	USD		0.1%						
Spread paid	EUR		(0.2)%						
From fixed to variable					4,590			4,590	246
Rate received	CZK				6.3%				
Spread paid	EUR				0.1%				
From variable to variable		83,950						83,950	(2,762)
Spread received	GBP								
Spread paid	EUR								
From variable to variable		14,178						14,178	(1,191)
Spread received	JPY								
Spread paid	EURO								
From variable to variable		1,387						1,387	2
Spread received	CHF								
Spread paid	EURO								
From variable to variable		2,211						2,211	(43)
Spread received	AUD								
Spread paid	EURO								
EXCHANGE RATE FORWARDS									
Forward	USD/CLP	252,578	0	0	0	0	0	252,578	(499)
TOTAL		422,136	11,490	35,336	4,590	49,662	53,066	576,280	8,421

EXCHANGE RATE SENSITIVITY
December 31, 1999

Debt	Denominated in	Maturity Dates							Fair Value at December 31, 1999
		2000	2001	2002	2003	2004	Subsequent	Total	
FLOATING RATE DEBT		(millions of pesetas, except rates)							
EIB Loans	CHF	815	815	815	815	816		4,076	4,076
Weighted average spread - Libor		3.8%	3.8%	3.8%	3.8%	3.8%			
MTN	CHF	15,549						15,549	15,549
Weighted average spread - Libor		0.1%							
Bank Loans	USD	39,577	475,295	31,156	11,903	11,318	38,799	608,047	608,047
Weighted average spread - Libor		0.1%	0.8%	1.2%	1.4%	1.5%	1.3%		
Credits	USD					46,049		46,049	46,049
Weighted average spread - Libor						0.1%			
EIB Loans	USD			7,240	7,240	7,240	54,301	76,021	76,021
Weighted average spread - Libor				(0.1)%	(0.1)%	(0.1)%	(0.1)%		
Project Financing	USD	1,607	1,506	1,179	1,128	757	1,866	8,063	8,063
Weighted average spread - Libor		0.6%	0.6%	0.6%	0.6%	0.6%	0.6%		
Debentures and bonds	USD	23,894					5,411	29,304	29,304
Weighted average spread - Libor		1.5%					1.7%		
MTN	USD				82,812			81,812	82,812
Weighted average spread - Libor					0.1%				
Bank Loans	CLP	1,162	556	14,260	878	878		17,734	17,734
Weighted average spread - TAB		1.1%	1.1%	1.2%	0.8%	0.8%			
Bank Loans	Brazilian Real	1,891						1,891	1,891
Weighted average spread - CDI		0.8%							
Project financing	Brazilian Real	1,113	591	701	568	552	3,412	6,936	6,936
Weighted average spread - FINEL		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%		
Weighted average spread - IGPM		8.0%	8.0%	8.0%	8.0%	8.0%	8.0%		
Public sector loans	Brazilian Real	1,302	1,737	1,323	26			4,389	4,389
Weighted average spread - TJLP		4.0%	4.0%	4.0%					
Weighted average spread - TR		6.0%	6.0%	6.0%					
Weighted average spread - IGPM		12.0%	12.0%	12.0%	12.0%				
Public sector loans	Brazilian Real	3,963	4,719	4,699	3,939	3,655	7,102	28,077	28,077
Weighted average spread - FINEL		6.2%	6.2%	6.2%	6.2%	6.2%	6.2%		
Weighted average spread - IGPM		12.0%	12.0%	12.0%	12.0%				
Bank loans	Other Currencies	3,796	17,965					21,761	21,761
Weighted average spread - DTF		4.0%	4.0%						
Bank loans	Other Currencies	2,628	1,525					4,154	4,154
Weighted average spread - VAC		6.3%	6.3%						
Public sector loans	Other Currencies	275	275	275	275	275		1,375	1,375
Weighted average spread - CF BIRF		0.5%	0.5%	0.5%	0.5%	0.5%			
Other Debts	Other Currencies			3,984		8,356		12,340	12,340
Weighted average spread - DTF				2.9%		2.9%			
Debentures and bonds	Other Currencies	16,196		3,602				19,798	19,798
Weighted average spread - DTF		2.9%		2.9%					
Debentures and bonds	Other Currencies						1,673	1,673	1,673
Weighted average spread - IPC							10.5%		
Debentures and bonds	Other Currencies	5,118	1,906					7,024	7,024
Weighted average spread - VAC		5.5%	5.5%						

EXCHANGE RATE SENSITIVITY
December 31, 1999

Debt	Denominated in	Maturity Dates						Total	Fair Value at December 31, 1999
		2000	2001	2002	2003	2004	Subsequent		
		(millions of pesetas, except rates)							
FIXED RATE DEBT									
EIB loans	CHF	32	32	32	32	46		174	190
Weighted average interest rate		6.9%	6.9%	6.9%	6.9%	6.9%			
Bank loans	USD	38,834	19,684	18,195	3,418	2,102	8,268	90,502	86,389
Weighted average interest rate		7.6%	6.5%	6.6%	6.6%	6.6%	6.6%		
EIB loans	USD	43	43	43	43	64		236	257
Weighted average interest rate		16.4%	16.4%	16.4%	16.4%	16.4%			
Public sector loans	USD	1,476	1,433	1,391	1,391	1,391	7,925	15,007	11,584
Weighted average interest rate		1.7%	1.8%	1.9%	2.0%	2.1%	2.0%		
Project financing	USD	5,423	5,373	5,373	6,449	5,373	29,551	57,541	51,473
Weighted average interest rate		6.8%	6.8%	6.8%	6.8%	6.9%	6.9%		
Debentures and bonds	USD	812	1,027	6,178	29,597	845	410,748	449,205	413,580
Weighted average interest rate		8.5%	8.5%	8.5%	8.4%	7.8%	7.7%		
Other debts	USD	1,638	1,335	1,512	1,696	739	361	7,281	6,751
Weighted average interest rate		6.7%	5.8%	6.1%	6.3%	6.3%	8.0%		
EIB loans	JPY	51	51	51	51	71		275	338
Weighted average interest rate		9.4%	9.4%	9.4%	9.4%	9.4%			
MTN	JPY				16,196			16,196	16,007
Weighted average interest rate					0.72%				
Bank Loans	JPY	125	1,305	1,305	1,305	1,305	1,431	6,776	7,683
Weighted average interest rate		4.9%	4.9%	4.9%	4.9%	4.9%	4.9%		
Bank Loans	CLP	32,542	437	590	639	639	1,242	36,089	35,796
Weighted average interest rate		9.0%	7.9%	8.0%	8.1%	8.2%	8.5%		
Debentures and bonds	CLP	8,487	5,856	1,101	1,174	1,325	7,619	25,562	24,304
Weighted average interest rate		7.0%	7.1%	7.3%	7.3%	7.3%	7.2%		
Credits	CLP	15,956						15,956	15,905
Weighted average interest rate		8.8%							
Project financing	CLP	5	7	2			1,966	1,979	2,026
Weighted average interest rate		11.5%	11.5%	11.5%			11.5%		
C/P local	CLP	845	646				475	1,966	1,762
Weighted average interest rate		7.15%	7.15%				7.15%		
Debentures and bonds	Brazilian Real				11,953			11,953	12,004
Weighted average interest rate					14.0%				
Bank loans	Other Currencies	6,630	3,541	240	240	240	240	11,132	10,996
Weighted average interest rate		13.5%	9.6%	4.3%	4.3%	4.3%	4.3%		
Debentures and bonds	Other Currencies		2,484					2,484	2,315
Weighted average interest rate			7.7%						
Projects finance	Other Currencies	10						10	11
Weighted average interest rate		9.8%							
C/P local	Other Currencies	2,375						2,375	2,393
Weighted average interest rate		16.9%							
TOTAL FIXED + FLOATING		234,168	550,145	105,247	183,770	94,035	582,409	1,749,774	1,698,837

The above tables do not indicate the extent to which Endesa would be affected by exchange-rate fluctuations as a result of conducting business outside Spain, including in Chile, Peru, Brazil, Argentina and Colombia. In general, the cash flows from operations in these countries are denominated in local currency and so the fluctuations in the exchange rates of these currencies against the peseta could have a positive or negative impact on the cash flows generated in these countries as expressed in pesetas and reflected in the financial statements of Endesa.

We are also exposed to market risk from changes in the market values of equity securities we hold for investment. We record such investments on our consolidated balance sheet at the lower of cost (revalued, if appropriate, pursuant to applicable legislation) or market value. For listed securities, market value is based on the lower of the average market price during the last quarter of the year and the market price at year end. For unlisted securities, market value is based on the underlying book value of the investment. We do not use derivative instruments, such as forward contracts, option contracts, interest rate swaps and forward rate agreements, to manage these market risks, nor do we hold or issue derivative or other financial instruments for trading purposes.

Item 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

Item 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

Item 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

Item 15. RESERVED

Not applicable.

Item 16. RESERVED

Not applicable.

PART III

Item 17. FINANCIAL STATEMENTS

The Registrant has responded to Item 18 in lieu of responding to this Item.

Item 18. FINANCIAL STATEMENTS

See Item 19(a) for a list of financial statements filed under Item 18.

Item 19. EXHIBITS

(a) List of Financial Statements

	Page
Report of Arthur Andersen for the Endesa Group	F-2
Report of Ernst & Young for Electra de Viesgo, S.A. for the year 1998	F-4
Report of Ernst & Young for Eléctricas Reunidas de Zaragoza, S.A. for the year 1998	F-5
Report of Deloitte & Touche Tohmatsu for Enersis S.A. for the year 1998	F-6
Report of Deloitte & Touche Tohmatsu for Empresa Nacional de Electricidad S.A. (Endesa of Chile) for the years 1999 and 2000	F-7
Consolidated Balance Sheets as of December 31, 2000 and 1999	F-8
Consolidated Statements of Income for the Years Ended December 31, 2000, 1999 and 1998	F-10
Notes to the Consolidated Financial Statements	F-11
Supplemental Financial Statement Schedules	F-11

(b) List of Exhibits

- 1.1 Articles of Association, as amended
- 1.2 Articles of Association, as amended (English translation)
- 8.1 List of Subsidiaries

SIGNATURES

The Registrant certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

ENDESA, S.A.

By: /s/ José Luis Palomo Alvarez

Name: José Luis Palomo Alvarez

Title: Director of Finance and
Economics

Date: July 2, 2001

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Arthur Andersen for the Endesa Group	F-2
Report of Ernst & Young for Electra de Viesgo, S.A. for the year 1998	F-4
Report of Ernst & Young for Eléctricas Reunidas de Zaragoza, S.A. for the year 1998	F-5
Report of Deloitte & Touche Tohmatsu for Enersis S.A. for the year 1998	F-6
Report of Deloitte & Touche Tohmatsu for Empresa Nacional de Electricidad S.A. (Endesa of Chile) for the years 1999 and 2000	F-7
Consolidated Balance Sheets as of December 31, 2000 and 1999	F-8
Consolidated Statements of Income for the Years Ended December 31, 2000, 1999 and 1998	F-10
Notes to the Consolidated Financial Statements	F-11
Supplemental Financial Statement Schedules	S-1

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and the Board of
Directors of Endesa, S.A. and its Subsidiaries:

1. We have audited the consolidated balance sheets of Endesa, S.A. and Subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, cash flows and changes in the stockholders' equity for each of the three years in the period ended December 31, 2000, all expressed in Spanish pesetas. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the 1998 consolidated financial statements of Eléctricas Reunidas de Zaragoza, S.A. and Subsidiaries, Electra de Viesgo, S.A. and Subsidiaries, the investments in which are reflected in the consolidated financial statements referred to above using the global integration consolidation method, nor the 1998 consolidated financial statements of Enersis, S.A. and Subsidiaries, carried by the equity method, nor the 2000 and 1999 consolidated financial statements of Empresa Nacional de Electricidad, S.A. (Endesa Chile) and Subsidiaries incorporated by the global integration method. The Company's proportionate share of assets in those companies as of December 31, 2000 and 1999, represents 21.2% and 20.9% of total assets, respectively, and the proportionate share in their net sales as of December 31, 2000, 1999 and 1998 represented 4.4%, 3.2% and 10.1%, respectively, of the related consolidated totals. The consolidated financial statements of Eléctricas Reunidas de Zaragoza, S.A. and Subsidiaries, Electra de Viesgo, S.A. and Subsidiaries, Enersis, S.A. and Subsidiaries and Empresa Nacional de Electricidad, S.A. (Endesa Chile) and Subsidiaries for the years above mentioned were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for these companies, is based solely on the reports of the other auditors.
2. We conducted our audits in accordance with generally accepted auditing standards in Spain and the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
3. In our opinion, based on our audit and on the reports of the other auditors as discussed in paragraph 1 above, the consolidated financial statements referred to above present fairly, in all material respects, the net worth and financial position of Endesa, S.A. and Subsidiaries as of December 31, 2000 and 1999, and of the funds obtained and applied by them and of the results of their operations for each of the three years ended December 31, 2000, 1999 and 1998, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards in Spain applied on a consistent basis.

4. Accounting practices used by Endesa, S.A. in preparing the consolidated financial statements referred to above conform with generally accepted accounting principles in Spain, but do not conform with accounting principles generally accepted in the United States. A description of these differences and a complete reconciliation as permitted by Form 20-F of consolidated net income and shareholders' equity to United States generally accepted accounting principles is set forth in Note 26.

/s/ ARTHUR ANDERSEN

Madrid, Spain
March 30, 2001

**INDEPENDENT AUDITORS' REPORT ON THE
CONSOLIDATED ANNUAL ACCOUNTS OF
ELECTRA DE VIESGO, S.A.**

To the Shareholders of Electra de Viesgo, S.A.

We have audited the consolidated annual accounts of Electra de Viesgo, S.A. and its Subsidiaries consisting of the consolidated balance sheet at December 31, 1998, the consolidated profit and loss account and the consolidated notes for the year then ended (not presented separately herein), all expressed in millions of pesetas, whose preparation is the responsibility of the Directors of Electra de Viesgo, S.A. Our responsibility is to express an opinion on the aforementioned consolidated annual accounts as a whole, based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated annual accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with Spanish company legislation, the Directors of Electra de Viesgo, S.A. have presented, for comparative purposes only, for each of the items of the consolidated balance sheet, the consolidated profit and loss account and the consolidated statement of source and application on funds, corresponding amounts for the previous year as well as the amounts for 1998. Our opinion refers exclusively to the consolidated annual accounts for 1998. On April 1, 1998 we issued their audit report on the consolidated annual accounts for 1997 in which we expressed an unqualified opinion.

As indicated in Note 5, in accordance with the transitory provision of Royal Decree 437/1998 of March 20, which approves the adaptation of the General Chart of Accounts to the electricity industry and given that the Group will need to apply practically all the amounts it will receive as compensation for stranded costs to cover the costs of those generation plants that will not be recovered through future income, the estimated restructuring costs that the Group will incur in order to adapt itself to the new legal environment, amounting to 14,128 million pesetas (net of the tax effect), have been charged to distributable reserves.

In our opinion, the consolidated annual accounts for 1998 audited by us present fairly, in all material respects, the financial position of Electra de Viesgo, S.A. and its Subsidiaries at December 31, 1998, and the results of their operations and the resources obtained and applied for the year ended on that date, in conformity with generally accepted accounting principles in Spain.

ERNST & YOUNG
March 15, 1999

**INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED ANNUAL
ACCOUNTS OF ELECTRICAS REUNIDAS DE ZARAGOZA, S.A.**

To the Shareholders of Eléctricas Reunidas de Zaragoza, S.A.

We have audited the consolidated annual accounts of Eléctricas Reunidas de Zaragoza, S.A. and its Subsidiaries consisting of the consolidated balance sheet at December 31, 1998, the consolidated profit and loss account and the consolidated notes for the year then ended (not presented separately herein), all expressed in pesetas, whose preparation is the responsibility of the Directors of Eléctricas Reunidas de Zaragoza, S.A. Our responsibility is to express an opinion on the aforementioned consolidated annual accounts as a whole, based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated annual accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with Spanish company legislation, the Directors of Eléctricas Reunidas de Zaragoza, S.A. have presented, for comparative purposes only, for each of the items of the consolidated balance sheet, the consolidated profit and loss account and the consolidated statement of source and application on funds, corresponding amounts for the previous year as well as the amounts for 1998. Our opinion refers exclusively to the consolidated annual accounts for 1998. On March 27, 1998, we issued our audit report on the consolidated annual accounts for 1997 in which we expressed an unqualified opinion.

As disclosed in Notes 3.1 and 4 to the Consolidated Financial Statements, in agreement with the established in the additional disposition 45 of the Law 66/97, Eléctricas Reunidas de Zaragoza, S.A. and Energías de Aragón, S.A. charged against voluntary reserves 1.108 millions pesetas corresponding to the amount of complementary restructuring expenses charged last year, net of the fiscal effect, to be incurred in the adaptation to the new sector regulations and which will not recovered by the fixed remuneration by transit the competition. That accounting treatment is in agreement with the applicable legislation.

In our opinion, the consolidated annual accounts for 1998 audited by us present fairly, in all material respects, the financial position of Eléctricas Reunidas de Zaragoza, S.A. and its Subsidiaries at December 31, 1998, and the results of their operations and the resources obtained and applied for the year ended on that date, in conformity with generally accepted accounting principles in Spain.

ERNST & YOUNG
March 12, 1999

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Enersis S.A.

We have audited the accompanying consolidated balance sheets of Enersis S.A. and subsidiaries as of December 31, 1998 and the related consolidated statements of income and of cash flows for each of the two years in the period ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Enersis S.A. and subsidiaries as of December 31, 1998 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 1998, in conformity with accounting principles generally accepted in Chile.

As indicated in Note 3 to the financial statements, in 1998 the Company commenced amortization of intangible assets, and the method for the valuation of foreign investments was changed.

Accounting principles generally accepted in Chile vary in certain important respects from accounting principles generally accepted in the United States. The application of the latter would have affected the determination of consolidated net income expressed in Chilean pesos for each of the two years in the period ended December 31, 1998 and the determination of shareholders' equity, also expressed in Chilean pesos at December 31, 1998 to the extent summarized in Note 34 to the consolidated financial statements.

/s/ Deloitte & Touche Tohmatsu

Santiago, Chile

February 24, 1999, except for Note 33 for which
the date is March 9, 1999 and except for the
updating to December 31, 1999 currency,
for which the date is February 15, 2000)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Empresa Nacional de Electricidad S.A.:

We have audited the accompanying consolidated balance sheets of Empresa Nacional de Electricidad S.A. and subsidiaries as of December 31, 2000 and 1999 and the related consolidated statements of income and cash flows for each of the three years in the period ended December 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements for 1999 and 2000 of certain consolidated companies, which statements reflect total assets constituting 41.18% (37.17% in 1999) and total revenues constituting 48.56% (55.06% in 1999) as of December 31, 2000, of the related consolidated totals. Those financial statements were audited by other auditors for the purpose of the Company's Chilean annual financial statements and their reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for those companies for 1999 and 2000, is based solely on the reports of such other auditors.

We conducted our audits in accordance with generally accepted auditing standards in Chile and in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits (which include the reconciliation to accounting to accounting principles generally accepted in the United States of America) and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors as to 1999 and 2000, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Empresa Nacional de Electricidad S.A. and subsidiaries as of December 31, 2000 and 1999 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in Chile.

Accounting principles generally accepted in Chile vary in certain important respects from accounting principles generally accepted in the United States of America. The application of the latter would have affected the determination of consolidated net income expressed in Chilean pesos for each of the three years in the period ended December 31, 2000, and the determination of shareholder's equity, also expressed in Chilean pesos, at December 31, 1999 and 2000 to the extent summarized in Note 28 to the consolidated financial statements.

As explained in Note 3 to the financial statements, as from January 1, 2000, the Company and its subsidiaries implemented the Chilean accounting standards for the recording of deferred taxes and the treatment of concession contracts for public works.

The 2000 financial statements have been translated into United States dollars, as described in Note 29, solely for the convenience of the reader.

/s/ Deloitte & Touche Tohmatsu
Santiago, Chile
January 26, 2001

ENDESA, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2000 AND 1999

	Millions of \$	Millions of Pesetas	
	2000	2000	1999
ASSETS			
DUE FROM STOCKHOLDERS FOR UNCALLED CAPITAL	1	245	
FIXED AND OTHER NONCURRENT ASSETS	34,596	6,131,502	6,033,028
Start-up expenses	23	4,076	3,045
Intangible assets (Note 8)	426	75,430	122,349
Intangible assets and rights	711	125,991	165,843
Provisions and accumulated amortization	(285)	(50,561)	(43,494)
Utility plant (Note 9)	28,550	5,060,247	5,001,917
Land and structures	1,381	244,804	159,289
Technical electricity installations	44,992	7,974,131	7,583,719
Other installations, machinery, tools, furniture and other tangible fixed	1,703	301,858	420,977
Technical electricity installations in progress	1,724	305,475	328,601
Other construction work in progress	300	53,213	55,026
Accumulated depreciation of technical electricity installations	(19,834)	(3,515,151)	(3,237,453)
Other accumulated depreciation and provisions	(1,716)	(304,083)	(308,242)
Long-term financial investments (Note 10)	5,568	986,651	900,683
Investments carried by the equity method	1,105	195,842	293,722
Loans to companies carried by the equity method	438	77,658	22,488
Long-term investment securities	1,030	182,470	129,945
Other loans	651	115,398	127,349
Prepaid taxes (Note 17)	2,462	436,276	345,654
Provisions	(118)	(20,993)	(18,475)
Shares of the Controlling Company (Note 12)	29	5,098	5,034
GOODWILL IN CONSOLIDATION (Note 7)	4,633	821,143	739,854
DEFERRED CHARGES (Note 6)	639	113,258	434,108
CURRENT ASSETS	5,196	920,850	1,065,375
Due from stockholders for capital calls	-	-	12
Inventories (Note 11)	732	129,773	125,955
Accounts receivable	3,599	637,867	553,502
Customer receivables for sales and services	2,516	445,976	381,780
Receivable from companies carried by the equity method	43	7,640	6,181
Other accounts receivable	1,292	228,925	202,396
Provisions	(252)	(44,674)	(36,855)
Short-term financial investments	651	115,485	334,267
Short-term investment securities	58	10,219	21,786
Loans to companies carried by the equity method	-	77	7,751
Other loans	602	106,699	313,889
Provisions	(9)	(1,510)	(9,159)
Cash	179	31,702	45,232
Accrual accounts	34	6,023	6,407
TOTAL ASSETS	45,065	7,986,998	8,272,365

The accompanying Notes 1 to 26 are an integral part of these consolidated balance sheets.

	Millions of \$	Millions of Pesetas	
	2000	2000	1999
STOCKHOLDERS' EQUITY AND LIABILITIES			
STOCKHOLDERS' EQUITY (Note 12)	8,111	1,437,247	1,550,142
Capital stock	1,193	211,394	211,394
Additional paid-in capital	1,292	228,959	228,959
Revaluation reserve	1,614	286,070	286,070
Other reserves of the Controlling Company	3,387	600,178	664,085
Unrestricted reserves	2,825	500,617	563,414
Restricted reserves	562	99,561	100,671
Reserves at companies consolidated by the global or proportional integration method	441	78,176	85,979
Reserves at companies carried by the equity method	37	6,603	-
Translation differences at companies consolidated by the global integration method	(936)	(165,955)	(100,986)
Income attributable to the Controlling Company	1,321	234,031	212,653
Consolidated income	1,872	331,739	214,857
Income attributable to minority interests	(551)	(97,708)	(2,204)
Interim dividend paid during the year	(238)	(42,209)	(38,012)
MINORITY INTERESTS (Note 13)	3,934	697,239	709,230
NEGATIVE GOODWILL	29	5,119	3,860
DEFERRED REVENUES (Note 14)	1,046	185,257	176,778
Capital subsidies	660	116,923	109,005
Other deferred revenues	386	68,334	67,773
PROVISIONS FOR CONTINGENCIES AND EXPENSES (Note 15)	5,041	893,549	1,097,747
Provisions for pensions and similar obligations	1,388	246,067	385,752
Other provisions	3,653	647,482	711,995
LONG-TERM DEBT (Note 16)	18,013	3,192,569	3,086,574
Debentures and other marketable debt securities	8,389	1,486,732	1,399,771
Payable to credit entities	6,994	1,239,568	1,314,417
Other accounts payable	2,623	464,943	370,428
Capital payments payable	7	1,326	1,958
CURRENT LIABILITIES	8,891	1,576,018	1,648,034
Debentures and other marketable debt securities (Note 16)	3,380	599,046	761,088
Payable to credit entities (Note 16)	1,673	296,484	255,437
Payable to companies carried by the equity method	67	11,943	4,545
Trade accounts payable	1,924	341,074	320,993
Other nontrade payables	1,694	300,276	290,522
Operating provisions	126	22,437	10,306
Accrual accounts	27	4,758	5,143
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	45,065	7,986,998	8,272,365

The accompanying Notes 1 to 26 are an integral part of these consolidated balance sheets.

ENDESA S.A. AND SUBSIDIARIES
2000, 1999 AND 1998 CONSOLIDATED STATEMENTS OF INCOME

	Millions of US		Millions of Pesetas	
	2000	2000	1999	1998
OPERATING REVENUES	14,723	2,609,310	2,245,340	1,137,498
Net sales (Note 18)	14,330	2,539,753	2,184,918	1,100,032
a) Sales	13,381	2,371,513	1,928,490	987,682
b) Services	451	79,987	166,698	36,807
c) Remuneration for the transition to competition	498	88,253	89,730	75,543
Capitalized expenses (Note 4b)	207	36,606	22,764	15,143
Other operating revenues	186	32,951	37,658	22,323
OPERATING EXPENSES	11,849	2,099,975	1,762,571	820,934
Procurements	7,341	1,300,947	1,060,773	346,708
a) Electricity purchased	4,904	869,093	704,956	137,239
b) Raw materials and other consumables consumed	1,910	338,439	252,458	170,953
c) Electricity transmission and other external expenses	527	93,415	103,359	38,516
Personnel expenses	1,279	226,673	222,584	168,497
a) Wages, salaries, etc.	987	174,973	166,356	122,293
b) Employee welfare expenses	292	51,700	56,228	46,204
Period depreciation and amortization	1,906	337,882	295,006	199,094
Variation in operating provisions	205	36,341	11,785	2,280
Other operating expenses	1,118	198,132	172,423	104,355
OPERATING INCOME	2,874	509,335	482,769	316,564
FINANCIAL REVENUES	721	127,877	280,396	49,418
Revenues from stockholdings	30	5,387	1,647	5,120
Other financial revenues	344	60,933	207,400	41,727
Exchange gains (Note 4-g)	347	61,557	71,349	2,571
FINANCIAL EXPENSES	1,795	318,001	328,320	99,136
Financial expenses	1,561	276,625	237,503	97,209
Variation in financial investment provisions	17	2,974	8,209	(712)
Exchange losses (Note 4-g)	217	38,402	82,608	2,639
FINANCIAL LOSS	(1,074)	(190,124)	(47,924)	(49,718)
Reversal of negative goodwill				3,025
Equity in the income of companies carried by the equity method	149	26,428	14,706	21,913
Equity in the losses of companies carried by the equity method	(99)	(17,611)	(9,104)	(2,806)
Amortization of goodwill in consolidation	(256)	(45,302)	(32,624)	(6,896)
ORDINARY INCOME	1,594	282,726	407,823	282,028
NONOPERATING REVENUES (Note 18)	1,385	245,364	67,189	52,539
Gains on fixed assets	280	49,594	15,756	5,135
Gains on disposals of stockholdings in companies consolidated by the global or proportional integration method	218	38,605	-	-
Gains on disposals of stockholdings in companies carried by the equity method	175	30,987	-	-
Capital subsidies transferred to income for the year	30	5,365	5,874	7,138
Nonoperating revenues or income	682	120,813	45,559	40,266
NONOPERATING EXPENSES (Note 18)	527	93,415	132,269	68,094
Losses on fixed assets	42	7,504	4,352	3,195
Variation in provisions for utility plant and intangible assets	(28)	(4,944)	13,409	7,558
Nonoperating expenses and losses	513	90,855	114,508	57,341
NONOPERATING INCOME (LOSS)	858	151,949	(65,080)	(15,555)
CONSOLIDATED INCOME BEFORE TAXES	2,452	434,675	342,743	266,473
Corporate income tax (Note 17)	581	102,936	127,886	52,313
CONSOLIDATED INCOME FOR THE YEAR	1,871	331,739	214,857	214,160
Income attributed to minority interests	551	97,708	2,204	31,602
INCOME FOR THE YEAR ATTRIBUTED TO THE CONTROLLING COMPANY	1,320	234,031	212,653	182,558
Net earnings per share (pesetas)	1.25	221.04	200.85	183.03

The accompanying Notes 1 to 26 are an integral part of these consolidated statements of income.

ENDESA, S.A. AND SUBSIDIARIES
NOTES TO 2000 AND 1999
CONSOLIDATED FINANCIAL STATEMENTS

1.- GROUP COMPANIES

ENDESA, S.A. and its subsidiaries form the ENDESA Group, whose corporate purpose is the electricity business in all its various industrial and commercial areas; the exploitation of primary energy resources of all types; the provision of industrial services, particularly in the areas of telecommunications, water and gas and those preliminary or complementary to the business activities forming the Group's corporate purpose, and the management of the corporate Group comprising holdings in other companies. The Group may carry on the business activities composing its corporate purpose in Spain and abroad directly or through its holdings in other companies.

The "ENDESA Group Companies" section in the Exhibit to these notes to consolidated financial statements lists the companies composing the ENDESA Group.

2.- GROUP STRUCTURE AND SCOPE OF CONSOLIDATION

CORPORATE RESTRUCTURING

On July 16, 1999, SEVILLANA DE ELECTRICIDAD, S.A., FUERZAS ELÉCTRICAS DE CATALUÑA, S.A. (FECSA), EMPRESA HIDROELÉCTRICA DEL RIBAGORZANA, S.A. (ENHER), ELÉCTRICAS REUNIDAS DE ZARAGOZA, S.A. (ERZ), GAS Y ELECTRICIDAD, S.A. (GESA), UNIÓN ELÉCTRICA DE CANARIAS, S.A. (UNELCO), ELECTRA DE VIESGO, S.A. (VIESGO) and SALTOS DEL NANSA, S.A. (NANSA) were merged into ENDESA, S.A. Under the merger, which was effective for accounting purposes from January 1, 1999, the absorbing company acquired the absorbed companies' assets and liabilities en bloc by universal succession and the latter were dissolved without liquidation. The merger took place through the exchange of the shares held by the merged companies' minority stockholders for newly issued shares of ENDESA, S.A. (See Note 12).

In addition to the merger, the following corporate transactions were carried out:

Prior to the merger, on July 1, 1999, each of the absorbed companies made a nonmonetary contribution of all their electricity distribution and non-nuclear generation assets and liabilities to certain corporations previously incorporated for this purpose.

Also, in 1999 all the Group's diversification and international holdings were transferred through various types of legal transaction (contribution, spin-off, etc.) to ENDESA DIVERSIFICACIÓN, S.A. and Endesa INTERNACIONAL, S.A., respectively.

On January 1, 2000, ENDESA unbundled its electricity generation and distribution activities in order to comply with Law 54/1997, and contributed all its holdings in distribution companies to its subsidiary ENDESA DISTRIBUCIÓN and all its generation assets and liabilities, including its holdings in electricity producers to ENDESA GENERACIÓN.

Also, effective January 1, 2000, the Group companies transferred to ENDESA SERVICIOS, S.L. the assets and liabilities associated with their telecommunications, control information and procurement and logistics systems.

On July 31, 2000, effective for accounting purposes from January 1, 2000, continuing with the optimization of the corporate structure, the mainland generation activities were incorporated into a single company through the merger by absorption of the mainland production subsidiaries into ENDESA GENERACIÓN.

These transactions relate only to an internal restructuring, without giving rise to any gains or losses for the Group.

CHANGES IN THE SCOPE OF CONSOLIDATION

The consolidated Group is described in the Exhibit to these notes to consolidated financial statements.

The changes in the scope of consolidation in 2000 were as follows:

- Acquisition of all the shares of SMARTCOM PCS, the fourth wireless telephony operator in Chile, for Ptas. 70,280 million. This company was consolidated by the global integration method.

- ENDESA MARKETPLACE, a company engaging in B2B ecommerce, in which ENDESA owns a 78% holding, ENDESA NET FACTORY, a holding company in the new technologies business, which is wholly owned by ENDESA, ENDESA WEB HOGAR, an Internet portal catering for residential needs, which is wholly owned by ENDESA, and ENDESA TRADING, a company engaging in the electricity futures and options contracts business, and which is wholly owned by ENDESA, were formed and are consolidated by the global integration method.

- Consolidation of HIDROELÉCTRICA DE L'EMPORDÁ, RELSA, ENDESA PUERTOS and CARBOEX by the global integration method commenced, which gave rise to a nonoperating gain of Ptas. 7,911 million (see Note 18).

Also, CIEN and CEMSA, which were previously carried by the equity method, were consolidated by the global integration method.

- The Chilean companies, AGUAS CORDILLERA, ESVAL and TRANSELEC, which had been consolidated by the global integration method, were excluded from consolidation because they were sold.

- Also, from April 1, 2000, REPSOL and ELECAR ceased to be carried by the equity method, since ENDESA's holding in the former company was reduced to below 3% and since the holding in the latter was sold.

ADDITIONAL INVESTMENTS IN COMPANIES CONSOLIDATED BY THE GLOBAL INTEGRATION METHOD

In 2000, the following changes in the percentages of ownership of companies consolidated by the global integration method took place:

- ENERSIS increased capital, and ENDESA subscribed to 1,044,296,957 shares, for 205,061 million Chilean pesos, thereby increasing its holding in ENERSIS by 1%, to 65%, the maximum permitted by the company's bylaws.

- A 25.2% holding was acquired in the Brazilian company CERJ through a tender offer launched by ENDESA INTERNACIONAL, giving rise to a disbursement of Ptas. 32,111 million. Following this investment ENDESA's controlling interest in CERJ is 80%.

- ENERSIS acquired holdings of 26% in CHILECTRA and of 14.6% in Río Maipo through two tender offers, increasing its ownership interests in these subsidiaries to 98% and of 98.4% respectively. The related disbursement amounted to Ptas. 65,294 million.

- An additional 20% holding was acquired in ENERGÍAS DE ARAGÓN for Ptas. 9,100 million, and this company is now wholly owned by ENDESA. This company was subsequently merged with ENDESA GENERACIÓN.

- Share repurchase transactions were carried out for 9.5% of EDESUR for Ptas. 26,023 million, increasing the holding in this investee to 65.9%, and for 13.9% of EDEGEL for Ptas. 7,888 million, bringing the holding in this investee to 69.8%.

- Additional investments were made in CHISPA UNO, CHISPA DOS, LUZ Y FUERZA and LOS ALMENDROS totaling Ptas 7,654 million, giving ENDESA ownership interests of almost 100% in these companies. These four companies were subsequently merged into CHISPA UNO, in which ENDESA has a holding of 99.85%.

3- BASIS OF PRESENTATION AND CONSOLIDATION PRINCIPLES

a) True and fair view

The consolidated financial statements of ENDESA, S.A. ("ENDESA" or "the Company") and its subsidiaries comprising the ENDESA GROUP (referred to as a whole as "the ENDESA Group" or "the GROUP") as of December 31, 2000 and 1999, which were prepared from the individual financial statements of the consolidated companies or, where appropriate, from the related consolidated financial statements in the case of companies composing a consolidable group, are presented in accordance with the revised Corporations Law, the Spanish National Chart of Accounts, Royal Decree 1815/1991, enacting the regulations for the preparation of consolidated financial statements, and Royal Decree 437/1998 enacting the regulations adapting the Spanish National Chart of Accounts for electric utilities ("the Electricity Industry Chart of Accounts"), and present a true and fair view of the net worth and financial position of the consolidated Group and of the results of its operations and of the funds obtained and applied by it.

Differences between Spanish GAAP and accounting principles generally accepted in the United States of America ("U.S. GAAP") and their effect on the consolidated net income for each of the three years in the period ended December 31, 2000 and on stockholders' equity as of December 31, 2000 and 1999 are set forth in Note 26.

The consolidated financial statements of the ENDESA Group and the individual financial statements of ENDESA and of the subsidiaries as of December 31, 2000, have not yet been approved by the respective Stockholders' Meetings, although it is considered that they will be approved without any changes. The 1999 individual financial statements and, where applicable, consolidated financial statements of each of the companies consolidated were approved by the respective Stockholders' Meetings.

The financial information expressed in U.S. dollars is presented for the convenience of the readers and is based on the Noon Buying Rate in New York City for cable transfer in Spanish pesetas as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2000 which was 177.233 Spanish pesetas for each dollar. No representation is made that the Spanish pesetas amounts could have been, or could be, converted into U.S. dollars at that rate on December 31, 1999 or at any other rate.

b) Consolidation principles

The dependent companies in which ENDESA has direct or indirect holdings exceeding 50% were generally consolidated by the global integration method, unless they were not material with respect to giving a true and fair view of the GROUP.

The unlisted companies between 20% and 50% owned by ENDESA and the listed companies between 3% and 50% owned by ENDESA are carried by the equity method, except for NUCLENOR which, despite being 50%

owned, was, as in prior years, consolidated by the proportional integration method because it is a multigroup company.

The Exhibit to these notes to consolidated financial statements includes a detail of the companies consolidated by the global integration method and carried by the equity method.

The subsidiaries not consolidated in 2000 and 1999 because as a whole they are not material in respect of the true and fair view of the consolidated financial statements, are listed in the Exhibit to these notes to consolidated financial statements and were valued at the lower of cost or market (see Note 4-d). Had these subsidiaries been consolidated, the consolidated assets, liabilities, net worth and income would not have varied materially.

The operations of ENDESA and of the consolidated dependent companies were consolidated in accordance with the following basic principles:

1. The consolidated financial statements include certain accounting adjustments to unify the accounting principles and procedures applied by the dependent companies with those applied by the Controlling Company. Specifically, unification was carried out by applying Spanish accounting principles to the accounts of the consolidated Latin American subsidiaries.
2. All significant transactions and profits between the companies consolidated by global or proportional integration method were eliminated in consolidation
3. The equity of minority interests in the net worth and results of the consolidated dependent companies is included under the "Minority Interests" caption on the liability side of the consolidated balance sheet and under the "Income Attributed to Minority Interests" caption in the consolidated statement of income, respectively.
4. The first-time consolidation difference was calculated as the difference between the acquisition cost of the holdings and their underlying book value weighted by the percentage of effective ownership in each year, after the unification of accounting principles. Negative differences are recorded under the "Negative Goodwill" caption and are only credited to income in the event of the unfavorable evolution of the results of the investee concerned or of the disposal of the related holding. Positive differences, once the unrealized gains, if any, relating to the assets of the dependent company have been allocated, are recorded under the "Goodwill in Consolidation" caption and are amortized over 20 years, since this is deemed to be the average period over which the investments made, mainly in Latin America, are expected to be recovered.
5. The financial statements of foreign companies denominated in foreign currencies were translated to pesetas as follows: assets and liabilities at the year-end exchange rates, capital and reserves at the historical exchange rates and revenues and expenses at the average exchange rates for the period in which they arose. The resulting

translation difference, net of the related tax effect, was included under the "Translation Differences" caption on the liability side of the consolidated balance sheet.

The effect of the translation differences on the assets and liabilities in the consolidated balance sheet is included in the related Notes to consolidated financial statements in the "Other" column.

4.- VALUATION STANDARDS

The main valuation methods used in preparing the accompanying consolidated financial statements, in accordance with the Spanish National Chart of Accounts and the Electricity Industry Chart of Accounts, were as follows:

a) Intangible assets

Intangible assets are valued at cost and are generally amortized over five years.

The hydroelectric power plants are operated under the temporary administrative concession system, under which at the end of the concession period the facilities must revert to the State in good working order. Also, the mines are operated under the administrative concession system for periods of at least 30 years, which may be extended subject to compliance with current legal requirements. The GROUP'S directors consider that no reversion reserve needs to be recorded since the facility maintenance programs and land restoration plans ensure their good working and delivery condition at all times.

b) Utility plant

Utility plant is carried at cost revalued, in the case of assets in Spain, pursuant to the applicable enabling legislation, including Royal Decree-Law 7/1996 (see Notes 9 and 12).

Capitalized costs include work contracted out to third parties, materials, direct labor, and general and financial expenses, the latter when the construction work takes more than one year to complete. Mine preparation costs are also capitalized. Including the nuclear fuel costs capitalized to the "Inventories" caption, Ptas. 36,606 million and Ptas. 22,764 million were capitalized in this connection in 2000 and 1999, respectively, and these amounts are recorded under the "Expenses Capitalized" caption in the accompanying consolidated statements of income.

The Company's directors consider that the book value of the revalued assets does not exceed their market value, which is calculated on the basis of the future cash flows to be generated by the assets, including the remuneration for the transition to competition (see Note 9).

c) Depreciation

Depreciation of the utility plant is based on the following years of useful life:

Average Years of Estimated Useful Life		
	Assets in Spain	Assets Abroad
Hydroelectric power plants	35-65	45
Fossil-fuel power plants	25	30
Nuclear power plants	30	-
Transmission facilities	40	50
Distribution network	40	50

The cost of the assets that will be recovered through the remuneration for the transition to competition will be allocated to operating income as the remuneration is received over the maximum ten-year transitional period envisaged by Law 54/1997, which was extended to 2010 under Royal Decree Law 2/2001 (see Note 6).

Empresa Nacional de Residuos Radiactivos, S.A. (ENRESA) is responsible for the decommissioning of nuclear generating plants and the treatment and final disposal of radioactive nuclear waste. ENRESA is funded by contributions of a specific portion of the electricity rate revenues. A contract between ENRESA and the electric utilities was executed on November 30, 1989, to formally document the transfer to ENRESA of responsibility for the treatment and final disposal of nuclear waste. Management of the GROUP considers that the costs that will be incurred through the aforementioned transfer will not be material. Consequently, no provision was recorded in this connection in the accompanying consolidated financial statements.

d) Long-term financial investments

The GROUP'S nonconsolidated investments, regardless of the percentage of ownership, are individually stated at the lower of cost (revalued, where appropriate, pursuant to the applicable enabling legislation) or market. The market value was taken to be the underlying book value of the holdings in the case of unlisted companies and the lower of the average market price for the last quarter or the year-end market price in the case of listed companies.

Unrealized losses (market value lower than cost at year-end) are recorded under the "Provisions" caption on the asset side of the accompanying consolidated balance sheets.

The investments carried by the equity method are valued at the underlying book value corresponding to the Group's percentage of ownership. The net income or loss obtained through these companies each year is

recorded under the "Equity in the Income/Losses of Companies Carried by the Equity Method" caption in the consolidated statement of income.

e) Inventories

Inventories (mostly coal) are valued at the lower of weighted average cost or market (see Note 11).

Until 1999 fuel stocks were valued at the lower of FIFO cost or market price. The effect of the change in valuation method is not material.

Nuclear fuel is recorded at cost and allocated to income on the basis of the amount burnt during the year.

f) Capital subsidies

The subsidies collected in connection with fixed assets are recorded as deferred revenues under the "Capital Subsidies" caption and recognized annually by the straight-line method on the basis of the useful lives of the facilities to which they relate (see Note 14).

g) Translation of foreign currency balances

Foreign currency balances are translated at the exchange rates prevailing at the transaction date. As of December 31 each year, the outstanding balances of these transactions are reflected in the consolidated balance sheet at the then current exchange rates ruling as of that date.

Exchange differences were recorded as follows:

- a) The Company arranges exchange rate hedges for its investments in foreign companies by financing these investments in the functional currency of the country concerned or in a currency closely correlated thereto. These hedges also ensure that the cash flow generated by the investment, generally in the form of dividends, is sufficient to ensure repayment of the full amount of the related loans throughout the term thereof.

For debts considered to hedge investments outside Spain, the exchange differences multiplied by the percentage of correlation between the euro/functional currency exchange rate and the euro/U.S. dollar exchange rate are recorded under the "Translation Differences" caption in the accompanying consolidated balance sheets as a balancing item for the fluctuation in the exchange rates relating to hedged foreign assets, which are recorded in the same account. For these purposes, the hedging debt is deemed to be U.S. dollar debt financing assets in countries whose

currencies have had a historical correlation of over 80% with the U.S. dollar and only up to that percentage. This is the case of Chile, Argentina, Peru and Colombia. In 2000 and 1999 Ptas. 47,073 million and Ptas. 28,397 million, respectively, of exchange losses were recorded under the "Translation Differences" caption, after considering the related tax effect and the portion relating to minority interests.

- b) Other differences:
 - b1) Exchange losses and exchange gains that have been realized or which offset the current year's or prior years' exchange losses are allocated to income.
 - b2) Unrealized exchange gains are recorded under the "Deferred Revenues" caption on the liability side of the consolidated balance sheet until they are realized.

h) Monetary adjustment

In countries (Chile, Colombia and Peru) whose local accounting standards so permit, the values of nonmonetary assets and liabilities, including equity and minority interests, are adjusted for the effect of inflation against the "Other Financial Revenues – Monetary Adjustment" account in the accompanying consolidated statements of income. In 2000 and 1999 Ptas. 24,902 million and Ptas. 20,014 million, respectively, were recorded as a monetary adjustment by the subsidiaries located in these countries.

The effect of the monetary adjustment on the assets and liabilities is included in the respective notes in the "Other" column in the tables showing the variations during the year.

i) Provisions for commitments to employees

- a) Supplementary pension payments

The Spanish Group companies generally have supplementary pension payment commitments to their employees.

Under current legislation, these commitments must be externalized. The deadline established for reaching an externalization agreement with the entity concerned is November 16, 2002, and the contributions for the externalization may be made progressively over a ten-year period.

The supplementary pension payment commitments which have not been externalized by the Group are recorded under the "Provisions for Contingencies and Expenses" caption on the liability side of the accompanying consolidated balance sheets. The calculation of the liability in the case of the defined-benefit plans is based on a discount rate of 4% and GRM 95 mortality and survival tables.

In the case of the defined-contribution benefits, the interest rate agreed on with the employees is recognized, which ranges from 4.5% to 6%.

In accordance with an Order dated December 29, 1999, of the Ministry of Economy and Finance, the Group is deferring over 15 years the allocation to income of the effect, mainly in 1999, of the reduction from 6% to 4% in the discount rate and of the use of GRM 80-2 tables instead of GRM 80 tables for its obligations to serving employees. Ptas. 22,476 million and Ptas. 20,758 million were recorded in this connection under the "Deferred Charges" caption on the asset side of the accompanying consolidated balance sheets in 2000 and 1999, respectively. The amortization recorded in this connection in 2000 amounted to Ptas. 2,364 million.

The liability relating to commitments already externalized was retired from the consolidated balance sheet.

In relation to the pension commitments to ENDESA, S.A employees, in 2000 an agreement was reached with the representatives of the welfare mutual fund, Mutualidad de Provisión Social, the entity with which these pension commitments have been externalized and, accordingly, these commitments have been converted into an employment pension plan.

In this respect, the Company recorded a provision of Ptas. 13,333 million in prior years under the "Other Provisions" caption for the estimated additional liability for past services that might have arisen from the negotiations which were in progress. Once the present value of the past services under ENDESA, S.A.'s pension plan had been quantified, the Company allocated the overprovision of Ptas. 13,142 million income for the year (see Note 18).

b) Labor force reduction plans

The Group has in progress labor force reduction plans in both Spain and Latin America. In Spain these plans fall within the labor force reduction plans already approved or in the process of being formalized as of the date of preparation of the consolidated financial statements.

In Latin America, the terminations envisaged in the ENERSIS Group's strategic plan will be made gradually in accordance with the possibilities offered by the legislation in force in each country.

The total estimated present value of the cost of the foreseeable terminations is recorded under the "Provisions for Contingencies and Expenses" caption on the liability side of the accompanying consolidated balance sheets.

In Spain, the provision recorded in this connection was based on the accounting legislation in force relating to the costs of transition to competition. (see Note 6).

j) Other provisions

The provision for third-party liability relates to the estimated amount required for probable or certain third-party liability arising from outstanding obligations of undetermined amount. This provision is recorded when the liability or obligation giving rise to the indemnity or payment arises (see Note 15).

k) Classification of debt

In the accompanying consolidated balance sheets, debts maturing in under 12 months from year-end are classified as current liabilities and those maturing at over 12 months as long-term debt.

l) Corporate income tax

Corporate income tax is recorded as a period expense and is calculated on the basis of the book income before taxes, increased or decreased, as appropriate, by permanent differences. Tax relief and tax credits are treated as a reduction of the income tax payable for the year in which they are taken. The difference between the corporate income tax expense and the tax payment is due to timing differences in allocating the expenses and revenues giving rise to prepaid or deferred taxes (see Note 17).

m) Recognition of revenues and expenses

Revenues and expenses are recognized on an accrual basis. However, in accordance with the accounting principle of prudence, only realized income is recognized at year-end, whereas foreseeable contingencies and losses, including possible losses, are recorded as soon as they become known.

n) Customer connection charges

The GROUP records the extension charges included in the customer connection charges and the coupling costs assigned to fixed assets under the "Deferred Revenues" caption in the consolidated balance sheet, and allocates them to income over the years of useful life of the assets financed thereby. The fixed charges for responsibility installations and for inspection are recorded as revenues in the year in which they are contracted, since they are not allocated to any fixed asset.

o) Treasury stock

Since there is no plan for the retirement of the shares of the Controlling Company, they are valued at the lower of acquisition cost or underlying book value per the accompanying consolidated balance sheets, and a restricted reserve was recorded in this connection (see Note 12).

p) Financial derivatives and hedging transactions

All the financial derivatives held by the Group relate to interest rate, exchange and electricity price or supply hedging transactions (since they are intended to eliminate or significantly reduce such risks in other transactions), and they are generally referenced to underlying transactions. The premiums paid for these derivatives are deferred and charged to income each year by the interest method.

The gains or losses arising during the term of these financial derivatives are allocated to income by the same timing of recognition method as that used to record gains or losses arising on the underlying transaction hedged by these derivatives.

Exchange differences arising in the year and year-end exchange differences are recorded as described in Note 4-g.

q) Methods used to allocate assets, liabilities, expenses and revenues to the business activities carried on by the GROUP

In 1999 the main methods used to allocate assets, liabilities, expenses and revenues to the various business activities carried on by the GROUP were as follows:

Assets and liabilities

- All the GROUP'S assets and liabilities that can be allocated specifically to a business activity were assigned directly to that business activity.
- The deferred charges due to the transition to competition were allocated to each activity based on their origin. However, the revenues relating to the costs of transition to competition were allocated in full to the generation activity.
- Assets and liabilities that, despite not being specifically allocable to an activity but for which a reasonable allocation method can be determined using an indirect parameter, were also allocated to the different activities. These parameters were basically the employees and the revenues and expenses of the different activities. Following allocation, the net assets of each business activity and, therefore, its financing needs were determined.

- Lastly, equity and the debts not specifically relating to each activity, as well as the other assets and liabilities that were not allocated to or distributed among the different activities, including most notably provisions for pensions of retired employees, were distributed proportionally among the activities according to their specific net assets.

Income statement items

- All the Group's revenues and expenses were allocated specifically based on their nature and origin, to the asset and activity to which they are associated.
- Revenues and expenses from electricity fed to the wholesale market that was assigned to the GROUP were considered to be generation activity revenues and distribution activity expenses, respectively.
- Also, the revenues and expenses that were not allocable to a specific activity, mainly overheads, were allocated to the different activities mainly on the basis of each activity's direct revenues and expenses.
- Financial expenses were allocated to the activities on the basis of the financing associated with each of them.

In 2000, as a result of the corporate restructuring carried out by the Group (see Note 2), the various activities carried on by the GROUP were legally unbundled and, accordingly the assignment of assets, liabilities, expenses and revenues relates to the companies engaging in these activities, and they are included as a separate business activity in the "Corporate Activities" column, which relates mainly to the activities of ENDESA, S.A. and to certain consolidation adjustments.

5.- INDUSTRY REGULATION

a) The Spanish electricity industry:

The regulation of the Spanish electricity industry is basically provided for in Law 54/1997. The main features of the Law and subsequent implementing regulations are as follows:

- Electricity is generated on a free-market basis, based on a system of bids tendered by the producers and a system of offers submitted by consumers eligible to choose their power supply source, and by the distributors and retailers.
- The system's economic and technical management, transmission and distribution remain regulated activities, and their remuneration is established by law in an official list of rates applicable throughout Spain.
- The Law envisages the gradual deregulation of supply to eligible consumers. Since December 31, 2000, all consumers supplied at a voltage level of over 1,000 V have been deemed to be eligible customers, and all consumers will become eligible customers in 2003.

- Law 54/1997 recognizes the existence of certain costs relating to the transition to a competitive market for the utilities owning the electricity production facilities that as of December 31, 1997, were included in the scope of application of Royal Decree 1538/1987 on the determination of the electricity rate for the electricity service management companies.

In the Balearic and Canary Islands, a specific system, adapted to the conditions of nonmainland Spain and isolated island subsystems, and which establishes the mechanisms for calculating the costs recognized for the related utilities, applies.

b) The electricity industry in Latin America:

The legislation of the Latin American countries in which the Group operates differs from one country to another; however the main features are as follows:

Generation: in general, relates to deregulated markets in which private-sector players take investment decisions based on the authorities' guidelines.

In all the countries, there is a centralized dispatching system based on variable production costs which, depending on each country, are tied to U.S. dollars in varying degrees to determine the marginal generation price, except in Colombia where dispatching is based on the bids tendered.

Distribution: the selling price to eligible customers is regulated and is based on the price at which electricity is purchased from producers plus a component associated with the aggregate distribution price, which in certain cases is tied to fluctuations in the U.S. dollar. In Argentina, Chile and Peru the purchase price is tied to the marginal generation cost. In Brazil the purchase price is regulated for preliminary contracts, although not for new bilateral contracts entered into as the former contracts expire. In Colombia the purchase price is negotiated directly with the producers.

Eligible customers: the minimum supply thresholds at which electricity can be contracted in each country are as follows:

<u>Country</u>	<u>Minimum MW</u>
Chile	2.0
Argentina	0.03
Colombia	0.1
Peru	1.0
Brazil	3.0

Integration and concentration limits: vertical integration is generally allowed if the activities are unbundled for accounting purposes.

As regards concentration, in Argentina there is no set horizontal concentration limit. The law only defends fair trade. In Brazil there are concentration limits for generation and for distribution, at national level (20% for both activities) and at electricity subsystem level.

In Peru a permit must be obtained from the relevant authority in order to acquire a company if it has a market share of over 15% in the activity in question. In Chile there is no limit.

Network access: in Argentina, Brazil, Colombia and Peru network access and the related price are regulated by the relevant authority. In Brazil and Chile network access and the related price are negotiated.

6.- COST OF TRANSITION TO COMPETITION AND REMUNERATION FOR THE TRANSITION TO COMPETITION

Remuneration for transition to competition was regulated by the Transitional Provision Six of Law 54/1997, the wording of which was modified by Article 107 of Law 50/1998 and subsequently by Royal Decree Law 2/2001.

a) Nature

In order to ensure a smooth transition to competition, Transitional Provision Six of Law 54/1997 establishes a maximum period of ten years from the entry into force of the Law, over which the existence of costs relating to the transition to the competitive market envisaged in Law 54/1997 are recognized for the companies owning the electricity production facilities which as of December 31, 1997, were included in the scope of application of Royal Decree 1538/1987 on the determination of the electricity rate for the electricity service management companies. These costs are known as "Costs of Transition to Competition", and their recovery is provided for through the remuneration for transition to competition.

These costs are the result of comparing the remuneration that the companies would have received from their generation facilities under the former ratemaking system, which guaranteed recovery of the related investments, operating and maintenance costs, overheads and fuel costs and a return on the capital invested, with the flow of discounted revenues that they would obtain under market conditions. An efficiency factor of 32.5% was applied across-the-board for all the utilities. Also, certain costs relating to fuel stocks and a premium for the use of Spanish coal were also recognized.

b) Maximum amount of the remuneration

Law 54/1997 stated that the overall base present value of the remuneration as of December 31, 1997, could not exceed Ptas. 1,988,561 million. This amount was reduced to Ptas. 1,736,778 million by subsequent legislation. The maximum overall amount as of December 31 of each year of the components referred to in the preceding point will be calculated by adjusting the maximum overall base amount as of December 31 of the preceding year by the average three-month MIBOR during the year or such reference interest rate as

might replace it.

The overall base amount as of December 31, 1997, comprised the following components:

- 1) The maximum amount of the allocation for consumption of local coal, the present value of which as of December 31, 1997, amounted to Ptas. 295,276 million, payable to the production units which have effectively consumed local coal.
- 2) The maximum amount of the technological costs of transition to competition, the present value of which amounted to Ptas. 1,441,502 million as of December 31, 1997, 51.2% of which corresponds to the ENDESA GROUP.

c) Procedure and recovery period

Law 54/1997 established that, during the transitional period from 1998 to 2007, the utilities owning the electricity production facilities that as of December 31, 1997, were included in the scope of application of Royal Decree 1538/1997 would receive an amount of remuneration defined as the difference between the average revenues obtained by the aforementioned utilities through the electricity rate and the remuneration for the production activity recognized under the Electricity Industry Law.

In 1999 and 2000 Article 107 of Law 50/1998 which modified the way in which the remuneration for transition to competition is paid was in force. This Law established that 23.81% of the technological costs of transition to competition, would be recovered through 2007 by the system of differences established and the remaining 64% will be recovered by the assignment of 4.5% of billings, without any time limit.

Royal Decree Law 2/2001 eliminated the assignment of 4.5%, returning to a situation in which all the technological costs of transition to competition would be treated as a maximum amount to be recovered through the previously established system of differences with a time limit through December 31, 2010.

If the average annual generation price is higher than Ptas 6/kWh, this excess will be deducted from the value of the remuneration for transition to competition not yet received.

d) Accounting treatment

For accounting purposes, the remuneration will cover at each company, in the following order, the items described below:

- 1) The amount by which the book value of the technical electricity installations exceeds their market value, taken to be the value that the companies will foreseeably recover through the generation of revenues, net of the costs and expenses required to obtain these revenues, discounted at the discount rate established for the calculation of the maximum overall amount of the remuneration for the transition to competition.
- 2) Exchange differences and electricity industry accrual accounts arising under the former regulatory system

and which were recorded on the asset side of the balance sheet as of December 31, 1997.

3) The necessary provisions for contingencies and expenses relating to restructuring plan expenses to be incurred in future years as a result of the transition to competition of the electric utilities. The amounts indicated above that were not covered by the remuneration were retired from the balance sheet in 1997 or 1998 with a charge to reserves at companies consolidated by the global integration method, minority interests and prepaid taxes, as follows.

	1997			1998		
	Reserves	Minority Interests	Prepaid Taxes	Reserves	Minority Interests	Prepaid Taxes
Fixed and other Noncurrent assets				665	63	392
Deferred charges:						
- Exchange differences	142	13	85			
- Accruals and other				6,154	870	3,782
- Restructuring expenses	69,172	17,767	42,565	16,594	2,052	8,708

After making the adjustments shown above, the costs of transition to competition covered by the remuneration for the transition to competition, were as follows:

	Deferred Charges for the Transition to Competition						Total		
	Technical Electricity Installations						Beginning Balance	Allocation to Income	Ending Balance
	Beginning Balance	Allocation to Income	Ending Balance	Beginning Balance	Allocation to Income	Ending Balance			
1998 Adjustments	349,740	(21,000)	328,740 (24,428)	152,364	(9,474)	142,890 85,900	502,104	(30,474)	471,630 61,472
Total at 12/31/98			304,312			228,790			533,102
1999 Adjustments	304,312	(21,926)	282,386	228,790	(16,944)	211,846 164,160	533,102	(38,870)	494,232 164,160
Total at 12/31/99			282,386			376,006			658,392
2000 Adjustments Charged to Reserves	282,386	(24,908)	257,478 (3,827)	376,006	(33,925)	342,081 1,891 (287,340)	658,392	(58,833)	599,559 (1,936) (287,340)
Total at 12/31/00			253,651			56,632			310,283

The adjustments made to technical electricity installations in 1998 and 2000 relate mainly to the effect arising from the new estimate of the rate at which the value of the assets will be recovered through the market.

The adjustments made in 1998 to deferred charges relate to the additional provisions to cover the cost of the labor force reduction plans agreed on in 1998. The adjustments made in 1999 and 2000 include the cost of the labor force reduction plans agreed on in 2000.

e) Write-off of assets against reserves

The Ministry of Economy Order dated March 28, 2001, provided for the possibility of writing off against reserves the amount of the capitalized costs of transition to competition which would be recovered through the remuneration as of December 31, 2000, whose recovery is not considered to be reasonably assured through the remuneration for the transition to competition arising solely as a result of the elimination by Royal Decree Law 2/2001 of the assignment of 4.5% of billings for electricity sales to consumers.

In this respect, under the provisions of the aforementioned Ministerial Order, the 2000 consolidated statement of income was prepared without taking into account the effects of Royal Decree Law 2/2001 including the analysis of the recoverability, in the aforementioned situation, of the costs of the assets to be offset with the CTC's under various assumptions in relation to the evolution of electricity rates, demand for electricity, pool prices, interest rates, etc. Subsequently, the Company's directors, in accordance with the accounting principle of prudence, considered that in the event of the unfavorable evolution of the assumptions made, the amount of the cost of assets to be offset through the remuneration as of December 31, 2000, which would not be recovered as a result of the elimination of the assignment of 4.5% of billings by Royal Decree Law 2/2001 would amount to Ptas. 315,972 million, and this amount was charged off against reserves. Of this amount, Ptas. 28,632 million relate to the account receivable recorded in 1999 and 2000 as a result of the recording of the revenues for remuneration for transition to competition which exceeded the amount based on the recovery rate established and the remaining Ptas. 287,340 million to labor force reduction expenses.

The charge to reserves was reduced by Ptas. 110,590 million due to the tax effect of the aforementioned adjustment and, accordingly, the net effect on reserves amounted to Ptas. 205,382 million (see Note 12).

Despite this accounting treatment, which was applied solely on the basis of utmost prudence, the Company's directors consider that the costs of transition to competition constitute an irrevocable right of the Company, and that all the necessary steps will be taken to ensure that the maximum amount assigned is recovered in full.

If the amount of the remuneration for transition to competition recovered in the future exceeds the amount estimated to record the accounting entry against reserves, the excess will also be recorded in reserve accounts.

f) Evolution of the amounts recoverable through the remuneration

In 1998 the related amounts of the 1998 electricity rate were recorded as revenues for the remuneration for

the transition to competition. The cost of the assets covered by this remuneration was depreciated in 1998 at a rate of 6.52%, the coefficient established in the schedule for recovery of this remuneration for 1998, since this coefficient was higher than the principal amount of the remuneration for the transition to competition collected in 1998.

The comparison of the recovery rate envisaged for 1998 with the amount effectively recovered was as follows:

Year	Projected Amount (Millions of Pesetas)	Percentage of Projected Total	ACTUAL (Millions of Pesetas)	Percentage of Projected Total	Rate at Which Taken to Income
1998	56,508	6.52	12,521	1.44	6.52

In 1999 and 2000 the amount of the remuneration for the transition to competition to be recovered by the system of differences was recorded, as in 1999, for the related amount of each year's electricity rate; however the amount to be recovered through the 4.5% of the electricity rate was recorded as a revenue based on the recovery rate of the established nine-year period, the recovery rates being 7.19 % for 1999 and 8.22% for 2000. The related expenses for those years were amortized by the same percentages.

Based on this method, in 1999 revenues relating to the remuneration for the transition to competition amounting to Ptas. 44,394 million were recorded, of which Ptas. 36,083 million were collected. The corresponding amounts for 2000 are Ptas. 42,815 million and Ptas. 22,391 million, respectively.

The variations in the maximum uncollected balance recoverable through the remuneration for the transition to competition in 2000 recognized were as follows:

	Millions of Pesetas
Balance outstanding at 12/31/99	681,606
Amount exceeding Ptas. 6 /KWh in the average selling price in prior years	(30,425)
Prior years' adjustments	(4,361)
2000 interest	28,345
Fixed remuneration collected in 2000	(44,566)
Amount exceeding Ptas. 6 /KWh in average selling price in 2000	(32,033)
Rate shortfall (Note 18)	28,332
Balance outstanding at 12/31/00	626,898

The cost of the assets recoverable through the CTC's are amortized on the basis of the percentage which the revenues represent of the total remuneration which, in accordance with the aforementioned conservative assumptions, will foreseeably be recovered, applying the minimum recovery schedule indicated below:

Year	Projected Amount	REMUNERATION			
		Percentage of Projected Total	Actual Recorded (Millions of Pesetas)	Percentage of Projected Total	Rate at which Taken to Income
2001	24,043	7.75			
2002	17,872	5.76			
2003	33,837	10.91			
2004	25,457	8.20			
2005	22,764	7.34			
2006	20,236	6.52			
2007	24,532	7.91			
2008	42,889	13.82			
2009	47,984	15.46			
2010	50,669	16.33			
TOTAL	310,283	100.00			

7.- GOODWILL IN CONSOLIDATION

The detail of the goodwill in consolidation, by company, as of December 31, 2000 and 1999, is as follows:

	1998	Additions	Retirements and Amortizations	Other	1999	Additions	Retirements	Amortization	Others	2000
G. ENERSIS	59,709	363,947	(19,341)	1,258	405,573	10,397	-	(25,224)	4,722	395,468
ENDESA CHILE		230,963	(7,018)	(5,910)	218,035	-	-	(13,202)	10,630	215,463
CERJ	4,639	8,547	(698)	-	12,488	23,544	-	(991)	(258)	34,783
COELCE	39,211		(39,211)	-	-	415	-	(9)	-	406
CHILECTRA	-	-	-	-	-	38,722	-	-	-	38,722
SMARTCOM	-	-	-	-	-	72,190	-	(1,805)	-	70,385
RETEVISIÓN	26,117	20,357	(2,127)	-	44,347	-	-	(2,468)	-	41,879
REPSOL	-	45,652	(2,283)	-	43,369	-	(42,798)	(571)	-	-
EASA	7,964	-	(3,630)	(1,726)	2,608	872	-	(195)	(91)	3,194
OTHER	10,381	4,708	(929)	(726)	13,434	14,131	(6,161)	(837)	276	20,843
	148,021	674,174	(75,237)	(7,104)	739,854	160,271	(48,959)	(45,302)	15,279	821,143

8- INTANGIBLE ASSETS

The variations in intangible assets in 2000 and 1999 were as follows:

	Millions of Pesetas	
	2000	1999
Beginning balance	122,349	53,557
Inclusion/Exclusion of other companies in/from consolidation	(55,985)	93,733
Additions	19,121	19,216
Amortization and retirements	(9,156)	(13,757)
Other	(899)	(30,400)
Ending balance	75,430	122,349

9- UTILITY PLANT

The detail of the book value of the utility plant and of the related accumulated depreciation, as of December 31, 2000 and 1999, is as follows

	Millions of Pesetas					
	2000			1999		
Utility plant	Cost	Accumulated Depreciation	Construction Work in Progress	Cost	Accumulated Depreciation	Construction Work in Progress
Land and structures	244,804	(80,175)	-	159,289	(66,715)	-
Technical electricity installations	7,974,131	(3,515,151)	305,475	7,583,719	(3,237,453)	328,601
- Hydroelectric power plants	1,988,203	(731,146)	57,111	2,019,309	(680,552)	127,365
- Fossil-fuel power plants	1,695,518	(961,332)	113,244	1,427,391	(883,308)	74,890
- Other alternative power plants	19,019	(6,775)	13,677	20,004	(2,786)	44,140
- Nuclear power plants	1,353,660	(676,081)	2,796	1,345,910	(630,351)	5,124
- Transmission facilities	185,278	(80,726)	10,587	254,179	(94,396)	7,310
- Distribution facilities	2,436,072	(944,818)	98,174	2,322,833	(844,759)	59,131
- Dispatching and energy control centers	98,467	(59,282)	5,559	95,535	(52,614)	2,415
- Other technical electricity installations	197,914	(54,991)	4,327	98,558	(48,687)	8,226
Other installations, machinery, tools, furniture and other tangible fixed assets	301,858	(198,041)	53,213	420,977	(218,075)	55,026
Total	8,520,793	(3,793,367)	358,688	8,163,985	(3,522,243)	383,627

The variations in 2000 and 1999 in the utility plant in service, in the related accumulated depreciation and in construction work in progress were as follows:

Millions of Pesetas

	Balance at	Inclusions/					Balance at	Inclusions/					Balance at
UTILITY PLANT IN SERVICE	12/31/98	Exclusions	Additions	Retirements	Transfers	Other	12/31/99	Exclusions	Additions	Retirements	Transfers	Other	12/31/00
Land and structures	118,616	17,048	9,388	(2,262)	1,052	15,447	159,289	29,850	1,892	(4,467)	65,429	(7,189)	244,804
Technical electricity installations	5,011,686	2,365,711	35,206	(80,924)	91,297	160,743	7,583,719	(92,204)	33,219	(71,777)	403,794	117,380	7,974,131
- Hydroelectric power plants	645,770	1,248,095	8,351	(3,207)	2,883	117,417	2,019,309	(494)	10,053	(3,321)	(87,388)	50,044	1,988,203
- Fossil-fuel power plants	1,326,493	129,777	3,341	(30,575)	4,580	(6,225)	1,427,391	2,341	6,656	(21,854)	258,188	22,796	1,695,518
- Other alternative power plants		10,050	1,502	(90)	(22,659)	31,201	20,004	8,869	260	(397)	(18,402)	8,685	19,019
- Nuclear power plants	1,330,942	-	2,656	(9,782)	19,128	2,966	1,345,910	0	1,404	(3,592)	9,938	0	1,353,660
- Transmission facilities	176,426	95,991	1,592	(5,799)	4,714	(18,745)	254,179	(139,927)	903	(27,347)	94,428	3,042	185,278
- Distribution facilities	1,414,343	768,204	16,898	(29,891)	71,955	81,324	2,322,833	20,336	13,120	(13,708)	64,318	29,173	2,436,072
- Dispatching and energy control centers	83,885	5,159	117	(985)	2,585	4,774	95,535	0	5	0	2,343	584	98,467
- Other technical electricity installations	33,827	108,435	749	(595)	8,111	(51,969)	98,558	16,671	818	(1,558)	80,369	3,056	197,914
- Other installations, machinery, tools and furniture	194,304	267,102	9,282	(6,160)	7,267	(50,818)	420,977	(12,178)	1,623	(7,915)	(90,142)	(10,507)	301,858
TOTAL	5,324,606	2,649,861	53,876	(89,346)	99,616	125,372	8,163,985	(74,532)	36,734	(84,159)	379,081	99,684	8,520,793

	Balance at	Inclusions/					Balance at	Inclusions/					Balance at
ACCUMULATED DEPRECIATION	12/31/98	Exclusions	Provision	Retirements	Transfers	Other	12/31/99	Exclusions	Provision	Retirements	Transfers	Other	12/31/00
Land and structures	(47,701)	(90)	(2,574)	604	(14,056)	(2,898)	(66,715)	(4,275)	(3,700)	2,173	(7,725)	67	(80,175)
Technical electricity installations	(2,364,562)	(645,014)	(249,489)	44,497	(84)	(22,801)	(3,237,453)	(6,337)	(273,623)	38,032	(1,382)	(34,388)	(3,515,151)
Other installations, machinery, tools and furniture	(157,230)	(57,678)	(16,928)	7,596	14,140	(7,975)	(218,075)	16,498	(14,932)	5,716	9,107	3,645	(198,041)
TOTAL	(2,569,493)	(702,782)	(268,991)	52,697	0	(33,674)	(3,522,243)	5,886	(292,255)	45,921	0	(30,676)	(3,793,367)

	Balance at	Inclusions/					Balance at	Inclusions/					Balance at
CONSTRUCTION WORK IN PROGRESS	12/31/98	Exclusions	Additions	Retirements	Transfers	Other	12/31/99	Exclusions	Additions	Retirements	Transfers	Other	12/31/00
Technical electricity installations	79,116	87,218	233,208	(40,751)	(72,444)	42,254	328,601	44,090	262,118	(7,551)	(335,083)	13,300	305,475
Other installations, machinery, tools and furniture	9,794	44,829	38,950	(2,137)	(27,172)	(9,238)	55,026	5,371	29,251	(1,816)	(44,000)	9,381	53,213
TOTAL	88,910	132,047	272,158	(42,888)	(99,616)	33,016	383,627	49,461	291,369	(9,367)	(379,083)	22,681	358,688

On December 31, 1996, most of the Group companies in Spain revalued their fixed assets pursuant to Royal Decree-Law 7/1996. The net increase in value resulting from these revaluations will be depreciated over the tax periods in the remaining useful lives of the revalued assets. The 1996 revaluations increased the 2000 and 1999 depreciation charge by approximately Ptas. 35,000 million and Ptas. 37,000 million, respectively.

ENDESA and its subsidiaries have taken out insurance policies to cover the possible risks affecting their utility plant and any possible claims that may be filed against them in carrying on their business activities. The companies consider that these policies sufficiently cover the risks to which their assets are subject.

The directors of ENDESA, based on their best estimates of the cash flows that will be generated by their assets in the future competitive market, together with the revenues arising from the remuneration for the transition to competition, consider that there is no doubt that the amounts recorded as of December 31, 2000, in the utility plant accounts will be realized.

10.- LONG-TERM FINANCIAL INVESTMENTS

The detail of the long-term financial investments as of December 31, 2000 and 1999, and of the variations therein in 2000 and 1999 is as follows:

MILLIONS OF PESETAS

LONG-TERM FINANCIAL INVESTMENTS	Balance at 12/31/98	Period Additions	Inclusion/ Exclusions of Other Companies in Consolidation	Companies Carried by the Equity Method	Divestments	Transfers and Other	Balance at 12/31/99	Additions	Inclusion/ Exclusions of Other Companies in Consolidation	Companies Carried by the Equity Method	Divestments	Transfers and Other	Balance at 12/31/00
Investments carried by the equity method	413,647	125,971	43,400	(478)	(5,259)	(283,559)	293,722	38,645	3,648	(8,598)	(82,175)	(49,400)	195,842
SPAIN:													
RED ELÉCTRICA	0	0	0	223	0	10,946	11,169	0	0	1,031	0	609	12,809
AGBAR	16,528	26	0	533	0	0	17,087	27	0	2,072	0	721	19,907
REPSOL	0	34,208	0	2,110	0	37,012	73,330	0	0	1,790	(45,687)	(29,433)	0
CITC	1,396	5,995	0	(1,474)	0	353	6,270	6,096	0	318	(9,906)	(2,778)	0
MADRITEL	1,154	1,744	0	(895)	0	0	2,003	2,081	0	(728)	(3,135)	(221)	0
AUNA (Formerly RETEVISIÓN)	26,623	28,770	0	(5,375)	0	(20,357)	29,661	23,740	0	(14,001)	0	438	39,838
NQF GAS	3,689	0	0	(70)	0	25	3,644	0	0	(115)	0	(8)	3,521
ABROAD:													
ELECAR	22,936	0	0	71	0	381	23,388	0	0	0	(23,388)	0	0
TEJO	4,053	0	0	891	0	28	4,972	0	0	1,984	0	0	6,956
DISTRILUZ (COELCE)	11,675	0	0	0	0	(11,675)	0	0	0	0	0	0	0
CIEN	6,329	18,057	4,756	0	0	(2,762)	26,380	0	0	0	0	(26,380)	0
INV ELÉCTRICA QUILLOTA	0	0	1,864	281	0	155	2,300	0	0	191	0	(197)	2,294
NOPEL	0	0	7,209	129	0	2,831	10,169	431	0	(827)	0	784	10,557
CEMSA	0	2,365	0	26	0	0	2,391	0	0	0	0	(2,391)	0
GAS. ATACAMA	0	1,158	2,410	(18)	0	279	3,829	216	0	932	0	297	5,274
GAS. NOROESTE	0	0	6,173	(67)	0	1,348	7,454	395	0	90	0	701	8,640
COMPANÍA PERUANA DE ELECTRICIDAD	2,812	0	0	0	0	(2,812)	0	0	0	0	0	0	0
CERJ	2,416	7,697	0	0	0	(10,113)	0	0	0	0	0	0	0
DISTRILIMA	4,573	0	0	0	0	(4,573)	0	0	0	0	0	0	0
EDENOR	22,438	0	0	900	0	1,965	25,303	0	0	(1,122)	0	4,028	28,209
ELECTRICIDAD DE ARGENTINA	9,369	5,170	0	1,366	0	4,936	20,841	0	0	3,115	0	(309)	23,647
CABO BLANCO	3,517	0	0	268	0	186	3,971	3,917	0	(23)	0	(2,707)	5,158
GENERALIMA	10,381	0	0	281	(5,259)	(329)	5,074	0	0	(1,873)	0	1,835	5,036
CAPITAL DE ENERGÍA	57,113	0	0	0	0	(57,113)	0	0	0	0	0	0	0
ENERSIS	111,019	0	0	0	0	(111,019)	0	0	0	0	0	0	0
LUZ DE BOGOTÁ	68,350	17,151	0	0	0	(85,501)	0	0	0	0	0	0	0
YACILEC	1,799	0	0	51	0	305	2,155	0	0	0	0	0	2,155
EDESUR	14,563	0	0	0	0	(14,563)	0	0	0	0	0	0	0
Other holdings	10,914	3,630	20,988	291	0	(23,492)	12,331	1,742	3,648	(1,432)	(59)	5,611	21,841
Loans to companies carried by the equity method	9,210	24,056	3,229	0	(10,842)	(3,165)	22,488	33,710	0	0	(2,855)	24,315	77,658
Long-term investment securities	151,149	20,889	45,242	0	(12,648)	(74,687)	129,945	17,801	3,881	0	(15,263)	46,106	182,470
Other loans	75,053	63,668	4,612	0	(9,468)	(6,516)	127,349	25,862	4,196	0	(14,410)	(27,599)	115,398
Provisions	(15,457)	(1,489)	0	0	0	(1,529)	(18,475)	(11,683)	(2,081)	0	9,221	2,025	(20,993)
Total	633,602	233,095	96,483	(478)	(38,217)	(369,456)	555,029	104,335	9,644	(8,598)	(105,482)	(4,553)	550,375

In 1997 ENDESA was legally obliged to reduce its holding in Red Eléctrica and, accordingly, it sold 49.01% of its holding in this company to Sociedad Estatal de Participaciones Industriales (SEPI), without any sale price having been fixed.

In 1998 the GROUP sold an additional 5.87% holding in this company with a minimum price being set for this transaction and that of 1997, giving rise to the recording of a gain of Ptas. 19,999 million. In 1999 the definitive sale price was fixed and an additional gain of Ptas. 19,806 million was recorded. Both gains were recorded as nonoperating income in the consolidated statement of income (see Note 18).

In 1999 the Group's holdings in AIRTEL and CEPESA were sold for pre-tax gains of Ptas. 135,957 million and Ptas. 10,158 million respectively. These gains were recorded under the "Other Financial Revenues" caption in the consolidated statement of income.

In 2000 the holdings of MADRITEL, CITC, CABLETELCA, SUPERCABLE ANDALUCIA, ARAGON DE CABLE and RETEVISION MOVIL were contributed, and newly issued shares of AUNA amounting to Ptas 23,740 million were subscribed.

In 2000 the Group also sold its holding in ELECTRICIDAD DE CARACAS (ELECAR), giving rise to a gain before taxes and of minority interests of Ptas. 9,238 million, and 1.4 % of the holding which the GROUP held in REPSOL, giving rise to a gain before taxes of Ptas. 18,081 million, bringing the percentage of ownership after this sale to 2.2%. In both cases these gains were recorded as nonoperating income (see Note 18). The other REPSOL shares, with a book value of Ptas. 70,512 million as of December 31, 2000, are recorded under the "Long-Term Investment Securities" caption.

11.- INVENTORIES

The detail of this caption as of December 31, 2000 and 1999, is as follows:

	Millions of Pesetas			
	2000			1999
	Cost	Provision for Diminution in Value	Net	
Fuel stocks	84,972	(1,502)	83,470	77,457
- Nuclear fuel	38,430	-	38,430	38,910
- Other	46,542	(1,502)	45,040	38,547
Materials	47,057	(2,146)	44,911	46,430
Advances to suppliers	1,392	-	1,392	2,068
Total	133,421	(3,648)	129,773	125,955

In 1998 ENDESA entered into an agreement with Gas Natural, S.A., whereby the latter undertook to supply gas to the Endesa Group's fossil-fuel plants. This agreement will come into force when the first combined cycle plant comes into service. This agreement contains "take or pay" clauses. Since the Company considers that it will be able to fulfil these commitments, it does not expect any contingency to arise in this connection.

12.- STOCKHOLDERS' EQUITY

The detail of the balances of the "Stockholders' Equity" caption as of December 31, 2000, 1999 and 1998, and of the variations therein in 2000, 1999 and 1998 is as follows:

Millions of Pesetas

Other Reserves of the Controlling Company

	Capital Stock	Revaluation Reserves	Unrestricted Reserves	Restricted Reserves	Reserve for Treasury Stock	Reserves at Companies Consolidated by the Global or Proportional Integration Method	Reserves at Companies Carried by the Equity Method	Translation Differences at Companies Carried by the Global Integration Method	Translation Differences at Companies Carried by the Equity Method	Income for the Year	Interim Dividend	Total
Balance at December 31, 1997	208,004	287,463	437,862	69,766	1,574	307,942	70,297	(14,492)	6,322	166,742	(29,092)	1,512,388
Capital reduction	(17,043)		(289,730)	17,043								(289,730)
Revaluation, Royal Decree-Law 7/1996						3,756						3,756
Provision for the restructuring plan (Note 6)						(23,413)						(23,413)
Distribution of 1997 income												
- Interim dividend										(29,092)	29,092	
- Supplementary dividend										(50,912)		(50,912)
- Other reserves			30,150			55,018	1,570			(86,738)		
Transfers			2,042	3,464	2,883	62,199	(70,588)	6,322	(6,322)			
Other		(435)						(44,863)				(45,298)
1998 income										182,558		182,558
Interim dividend out of 1998 income											(30,510)	(30,510)
Balance at December 31, 1998	190,961	287,028	180,324	90,273	4,457	405,502	1,279	(53,033)	0	182,558	(30,510)	1,258,839

Millions of Pesetas

Other Reserves of the Controlling Company

	Capital Stock	Additional Paid-in Capital	Revaluation Reserves	Unrestricted Reserves	Restricted Reserves	Reserve for Treasury Stock	Reserves at Companies Consolidated by the Global or Proportional Integration Method	Reserves at Companies Carried by the Equity Method	Translation Differences at Companies Carried by the Global Integration Method	Income for the Year	Interim dividend	Total
Balance at December 31, 1998	190,961	0	287,028	180,324	90,273	4,457	405,502	1,279	(53,033)	182,558	(30,510)	1,258,839
Capital increase	20,789	228,959										249,748
Distribution of 1998 income												
- Interim dividend										(30,510)	30,510	0
- Final dividend										(53,513)		(53,513)
- Other reserves				47,306			51,229			(98,535)		0
Transfers	(356)			334,852	287	6,010	(339,514)	(1,279)				0
Translation differences									(47,953)			(47,953)
Other			(958)	576			(31,238) *					(31,620)
1999 income										212,653		212,653
Interim dividend out of 1999 income											(38,012)	(38,012)
Balance at December 31, 1999	211,394	228,959	286,070	563,058	90,560	10,467	85,979	0	(100,986)	212,653	(38,012)	1,550,142

(*) Including mainly the portion of the value, standardization and consolidation adjustments relating to the minority interests of the companies which were merged into ENDESA.

Millions of Pesetas

Other Reserves of the Controlling Company

	Capital Stock	Additional Paid-in Capital	Revaluation Reserves	Unrestricted Reserves	Restricted Reserves	Reserve for Treasury Stock	Reserves at Companies Consolidated by the Global or Proportional Integration Method	Reserves at Companies Carried by the Equity Method	Translation Differences at Companies Carried by the Global Integration Method	Income for the Year	Interim dividend	Total
Balance at December 31, 1999	211,394	228,959	286,070	563,058	90,560	10,467	85,979	0	(100,986)	212,653	(38,012)	1,550,142
Distribution of 1999 income												
- Interim dividend										(38,012)	38,012	0
- Final dividend										(65,746)		(65,746)
- Other reserves				49,182	3,927		54,570	1,216		(108,895)		0
Transfers				5,393	(24)	(5,369)	(5,387)	5,387				0
Translation differences									(64,969)			(64,969)
Application of Ministerial Order 03/28/01 (Note 6)				(117,724)			(87,658)					(205,382)
Other (*)				708			30,672					31,380
2000 income										234,031		234,031
Interim dividend out of 2000 income											(42,209)	(42,209)
Balance at December 31, 2000	211,394	228,959	286,070	500,617	94,463	5,098	78,176	6,603	(165,955)	234,031	(42,209)	1,437,247

(*) Relating mainly to the monetary adjustment of Latin American companies (see Note 4h.).

Capital stock

On July 16, 1999, as a result of the merger described in Note 2a, ENDESA, S.A. increased capital by 103,944,494 shares to exchange them for the absorbed companies' shares. This capital increase increased the Company's capital by 10.89%.

On October 1, 1999, the capital stock was redenominated in euros, and for this purpose the par value of the shares was changed from Ptas. 200 to €1.2, giving rise to a capital reduction of Ptas. 356 million, and a restricted reserve for the same amount was recorded. Following these changes the capital stock amounted to €1,270,502,540.40 and consisted of 1,058,752,117 shares, all of which are listed on the Spanish stock exchanges. As of December 31, 2000, 45 million of these shares were listed on the New York Stock Exchange in the form of ADRs.

On November 9, 2000 trading of ENDESA, S.A. shares commenced on the Santiago de Chile Off-Shore Stock Exchange.

Reserves and income by subsidiary

The breakdown, by subsidiary, of the contribution to consolidated income, of "Reserves at Companies Consolidated by the Global or Proportional Integration Method" and of "Reserves at Companies Carried by the Equity Method" is as follows:

Millions of Pesetas

	2000		1999	
	Income	Reserves	Income	Reserves
ENDESA	28,840	41,072	74,249	30,181
ENDESA GENERACIÓN GROUP	84,203	(10,936)	6,935	25,276
ENDESA DISTRIBUCIÓN GROUP	62,329	(21,223)	54,354	-
ENDESA ENERGÍA	2,201	5,259	5,682	-
ENDESA SERVICIOS	(3,597)	(9,237)	-	-
ENDESA DIVERSIFICACIÓN GROUP	(9,792)	30,012	68,475	11,073
ENDESA INTERNACIONAL GROUP	67,497	43,229	(8,794)	17,758
OTHER	(652)	-	5,672	1,691
SUBTOTAL	231,029	78,176	206,573	85,979
Companies carried by the equity method:				
REPSOL	1,521	-	4,513	-
RED ELÉCTRICA	1,481	6,603	1,216	-
Other	-	-	351	-
SUBTOTAL	3,002	6,603	6,080	-
TOTAL	234,031	84,779	212,653	85,979

Substantially all the translation differences relate to the Endesa Internacional Group.

Treasury stock

The variations in the "Treasury Stock" caption in 2000 and 1999 were as follow:

Millions of Pesetas		
	2000	1999
Beginning balance	5,034	2,812
Acquisitions	6,885	7,448
Sales	(7,057)	-
Provision/Amounts used	236	(5,226)
Ending balance	5,098	5,034

Sales of treasury stock gave rise to a gain of Ptas. 1,764 million.

Additionally, at 1999 year-end the Grupo had acquired treasury stock through INTERBOLSA, S.A. at a cost of Ptas 12,789 million and with a provision of Ptas. 7,355 million and, accordingly the net value amounted to Ptas. 5,434 million. In 2000 all the treasury stock held through INTERBOLSA, S.A. was disposed of, giving rise to a gain of Ptas. 2,275 million and, accordingly, Ptas. 7,355 million of the provision was recovered (see Note 18).

13.- MINORITY INTERESTS

The breakdown of the balances of the "Minority Interests" caption and of the income attributed to minority interests as of December 31, 2000 and 1999, by company, is as follows:

Millions of Pesetas				
	2000		1999	
	Income Attributed to Minority Interests	Minority Interests	Income Attributed to Minority Interests	Minority Interests
ENDESA DIVERSIFICACIÓN GROUP	1,166	9,336	1,425	7,743
ENDESA INTERNACIONAL GROUP	96,670	687,519	256	696,981
EASA			523	4,506
NET FACTORY GROUP	(128)	384		
TOTAL	97,708	697,239	2,204	709,230

The variations in this caption in 2000 and 1999 were as follows:

	Millions of Pesetas	
	2000	1999
Beginning balance	709,230	275,999
Income for the year	97,708	2,204
Inclusion (Exclusion) of other companies in consolidation	(24,059)	804,836
Dividends distributed and capital reduction	(95,986)	(113,749)
Merger with Spanish subsidiaries	-	(239,725)
Other	10,346	(20,335)
Ending balance	697,239	709,230

14.- SUBSIDIES AND OTHER DEFERRED REVENUES

The variations in these captions in 2000 and 1999 were as follows:

	Millions of Pesetas	
	Subsidies	Other Deferred Revenues
Balance at December 31, 1998	80,510	52,470
Additions	18,357	29,451
Inclusion in/Exclusion from other companies in consolidation	-	46,539
Retirements	(5,093)	(37,038)
Other	15,231	(23,649)
Balance at December 31, 1999	109,005	67,773
Additions	13,675	22,347
Inclusion in/Exclusion from other companies in consolidation	924	247
Retirements	(5,365)	(22,827)
Other	(1,316)	794
Balance at December 31, 2000	116,923	68,334

15.- PROVISIONS FOR CONTINGENCIES AND EXPENSES

The main items included under this caption in the accompanying consolidated balance sheets as of December 31, 2000 and 1999, were as follows:

Millions of Pesetas		
	2000	1999
Provisions for pensions	246,067	385,752
Other provisions	647,482	711,995
Total	893,549	1,097,747

a) Provisions for pensions and similar obligations

The variations in this account in 2000 and 1999 were as follows:

Millions of Pesetas		
	2000	1999
Beginning balance	385,752	328,822
Inclusion/Exclusion of other companies in consolidation	(797)	19,529
Amounts used:		
Credited to income	(4,431)	(810)
Payments (1)	(167,986)	(21,415)
Provisions charged to income:		
Personnel expenses	11,413	7,493
Financial and other operating expenses	16,459	22,154
Nonoperating expenses (Note 18)	3,420	11,850
Provision charged to reserves (2)	-	4,414
Provision charged to prepaid taxes	-	2,377
Provision charged to deferred charges	7,503	21,699
Transfers and other	(5,266)	(10,361)
Ending balance	246,067	385,752

- (1) Including in 2000 the externalization of the pension allowances relating to retired employees amounting to Ptas. 151,985 million.
- (2) Relating to the portion of the effect of reducing the discount rate from 4.5% to 4% allocable to the minority stockholders of the companies merged into ENDESA.

b) Other provisions

The variations in 2000 and 1999 were as follows:

Millions of Pesetas		
	2000	1999
Beginning balance	711,995	421,421
Inclusion of other companies in consolidation	1,053	61,551
Provisions charged to:		
- Nonoperating expenses (Note 18)	16,421	64,489
- Operating and financial expenses	30,529	26,575
- Reserves	-	18,846
- Prepaid taxes	-	10,148
- Costs of transition to competition	1,891	164,160
- Deferred charges	-	2,099
Amounts used:		
- Credited to income	(57,615)	(4,662)
- Payments	(53,627)	(51,294)
Transfers and other	(3,165)	(1,338)
Ending balance	647,482	711,995

Ptas. 492,198 million of the balance as of December 31, 2000, relate to the provision recorded to cover future obligations (except for supplementary pension payments) arising from the restructuring plans.

This amount basically includes the estimated cost of the labor force reduction plans approved in Spain affecting employees who reach the age of 50 through 2005 and who have more than ten years' service. These plans will affect a total of 14,276 employees' of whom as of December 31, 2000, 7,341 had already left the Group.

The liability was discounted to present value at a rate of between 4% and 4.5%.

Of the remainder of the balance, Ptas. 28,498 million relate to the amount required to cover future expenses incurred in extraordinary repairs and the restructuring of facilities, Ptas. 30,793 million to the liability accrued in relation to employee welfare benefits and Ptas. 52,370 million to litigation in progress and claims by third parties. The remaining Ptas. 43,623 million relate to the estimated amount required to cover probable or certain third-party liability arising from outstanding indemnity payments or obligations of undetermined amount.

16.- **LOANS, FINANCIAL DEBTS AND OTHER PAYABLES**

a) **Debentures and other marketable debt securities**

The detail of the balances of debentures and other marketable debt securities as of December 31, 2000 and 1999, and of the scheduled maturity dates is as follows:

	Millions of Pesetas								
	Maturing at Long Term								
	Balance at 12/31/99	Balance at 12/31/00	Maturing at Short Term	2002	2003	2004	2005	Subsequent Years	Total
Debentures and bonds	1,447,269	1,506,145	26,413	33,211	205,082	161,541	54,281	1,025,617	1,479,732
Promissory notes	707,652	564,396	557,396	-	-	-	-	7,000	7,000
Accrued interest able	5,938	15,237	15,237	-	-	-	-	-	-
Total	2,160,859	2,085,778	599,046	33,211	205,082	161,541	54,281	1,032,617	1,486,732

These transactions bore average interest of 5.7% and 4.8%, in 2000 and 1999, respectively.

b) **Payable to credit entities**

The detail of the balances payable to credit entities as of December 31, 2000 and 1999, and of the scheduled due dates is as follows:

	Balance at 12/31/99	Balance at 12/31/00	Due at Short- Term	Millions of Pesetas Due at Long Term					Total
				2002	2003	2004	2005	Remainder	
In euros:									
Principal	457,985	383,596	31,478	42,384	202,025	3,112	5,540	99,057	352,118
Accrued interest payable	1,194	761	761	-	-	-	-	-	-
SUBTOTAL	459,179	384,357	32,239	42,384	202,025	3,112	5,540	99,057	352,118
In foreign currency									
U.S. dollars	908,747	980,221	163,055	399,893	219,235	35,665	63,169	99,204	817,166
Yen	23,247	54,510	14,635	11,814	27,847	214	0	0	39,875
Other	172,414	116,271	85,862	8,016	6,076	5,618	3,109	7,590	30,409
Accrued interest payable	6,267	693	693	-	-	-	-	-	-
SUBTOTAL	1,110,675	1,151,695	264,245	419,723	253,158	41,497	66,278	106,794	887,450
TOTAL	1,569,854	1,536,052	296,484	462,107	455,183	44,609	71,818	205,851	1,239,568

In 2000 and 1999 the accounts payable in euros to credit entities bore average interest of 4.2% and 3.3%, respectively, and the foreign currency debt bore average interest of 8.5% and 7.4%, respectively.

The total interest-bearing debt bore average interest of 6.5% and 5.6% in 2000 and 1999, respectively.

As of December 31, 2000 and 1999, the companies had unused credit lines amounting to Ptas. 254,075 million and Ptas. 442,973 million, respectively.

The detail of the interest rate hedging transactions outstanding at 2000 year-end is as follows: Ptas. 768,042 million of interest-rate swaps; Ptas. 270,718 million of collars; Ptas. 195,000 million of caps. The cost of arranging these transactions was charged to income by the interest method. The exchange rate hedging transactions as of December 31, 2000, included currency swaps totaling Ptas. 82,612 million and forward currency agreements totaling Ptas. 252,578 million.

Additionally, International Endesa BV performed certain derivative transactions to supplement transactions carried out by that company under the Euro Medium Term Note (EMTN) and Euro Commercial Paper (ECP) issue program, which are guaranteed by Endesa S.A. The breakdown of these transactions at year-end is as follows: Ptas. 648,604 million of interest-rate swaps; and Ptas. 272,789 million of currency swaps.

c) Other accounts payable

The detail of the balances of other long-term payables as of December 31, 2000 and 1999, and the scheduled repayment dates is as follows:

	Millions of Pesetas			
	Balance at 12/31/99	Balance at 12/31/00	Due at Short- Term	Due at Long- Term
Guarantees, deposits and other	33,199	137,955	1,284	136,671
Foreign currency payables	121,168	97,887	18,057	79,830
Deferred taxes (Note 17)	248,688	248,442		248,442
Accrued interest payable	160	2,879	2,879	0
Total	403,215	487,163	22,220	464,943

The accrued interest payable at the end of 2000 and 1999 amounted to Ptas. 19,570 million and Ptas. 13,559 million, respectively.

The impact of the Company's hedging activities on the weighted average borrowing rate and on the reported interest expense is as follows:

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Weighted average interest rate	6.56%	5.38%	5.08%
Impact of hedging activities	-0.06%	0.22%	-0.12%
Net weighted average interest rate	6.50%	5.60%	4.96%
Financial and similar expenses	279,853	227,290	98,680
Impact of hedging activities	(3,228)	10,213	(1,471)
Gross financial and similar expenses as reported in the consolidated income statement	276,625	237,503	97,209

Additionally, the weighted average interest rate of short-term borrowing is as follows:

Category of Aggregate Short-term Borrowings	Weighted Average Interest Rate
Year 2000:	
Loans from private banks	5.98%
Commercial paper	6.56%
Debentures	4.40%
Year 1999:	
Loans from private banks	3.27%
Commercial paper	3.59%
Debentures	4.77%
Year 1998	
Loans from private banks	4.84%
Commercial paper	4.81%

17.- TAX MATTERS

ENDESA files consolidated tax returns with certain GROUP companies. As of December 31, 1999, the consolidated tax group comprised 102 companies, of which the most significant were ENDESA, ENDESA GENERACIÓN, UNELCO I, CSE I, GESA I, E.R.Z. I, FECSA - ENHER I, ENDESA INTERNACIONAL and ENDESA DIVERSIFICACIÓN.

The reconciliation of the 2000 income per books to the corporate income tax payable for that year is as follows:

2000

	Increase	Decrease	Net
Consolidated income for the year per books			434,675
Permanent differences:			
Individual companies	123,741	(175,835)	(52,094)
Consolidated tax Group	354,278	(279,753)	74,525
Timing differences:			
Individual companies:			
Arising in the year	157,763	(241,189)	(83,426)
Arising in the previous year	136,517	(181,248)	(44,731)
Consolidation adjustments:			
Arising in the year	229,287	65,062	294,349
Arising in the previous year	984	(79,437)	(78,453)
Offset of prior years' tax losses			(6,882)
Taxable income			537,963
Gross tax payable			147,915
Tax Credits on :			
Investments			(4,440)
Dividends			(28,769)
Other			(28)
Provision for current income tax			114,678

The reconciliation of the corporate income tax expense for 2000 and 1999 to the tax charge for those years is as follows:

	Millions of Pesetas	
	2000	1999
Corporate income tax expense for the year	102,936	127,886
Net tax effect in the year of the timing differences	332	(30,777)
Other adjustments	11,410	400
Tax payable	114,678	97,509

These timing differences were calculated on the basis of the income or loss of each consolidated company plus the effect of consolidation adjustments.

Ptas 33,239 million and Ptas. 26,474 million of tax credits and tax relief were taken in 2000 and 1999, respectively. In view of the restrictions on the taking of investment tax credits, as of December 31, 2000, after taking the tax credits deductible in 2000, the companies had Ptas. 6,989 million of unused tax credits.

The difference between the tax charge allocated to the year ended December 31, 2000, and prior years and the taxes already paid or payable for those years, which is recorded in the "Prepaid Taxes" or "Deferred Taxes" accounts, arose from timing differences in various years. The variations in these accounts in 2000 and 1999 were as follows:

	Millions of Pesetas			
	2000		1999	
	Prepaid Taxes	Deferred Taxes	Prepaid Taxes	Deferred Taxes
Beginning balance	345,654	248,688	231,859	69,970
- Inclusion of other companies in consolidation	(6,917)	(9,184)	47,188	93,464
- Variations in income	3,252	6,281	46,531	85,362
- Provisions for the restructuring plan (Note 15)	-	-	10,148	-
- Application of Ministerial Order 03/28/01 (Note 6)	100,569	-	-	-
- Provisions for pensions (Note 15)	-	-	2,377	-
- Other variations	(6,282)	2,657	7,551	(108)
Ending balance	436,276	248,442	345,654	248,688

The GROUP companies generally have the last four years open for review by the tax inspection authorities for all the taxes applicable to them. The directors do not expect any additional material liabilities to arise for the GROUP as a result of inspection of the open years.

18.- REVENUES AND EXPENSES

Net sales

The breakdown of net sales by geographical market is as follows:

Market	2000	1999
Spain	1,709,536	1,517,087
Chile	228,461	177,955
Argentina	220,685	185,341
Brazil	196,688	132,947
Colombia	119,597	121,365
Peru	64,786	50,223
Total	2,539,753	2,184,918

Headcount

The average number of employees in 2000 and 1999, by professional category, was as follows:

	2000	1999
Executives and university graduates	5,446	6,237
Junior college graduates	5,929	6,860
Other line personnel and clerical staff	11,670	13,167
Manual workers	7,480	8,666
Total	30,525	34,930

Nonoperating revenues and expenses

The detail of the balances of "Nonoperating Revenues" and "Nonoperating Expenses" in 2000 and 1999 is as follows:

Millions of Pesetas

NONOPERATING REVENUES	2000	1999
Gains on fixed assets	13,254	15,756
Capital subsidies transferred to income for the year	5,365	5,874
Gain on disposal of holding in Red Eléctrica (Note 10)	650	19,806
Gain on disposal of holding in Transelec and other associated assets	57,849	
Gain on disposal of holding in Aguas Cordillera	17,582	
Gain on disposal of holding in Aguas Puerto	7,738	
Gain on disposal of holding in Repsol (Note 10)	18,081	
Gain on disposal of holding in Elecar (Note 10)	9,238	
Provisions released	52,075	3,383
Other nonoperating revenues	63,532	22,370
Total	245,364	67,189
NONOPERATING EXPENSES		
Losses on fixed assets	7,504	4,352
Variation in utility plant, intangible asset and portfolio provisions	(4,944)	13,409
Provisions for contingencies and third-party liability (Note 15)	16,421	64,489
Nonoperating expenses for provisions for pensions (Note 15)	3,420	11,850
Other nonoperating expenses	71,014	38,169
Total	93,415	132,269

The "Provisions Released" caption includes most notably Ptas. 13,142 million arising as a result of the renegotiation of the Pension Plan of ENDESA, S.A. which concluded with the dissolution of the welfare mutual fund (see Note 4-i a).

This caption also includes Ptas. 8,543 million for the reversal of the provision recorded in prior years to cover the Balearic Islands environmental tax, which ENDESA had contested and in relation to which in 2000 the Spanish Constitutional Court gave judgement for ENDESA.

The Colombian Government, through Decree 2585, modified the way in which the monetary adjustment of the assets of the electricity producers is calculated with retroactive effect from January 1, 1999, based on the depreciation of the Colombian peso against the U.S. dollar and not on the variation in the consumer price index, since these assets are dollarized. This change was subsequently canceled for 2000, although its

effect being maintained for 1999. Accordingly, the "Other Nonoperating Revenues" caption includes Ptas. 11,318 million in this connection.

Other items included under that caption are Ptas. 7,911 million for the inclusion in consolidation of certain companies which were not previously consolidated (see Note 2) and Ptas. 4,039 million for gains on disposals of treasury stock (see Note 12).

The "Other Nonoperating Expenses" caption includes, inter alia, Ptas. 28,332 million for the rate shortfall relating to 2000 (see Note 6), Ptas. 7,309 million for early amortization of debt arrangement expenses and Ptas. 5,062 million for the write-off of prepaid taxes which could not be recovered in ten years.

19.- THE ENVIRONMENT

The ENDESA Group made environmental investments aimed principally at reducing and controlling emissions, and the treatment and subsequent discharge of water.

These investments related specifically to desulfurization facilities, water treatment plants, underwater discharge outlets, fluidized bed plants, burying of transmission and distribution lines and other measures aimed at minimizing environmental impact.

As of December 31, 2000 and 1999, these investments amounted to Ptas. 134,425 million and Ptas. 130,829 million, respectively, and the related accumulated depreciation amounted to Ptas. 58,872 million and Ptas. 52,872 million, respectively.

The period expenses incurred in 2000 and 1999 in environmental actions amounted to Ptas. 9,658 million and Ptas. 6,938 million, respectively.

The possible environmental contingencies arising for the Group companies are covered by a third-party liability insurance policy which covers, among other contingencies, those arising from accidental pollution, waste handling and wave, radiation or electromagnetic emissions.

20.- DIRECTORS' COMPENSATION AND OTHER BENEFITS

Directors compensation

The members of the Board of Directors of Endesa received remuneration as directors of the Company and, in certain cases, as members of the Boards of Directors of investees.

1. Compensation received for membership of the Board of Directors of Endesa

Effective July 1, 1998, the compensation earned by the Directors consists of the following items: fixed monthly salary, attendance fees and a share in profits. The overall annual compensation including all these items represents 1 per mil of the Company's net income, as approved by the Stockholders' Meeting. The breakdown of this compensation is as follows: a fixed monthly salary of Ptas. 400,000 gross per director, fees for attending the meetings of the Board of Directors, the Executive Committee, the Organization, Appointments and Compensation Committee and Audit and Stockholder Relations Committee amounting to Ptas. 200,000 gross per person per meeting and a share in profits up to the aforementioned percentage of the Company's net income.

The detail of the amounts received in 2000 and 1999 is as follows:

	<u>Millions of Pesetas</u>	
	2000	1999
Fixed monthly salary	71.2	70.4
Attendance fees	66.4	69.4
Share in profits	(1999 income) 72.9	(1998 income) 27.5
Total	210.5	167.3

Because the system came into force on July 1, 1998, it was considered that the share in profits for that year should be half the amount for a full year.

2. Compensation received for membership of other Boards of Directors

The compensation received by the members of the Board of Directors of ENDESA for their membership of the Board of Directors of investees amounted to Ptas. 42 million in 2000. In 1999 the total amount received in this connection was Ptas. 18.4 million.

Salaries

The "Salaries" caption details the amounts received as fixed and variable compensation by the executives and employees who are members of the Board of Directors of ENDESA. The variable compensation is determined through the application of a percentage to the fixed compensation in each case, based on the achievement of certain targets, and the total amount of fees for attendance of meetings of the Boards of Directors of investees received, if any, is subtracted from this amount. The variable compensation for all of 1999 was received in May 2000, on the basis of achievement of the 1999 objectives.

The detail of the amounts received in 2000 and 1999 is as follows:

	<u>Millions of Pesetas</u>	
	2000	1999
Fixed compensation	174.3	159.7
Variable compensation	41.5	41.4
Total	215.8	201.1

The pension commitments and life and accident insurance policy premium payments to members of the Board of Directors amounted to Ptas. 74.2 million and Ptas. 271 million in 2000 and 1999, respectively.

The members of the Board of Directors are covered by the same third-party liability policy as the members of the Board of Directors, directors and executives of ENDESA and its investees.

Advances and loans granted

The advances and loans granted to the members of the Board of Directors of ENDESA as of December 31, 2000, amounted to Ptas. 132 million, of which Ptas. 126.2 million are outstanding. Ptas. 75 million of this amount earn interest at MIBOR + 0.5 and Ptas. 57 million are interest-free advances. The advances and loans are due at long term.

21.- COMMITMENTS AND CONTINGENCIES

Under current legislation in Spain and pursuant to Spanish Electricity System Law 54/1997, ENDESA, S.A. is insured against third-party liability claims for nuclear accidents arising from the operation of nuclear plants up to Ptas. 25,000 million. Any damages in excess of this amount would be governed by the international conventions entered into by the Spanish State. The nuclear power plants are also insured against damage to their facilities and machinery breakdowns, with maximum coverage of Ptas. 225,000 million.

As of December 31, 2000 and 1999, ENDESA, S.A. had provided guarantees totaling Ptas. 1,366,178 million and Ptas. 1,177,205 million, respectively, to third parties in connection with its activities. These amounts include Ptas. 1,118,484 million and Ptas. 1,045,412 million, respectively, relating to guarantees provided by ENDESA, S.A. for the marketable debt securities of International Endesa B.V. recorded on the liability side of the consolidated balance sheet.

As of December 31, 2000, the Group had arranged electricity options and futures transactions for 20,953 GWh of power, which are deemed to be electricity business hedging transactions.

22.- UNBUNDLING OF ACTIVITIES

The financial statements unbundled by business activity are presented below in accordance with Law 54/1997.

Balance sheet by activity and cost accounting consolidated statement of income by activity for 1999 (Amounts in millions of pesetas)

ASSETS	Generation	%	Distribution	%	Retailing	%	Other Non-electricity Activities	%	Activities Carried on Abroad	%	Corporate Activities	%	Unallocated Adjustments	Total
1. Due from stockholders for uncalled capital							245	100						245
2. Fixed and other noncurrent assets	1,584,784	17	1,311,439	14	6,252	0	326,313	4	2,597,896	28	3,369,429	37	(3,064,611)	6,131,502
2.1. Intangible assets	7,118	9	16,818	21	2,202	3	34,411	43	16,120	20	3,110	4	(273)	79,506
2.2. Utility plant	1,467,257	29	1,101,826	22	3,238	0	120,756	2	2,284,727	46	13,593	0	68,850	5,060,247
2.2.1. Technical electricity installations	3,255,723	41	1,802,783	23	3,406	0	67,780	1	2,782,685	35	-	-	61,754	7,974,131
2.2.2. Technical electricity installations in progress	56,836	19	62,777	21	-	-	18,311	6	167,551	55	-	-	-	305,475
2.2.3. Other tangible fixed assets	201,061	37	66,506	12	40	0	79,484	15	196,989	36	3,036	1	(454)	546,662
2.2.4. Advances and other construction work in progress	1,387	3	980	2	-	-	13,476	25	25,602	48	11,768	22	-	53,213
2.2.5. Depreciation of technical electricity installations	(1,862,706)	53	(796,934)	23	(206)	0	(26,724)	1	(834,502)	24	-	-	5921	(3,515,151)
2.2.6. Other depreciation	(169,600)	61	(25,595)	9	(2)	0	(31,567)	11	(50,426)	18	(1,211)	0	185	(278,216)
2.2.7. Provisions	(15,444)	57	(8,691)	32	-	-	(4)	0	(3,172)	12	-	-	1,444	(25,867)
2.3. Long-term financial investments.	110,409	3	192,795	5	812	0	171,146	4	297,049	7	3,347,628	83	(3,133,188)	986,651
2.4. Treasury stock	-	-	-	-	-	-	-	-	-	-	5,098	100	-	5,098
3. Goodwill	-	-	1,377	0	-	-	121,863	15	698,663	85	-	-	(760)	821,143
4. Deferred charges	7,318	3	45,891	18	97	0	3,912	2	24,242	10	168,925	67	(137,127)	113,258
5. Current assets	214,095	17	229,491	19	88,206	7	131,379	11	377,563	31	204,613	17	(324,497)	920,850
5.1. Inventories	88,004	68	5,519	4	31	0	6,419	5	29,800	23	-	-	-	129,773
5.2. Customer receivables	108,917	14	207,054	26	86,344	11	100,974	13	208,273	27	79,713	10	(153,408)	637,867
5.3. Other current assets	17,174	5	16,918	5	1,831	1	23,986	7	139,490	43	124,900	39	(171,089)	153,210
TOTAL ASSETS	1,806,197	15	1,588,198	14	94,555	1	583,712	5	3,698,364	31	3,742,967	32	(3,526,995)	7,986,998
STOCKHOLDERS' EQUITY AND LIABILITIES														
1. Stockholders' equity	642,755	20	222,713	7	2,401	0	166,106	5	600,028	18	1,405,870	43	(1,602,626)	1,437,247
2. Minority interests	-	-	-	-	-	-	9,336	1	687,842	99	647	0	(586)	697,239
3. Negative goodwill	4,437	14	13,657	44	-	-	6,832	22	6,188	20	-	-	(25,995)	5,119
4. Deferred revenues	20,881	11	123,871	67	-	-	12,145	7	27,941	15	677	0	(258)	185,257
4.1. Capital subsidies	20,839	18	94,317	81	-	-	1,767	2	-	-	-	-	-	116,923
4.2. Other	42	0	29,554	43	-	-	10,378	15	27,941	41	677	1	(258)	68,334
5. Provisions for contingencies and expenses	271,889	30	462,710	51	1,383	0	32,500	4	72,544	8	52,700	6	(177)	893,549
6. Long-term debt	637,391	13	502,051	10	51,482	1	236,985	5	1,768,362	37	1,564,186	33	(1,567,888)	3,192,569
7. Current liabilities	228,844	12	263,196	14	39,289	2	119,808	6	535,459	28	718,887	38	(329,465)	1,576,018
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	1,806,197	15	1,588,198	14	94,555	1	583,712	5	3,698,364	31	3,742,967	32	(3,526,995)	7,986,998

INCOME STATEMENTS	Generation	%	Distribution	%	Retailing	%	Other Non-electricity Activities	%	Activities Carried on Abroad	%	Corporate Activities	%	Unallocated Adjustments	Total
Net sales and services	620,236	24	836,387	33	159,672	6	90,646	4	822,092	32	71,748	3	(61,028)	2,539,753
- Sales allocated among activities	60,724	100	104	0									(60,828)	
Other operating revenues	10,536	14	16,900	22	2,325	3	5,932	8	38,034	50	2,997	4	(7,167)	69,557
= Production value	691,496	26	853,391	32	161,997	6	96,578	4	860,126	32	74,745	3	(129,023)	2,609,310
Materials used	(280,912)	24	(462,749)	39	(104,818)	9	(28,867)	2	(314,149)	26	(672)	0	(15,365)	(1,207,532)
- Procurements allocated among activities	(104)	0	(60,724)	100									60,828	
External and operating expenses	(61,289)	16	(95,700)	26	(48,781)	13	(41,015)	11	(124,476)	33	(3,846)	1	83,560	(291,547)
= Value added of the company	349,191	33	234,218	22	8,398	1	26,696	3	421,501	40	70,227	7		1,110,231
- Personnel expenses	(59,604)	26	(67,486)	30	(2,168)	1	(14,104)	6	(74,386)	33	(8,925)	4		(226,673)
= Gross operating income	289,587	35	166,732	20	6,230	1	12,592	2	347,115	42	61,302	7		883,558
- Period depreciation and amortization	(126,189)	41	(57,649)	19	(280)	0	(14,095)	5	(109,747)	36	(29,922)	10		(337,882)
- Bad debts and variation in operating provisions	(11,701)	32	(1,843)	5	(575)	2	(1,603)	4	(20,575)	57	(44)	0		(36,341)
= Net operating income (loss)	151,697	31	107,240	22	5,375	1	(3,106)	(1)	216,793	44	31,336	6		509,335
+ Financial revenues	4,032	2	3,153	2	7	0	4,899	2	116,618	59	68,886	35	(69,718)	127,877
- Financial expenses	(36,847)	10	(38,010)	10	(996)	0	(10,267)	3	(198,948)	52	(99,677)	26	69,718	(315,027)
- Period depreciation and amortization and financial provisions	2	0	780	(26)			(3,756)	126						(2,974)
+- Equity in the income/losses of companies carried by the equity method	257	3					(7,216)	(82)	11,235	127	4,541	52		8,817
- Amortization of goodwill in consolidation	(57)	0	(73)	0			(4,686)	10	(39,945)	88	(542)	1		(45,302)
= Ordinary income	119,084	45	73,090	27	4,386	2	(24,132)	(9)	105,753	40	4,545	2		282,726
+ Gains on fixed assets and nonoperating revenues	26,832	11	44,050	18	250	0	9,781	4	133,279	55	31,172	13		245,364
- Losses on fixed assets and nonoperating expenses	(22,308)	29	(38,752)	50	(1,245)	2	(8,309)	11	(30,997)	40	3,252	(4)		(98,359)
- Variation in intangible assets, utility plant and control provisions for portfolio	(67)	(1)	(3,569)	(72)			487	10			8,093	164		4,944
= Income (Loss) before taxes	123,541		74,819	17	3,391	1	(22,173)	(5)	208,035	48	47,062	11		434,675
- Corporate income tax	(39,338)	38	(12,490)	12	(1,190)	1	9,950	(10)	(43,868)	43	(16,000)	16		(102,936)
= Income (Loss) after taxes	84,203	25	62,329	19	2,201	1	(12,223)	(4)	164,167	49	31,062	9		331,739
- Income (Loss) attributed to minority interests							(1,166)	1	(96,670)	99	128	0		(97,708)
= Income (Loss) for the year attributed to the Controlling Company	84,203	38	62,329	27	2,201	1	(13,389)	(6)	67,497	29	31,190	13		234,031

The financial statements unbundled by business activity are presented below in accordance with Law 54/1997.

Balance sheet by activity and cost accounting statement of income by activity for 1999
(Amounts in millions of Pesetas)

ASSETS	Generation	%	Distribution	%	Retailing	%	Other Non-electricity Activities	%	Activities Carried on Abroad	%	Unallocated Adjustments	Total
1. Due from stockholders for uncalled capital					1,500	100					(1,500)	
2. Fixed and other noncurrent assets	1,639,619	25	1,216,433	19	3,567	1	863,427	13	2,716,273	42	(406,290)	6,033,029
2.1. Intangible assets	8,543	7	19,058	15	517	0	26,414	21	70,862	57		125,394
2.2. Utility plant	1,576,893	32	1,060,014	21	807	0	82,188	2	2,282,016	46		5,001,917
2.2.1. Technical electricity installations	3,247,077	46	1,729,055	25	204	0	47,195	1	2,560,188	28		7,583,719
2.2.2. Technical electricity installations in progress	58,540	18	38,409	12	598	0	249	0	230,805	70		328,601
2.2.3. Other tangible fixed assets	187,249	16	66,130	6	10	0	77,315	7	249,562	72		580,266
2.2.4. Advances and other construction work in progress	2,813	5	1,212	2	-		2,960	5	48,041	87		55,026
2.2.5. Depreciation of technical electricity installations	(1,742,990)	57	(742,231)	24	(4)	0	(14,169)	0	(738,059)	18		(3,237,453)
2.2.6. Other depreciation	(160,002)	34	(27,373)	6	(1)	0	(31,326)	7	(66,088)	53		(284,790)
2.2.7. Provisions	(15,794)	67	(5,188)	22	-		(36)	0	(2,434)	10		(23,452)
2.3. Long-term financial investments.	54,183	4	137,361	11	2,243	0	749,791	57	363,396	25	(406,290)	900,684
2.4. Treasury stock	-		-		-		5,034	100	0	0		5,034
3. Goodwill	-		-		-		94,156	13	645,698	87		739,854
4. Deferred charges	194,338	45	193,709	45	4	0	22,239	5	23,818	5		434,108
5. Current assets	156,659	12	186,262	14	37,681	3	508,750	38	463,347	34	(287,325)	1,065,374
5.1. Inventories	84,112	67	5,053	4	-		2,601	2	34,189	27		125,955
5.2. Customer receivables	65,321	10	177,233	28	34,617	5	157,601	25	195,123	31	(76,394)	553,501
5.3. Other current assets	7,226	1	3,976	1	3,064	1	348,548	58	234,035	39	(210,931)	385,918
TOTAL ASSETS	1,990,616	22	1,596,404	18	42,752	0	1,488,572	17	3,849,136	43	(695,115)	8,272,365
STOCKHOLDERS' EQUITY AND LIABILITIES												
1. Stockholders' equity	520,280	33	200,902	13	9,682	1	226,657	15	592,621	38		1,550,142
2. Minority interests	4,889	1	79		-		6,413	1	697,849	98		709,230
3. Negative goodwill	-		-	0	-		2,457	64	1,403	36		3,860
4. Deferred revenues	25,048	14	104,391	59	-		10,088	6	37,251	21		176,778
4.1. Capital subsidies	19,918	18	88,487	81	-		600	1	-			109,005
4.2. Other	5,130	8	15,904	23	-		9,488	14	37,251	55		67,773
5. Provisions for contingencies and expenses	253,837	23	582,105	53	-		174,271	16	87,534	8		1,097,747
6. Long-term debt	918,444	26	495,790	15	10,065	0	262,337	7	1,835,469	52	(435,531)	3,086,574
7. Current liabilities	268,118	14	213,137	12	23,005	1	806,349	42	597,009	31	(259,584)	1,648,034
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	1,990,616	22	1,596,404	18	42,752	0	1,488,572	17	3,849,136	43	(695,115)	8,272,365

INCOME STATEMENTS	Generation	%	Distribution	%	Retailing	%	Other Non-electricity Activities	%	Activities Carried on Abroad	%	Unallocated Adjustments	Total
Net sales and services	582,932	26	813,457	37	98,914	4	57,464	3	667,831	30	(35,680)	2,184,918
- Sales allocated among activities	59,772	97	1,788	2			0	1		0	(61,560)	
Other operating revenues	16,475	27	13,172	22			9,063	15	21,712	36		60,422
= Production value	659,179	28	828,417	35	98,914	4	66,527	3	689,543	29	(97,240)	2,245,340
Materials used	(187,086)	18	(450,987)	43	(88,908)	9	(31,499)	3	(283,176)	27	5,521	(1,036,135)
- Procurements allocated among activities	(1,788)	3	(59,772)	97						0	61,560	
External and operating expenses	(59,002)	26	(77,265)	34	(251)	0	(10,691)	5	(80,011)	35	30,159	(197,061)
= Value added of the company	411,303	41	240,393	24	9,755	1	24,337	2	326,356	32		1,012,114
- Personnel expenses	(71,687)	32	(74,695)	34	(293)	0	(4,106)	2	(71,803)	32		(222,584)
= Gross operating income	339,616	43	165,698	21	9,462	1	20,231	3	254,553	32		789,560
- Period depreciation and amortization	(130,742)	44	(59,888)	20	(9)	0	(6,835)	2	(97,532)	33		(295,006)
- Bad debts and variation in operating provisions	(145)	1	(547)	5	(694)	6	(468)	4	(9,931)	84		(11,785)
= Net operating income	208,729	43	105,263	22	8,759	2	12,928	3	147,090	30		482,769
+ Financial revenues	1,385	0	970	0	9	0	178,560	59	126,618	42	(27,146)	280,396
- Financial expenses	(54,625)	15	(57,521)	16	(44)	0	(26,675)	8	(215,637)	62	27,146	(327,356)
- Period depreciation and amortization and financial provisions	2,583	0					(3,547)	368				(964)
+ Equity in the income/losses of companies carried by the equity method		0					(995)	(18)	6,598	118		5,603
- Amortization of goodwill in consolidation							(4,972)	15	(27,653)	85		(32,625)
= Ordinary income	158,072	39	48,712	12	8,724	2	155,299	38	37,016	9		407,823
+ Gains on fixed assets and nonoperating revenues	6,403	10	7,787	12			36,941	55	16,058	24		67,189
- Losses on fixed assets and nonoperating expenses	(50,975)	43	(24,133)	20	(2)	0	(13,652)	12	(30,098)	25		(118,860)
- Variation in provisions for intangible assets, utility plant and control portfolio	(3,368)	25	(1,652)	12	243	(2)	(8,459)	62	(173)	2		(13,409)
= Income before taxes	110,132	32	30,714	9	8,965	3	170,129	50	22,803	7		342,743
- Corporate income tax	(30,056)	24	(8,292)	6	(3,045)	2	(55,152)	43	(31,341)	25		(127,886)
= Income (Loss) after taxes	80,076	37	22,422	10	5,920	3	114,977	54	(8,538)	(4)		214,857
- Income (Loss) attributed to minority interests		0		0		0	(1,948)	88	(256)	12		(2,204)
= Income (Loss) for the year attributed to the Controlling Company	80,076	38	22,422	10	5,920	3	113,029	53	(8,794)	(4)		212,653

Balance sheet by activity of "Other Activities Carried on Abroad" in 2000
(Amounts in millions of Pesetas)

ASSETS	Generation	%	Distribution	%	Corporate Activities	%	Other Nonelectricity Activities	%	Unallocated Adjustments	Total
1. Due from stockholders for uncalled capital	0	0	0	0	0	0	0	0	0	0
2. Fixed and other noncurrent assets	1,582,202	54	818,616	22	1,330,871	35	25,672	1	(1,159,465)	2,597,896
2.1. Intangible assets	7,472	46	7,978	50	499	3	170	1	0	16,120
2.2. Utility plant	1,450,951	64	808,042	35	4,831	0	20,903	1	0	2,284,727
2.2.1. Technical electricity installations	1,786,312	64	995,794	36	578	0	0	0	0	2,782,685
2.2.2. Technical electricity installations in progress	116,390	69	51,161	31	0	0	0	0	0	167,551
2.2.3. Other tangible fixed assets	79,513	40	83,383	42	7,109	4	26,984	14	0	196,989
2.2.4. Advances and other construction work in progress	274	1	25,288	99	0	0	40	0	0	25,602
2.2.5. Depreciation of technical electricity installations	(519,865)	62	(311,983)	37	(2,654)	0	0	0	0	(834,502)
2.2.6. Other depreciation	(11,673)	23	(32,556)	65	(202)	0	(5,995)	12	0	(50,426)
2.2.7. Provisions	0	0	(3,046)	96	0	0	(126)	4	0	(3,172)
2.3. Long-term financial investments	123,779	9	2,595	0	1,325,541	91	4,599	0	(1,159,465)	297,049
2.4. Treasury stock	0	0	0	0	0	0	0	0	0	0
3. Goodwill	33,138	4	115,386	15	602,917	80	4	0	(52,781)	698,663
4. Deferred charges	13,536	56	8,060	33	2,495	10	151	1	0	24,242
5. Current assets	115,272	22	232,590	44	153,193	29	28,831	5	(152,323)	377,563
5.1. Inventories	9,167	31	9,777	33	0	0	10,856	36	0	29,800
5.2. Customer receivables	90,323	36	138,806	55	11,131	4	11,641	5	(43,630)	208,273
5.3. Other current assets	15,782	6	84,007	34	142,060	57	6,334	3	(108,693)	139,490
TOTAL ASSETS	1,744,148	41	1,174,651	23	2,089,476	41	54,658	1	(1,364,569)	3,698,364
STOCKHOLDERS' EQUITY AND LIABILITIES										
1. Stockholders' equity	209,900	20	202,494	19	609,849	59	19,119	2	(491,334)	600,028
2. Minority interests	384,537	56	253,481	37	42,344	6	7,479	1	0	687,842
3. Negative goodwill	58,652	91	1,514	2	4,530	7	0	0	(58,509)	6,188
4. Deferred revenues	6,084	22	20,680	74	997	4	180	1	0	27,941
4.1. Capital subsidies	0	0	0	0	0	0	0	0	0	0
4.2. Other	6,084	22	20,680	74	997	4	180	1	0	27,941
5. Provisions for contingencies and expenses	8,150	11	59,470	82	4,924	7	0	0	0	72,544
6. Long-term debt	897,473	37	383,708	16	1,140,460	47	412	0	(603,691)	1,768,362
7. Current liabilities	179,352	24	253,303	34	286,371	38	27,468	4	(211,035)	535,459
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	1,744,148	41	1,174,651	23	2,089,476	41	54,658	1	(1,364,569)	3,698,364

INCOME STATEMENTS	Generation	%	Distribution	%	Corporate Activities	%	Other Non-electricity Activities	%	Unallocated Adjustments	Total
Net sales and services	271,871	30	603,693	66	1,353	0	42,989	5	(97,813)	822,092
- Sales allocated among activities	0	0	0	0	0	0	0	0	0	0
Other operating revenues	13,590	36	23,882	63	562	1	0	0	0	38,034
= Production value	285,461	30	627,574	66	1,916	0	42,989	4	(97,813)	860,126
Materials used	(96,331)	24	(284,917)	72	0	0	(15,215)	4	82,314	(314,149)
- Procurements allocated among activities	0	0	0	0	0	0	0	0	0	0
External and operating expenses	(31,311)	22	(87,154)	62	(6,478)	5	(15,032)	11	15,499	(124,476)
= Value added of the company	157,819	37	255,503	61	(4,562)	(1)	12,742	3	0	421,502
- Personnel expenses	(15,255)	21	(49,484)	67	(4,696)	6	(4,951)	7	0	(74,386)
= Gross operating income (loss)	142,564	41	206,019	59	(9,260)	(3)	7,790	2	0	347,115
- Period depreciation and amortization	(51,895)	47	(56,901)	52	(401)	0	(550)	1	0	(109,747)
- Bad debts and variation in operating provisions	(50)	0	(20,525)	100	0	0	0	0	0	(20,575)
= Net operating income (loss)	90,619	42	128,592	59	(9,661)	(4)	7,240	3	0	216,793
+ Financial revenues	53,726	24	66,230	30	102,147	46	1,513	1	(106,998)	116,618
- Financial expenses	(100,580)	33	(87,041)	28	(115,845)	38	(2,480)	1	106,998	(198,948)
- Period depreciation and amortization and financial provisions	0	0	0	0	0	0	0	0	0	0
+/- Equity in the income/losses of companies carried by the equity method	554	3	0	0	10,681	97	0	0	0	11,235
- Amortization of goodwill in consolidation	(2,615)	7	(6,438)	16	(30,976)	78	84	0	0	(39,945)
= Ordinary income (loss)	41,704	36	101,344	88	(43,652)	(30)	6,357	6	0	105,753
+ Gains on fixed assets and nonoperating revenues	85,587	62	9,583	7	40,652	30	1,744	1	(4,286)	133,279
- Losses on fixed assets and nonoperating expenses	(24,255)	69	(12,666)	36	2,456	(7)	(819)	2	4,286	(30,997)
- Variation in provisions for intangible assets, utility plant and control portfolio	0	0	0	0	0	0	0	0	0	0
= Income (Loss) before taxes	103,036	47	98,261	45	(544)	4	7,282	3	0	208,035
- Corporate income tax	(34,537)	79	(19,635)	45	11,172	(25)	(868)	2	0	(43,868)
= Income after taxes	68,499	39	78,626	45	10,628	11	6,414	4	0	164,167
- Income (Loss) attributed to minority interests	(39,600)	41	(28,282)	29	(28,769)	30	(18)	0	0	(96,670)
= Income (Loss) for the year attributed to the Controlling Company	28,898	38	50,344	66	(18,141)	(12)	6,396	8	0	67,497

Balance sheet by activity of "Other Activities Carried on Abroad" in 1999

ASSETS	Generation	%	Distribution	%	Other Non-electricity Activities	%	Unallocated Adjustments	Total
1. Due from stockholders for uncalled capital	0	0	0	0	0	0	0	0
2. Fixed and other noncurrent assets	1,518,858	49	953,870	31	625,981	20	(382,435)	2,716,274
2.1. Intangible assets	5,765	8	62,576	88	2,521	4		70,862
2.2. Utility plant	1,363,950	60	817,848	36	100,218	4		2,282,016
2.2.1. Technical electricity installations	1,617,393	63	942,795	37	0	0		2,560,188
2.2.2. Technical electricity installations in progress	194,049	84	36,756	16	0	0		230,805
2.2.3. Other tangible fixed assets	33,903	14	93,109	37	122,550	49		249,562
2.2.4. Advances and other construction work in progress	752	2	42,793	89	4,496	9		48,041
2.2.5. Depreciation of technical electricity installations	(469,579)	64	(268,480)	36	0	0		(738,059)
2.2.6. Other depreciation	(12,568)	19	(26,692)	40	(26,827)	41		(66,087)
2.2.7. Provisions.	0	0	(2,433)	100	(1)	0		(2,434)
2.3. Long-term financial investments	149,143	20	73,446	10	523,242	70	(382,435)	363,396
2.4. Treasury stock	0				0			0
3. Goodwill	202,792	31	442,905	69	0	0		645,697
4. Deferred charges	14,734	62	8,361	35	723	3		23,818
5. Current assets	87,456	18	244,605	50	159,363	32	(28,079)	463,345
5.1. Inventories	6,844	20	10,287	30	17,058	50		34,189
5.2. Customer receivables	50,301	23	154,186	69	18,093	8	(27,457)	195,123
5.3. Other current assets	30,311	13	80,132	34	124,212	53	(622)	234,033
TOTAL ASSETS	1,823,840	43	1,649,741	39	786,067	18	(410,514)	3,849,134
STOCKHOLDERS' EQUITY AND LIABILITIES								
1. Stockholders' equity	153,744	26	85,646	14	353,228	60		592,618
2. Minority interests	376,250	54	294,976	42	26,623	4		697,849
3. Negative goodwill	0	0		0	1,403	100		1,403
4. Deferred revenues	3,555	10	31,003	83	2,693	7		37,251
4.1. Capital subsidies	0				0			0
4.2. Other	3,555	10	31,003	83	2,693	7		37,251
5. Provisions for contingencies and expenses	9,540	11	68,754	79	9,240	11		87,534
6. Long-term debt	1,119,330	51	959,756	43	131,889	6	(375,506)	1,835,469
7. Current liabilities	161,421	26	209,606	33	260,991	41	(35,008)	597,010
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	1,823,840	43	1,649,741	39	786,067	18	(410,514)	3,849,134

INCOME STATEMENTS	Generation	%	Distribution	%	Other Non-electricity Activities	%	Unallocated Adjustments	Total
Net sales and services	227,124	31	481,873	65	34,426	5	(75,592)	667,831
- Sales allocated among activities.	0	0	0	0	0	0		0
Other operating revenues	2,790	13	17,933	83	989	5		21,712
= Production value	229,914	30	499,806	65	35,415	5	(75,592)	689,543
Materials used	(107,133)	30	(238,642)	67	(12,993)	4	75,592	(283,176)
- Procurements allocated among activities	0	0	0	0	0	0		0
External and operating expenses	(17,918)	22	(52,416)	66	(9,677)	12		(80,011)
= Value added of the company	104,863	32	208,748	64	12,745	4		326,356
- Personnel expenses	(16,193)	23	(48,305)	67	(7,305)	10		(71,803)
= Gross operating income	88,670	35	160,443	63	5,440	2		254,553
- Period depreciation and amortization	(45,349)	46	(47,309)	49	(4,874)	5		(97,532)
- Bad debts and variation in operating provisions	0	0	(9,931)	100	0	0		(9,931)
= Net operating income	43,321	29	103,203	70	566	0		147,090
+ Financial revenues	46,899	30	78,420	50	32,293	20	(30,994)	126,618
- Financial expenses	(110,145)	45	(102,408)	42	(34,078)	14	30,994	(215,637)
- Period depreciation and amortization and financial provisions	(248)		(414)		662			
+ Equity in the income/losses of companies carried by the equity method	455	7	(54)	(1)	6,197	94		6,598
- Amortization of goodwill in consolidation	(9,460)	34	(18,193)	66	0	0		(27,653)
= Ordinary income (Loss)	(29,178)	(79)	60,554	164	5,640	15		37,016
+ Gains on fixed assets and nonoperating revenues	9,294	58	5,256	33	1,508	9		16,058
- Losses on fixed assets and nonoperating expenses	(6,960)	23	(17,674)	58	(5,464)	18		(30,098)
- Variation in provisions for intangible assets, utility plant and control portfolio	0	0	0	0	(173)	100		(173)
= Income (Loss) before taxes	(26,844)	(118)	48,136	211	1,511	7		22,803
- Corporate income tax	(19,069)	61	(15,732)	50	3,460	(11)		(31,341)
= Income (Loss) after taxes	(45,913)	538	32,404	(380)	4,971	(58)		(8,538)
- Income attributed to minority interests	19,328	(7,550)	(29,582)	11,555	9,998	(3,905)		(256)
= Income (Loss) for the year attributed to the Controlling Company	(26,585)	302	2,822	(32)	14,969	(170)		(8,794)

23.- ADAPTATION TO THE EURO

In the year ended December 31, 2000, the Group continued to adapt its information systems and its operations to the introduction of the euro as a transition currency during the phase of transition for the introduction of the euro.

24.- EVENTS SUBSEQUENT TO YEAR-END

An agreement was reached for the sale of all the Group's direct and indirect holding in Empresa Distribuidora y Comercializadora Norte Sociedad Anónima (EDENOR, S.A.), the concession-holder for the electricity distribution service in the north of Buenos Aires and the surrounding area.

25.- CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

ENDESA, S.A. AND SUBSIDIARIES FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

Millions of Pesetas								
FUNDS WERE USED FOR	2000	1999	1998	FUNDS WERE OBTAINED FROM	2000	1999	1998	
	Intangible asset additions	19,134	19,207		5,991	Operations:		
Utility plant additions:				- Attributed to the Controlling Company	458,047	737,178	457,395	
- Cost	295,042	305,883	121,489	- Attributed to minority interests	97,708	(2,204)	31,602	
- Expenses and interest capitalized	33,061	20,151	14,713	Contributions from minority interests and from the Controlling Company's stockholders	41,871	249,748	7,181	
Long-term financial investment additions	111,737	209,736	246,845	Capital subsidies	32,990	35,312	28,112	
Acquisition of Controlling Company shares	6,885	7,448	1,238	Long-term debt:				
Capital reduction at the Controlling Company			289,730	- Debt securities and other similar liabilities				
Dividends of the Controlling Company	107,955	91,525	81,421	- Other debt	727,703	1,531,544	1,153,170	
Dividends of Group companies attributed to minority interests and capital reductions	94,480	113,749	13,114	Disposal of fixed assets	243,109	56,632	27,541	
				Disposal Controlling Company shares	8,821			
Funds used in the acquisition of consolidated companies	191,496	831,368	-	Funds obtained from the disposal of consolidated companies	161,859			
- Repayment of long-term debt	565,687	826,455	660,667	Early redemption or transfer to short-term of long-term financial investments	32,138	37,316	64,687	
- Transfers to short-term	170,929	384,820	179,916					
Provisions for contingencies and expenses	221,613	72,709	76,438					
Other funds used			(4,927)					
TOTAL FUNDS USED	1,818,019	2,883,051	1,686,635	TOTAL FUNDS OBTAINED	1,804,246	2,645,526	1,020,996	
FUNDS OBTAINED IN EXCESS OF FUNDS USED (INCREASE IN WORKING CAPITAL)			83,053	FUNDS USED IN EXCESS OF FUNDS OBTAINED (DECREASE IN WORKING CAPITAL)	13,773	237,525		
VARIATION IN WORKING CAPITAL	2000		1999		1998			
	Increase	Decrease	Increase	Decrease	Increase	Decrease		
Due from stockholders for capital calls		12	12					
Inventories	1,916			5,266		2,917		
Accounts receivable	70,433			108,902		82,191		
Accounts payable	160,177			382,577		30,931		
Short-term financial investments		227,163	101,001		34,491			
Cash		18,501		62,177	1,329			
Accrual accounts		623	2,580			1,110		
TOTAL		232,526	246,299	212,495	450,020	118,011	34,958	
Variation in working capital			13,773		237,525	83,053		

26 DIFFERENCES BETWEEN SPANISH AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

As discussed in Note 3-a, the accompanying financial statements were prepared in accordance with generally accepted accounting principles in Spain ("Spanish GAAP"), which vary from generally accepted accounting principles in the United States of America ("U.S. GAAP"). A reconciliation of net income and stockholders' equity from Spanish GAAP to U.S. GAAP is provided under item 22. The significant differences are described below.

1. Discontinuance of SFAS No 71

As discussed in Notes 5 and 6 to the financial statements, in 1996 the government and officials of the major electric companies in Spain established the basis for a new regulatory framework for the electricity sector in a document called the Protocol. This Protocol reflected an agreement between the main economic players in the electricity industry on a wide-reaching change in the remuneration system in place until then and on the progressive introduction of the various phases leading towards market deregulation. The Electricity Industry Law 54/1997 embodied the principles of the Protocol entered into by the Ministry of Industry and Energy and the main electric utilities on December 11, 1996.

This Law recognized the existence of certain costs relating to the transition to a competitive market for the companies owning the electricity production facilities. During a ten year transition period, the costs of the transition to competition would be recovered in the form of a remuneration (expressed in Ptas/Kwh), which was determined year by year as the difference between the average revenues obtained by the companies through the electricity rate and the remuneration recognized for production.

As a result of the Protocol, the Group began analyzing the continued applicability of SFAS No 71 and, the period in which discontinuation should occur. The analysis resulted in a decision to discontinue applying SFAS No 71 in 1996. The primary reasons were:

1. The transition period began January 1, 1998. The formal legislation was passed in 1997.

2. The recovery rates have been reduced over the years and it is expected that they will be reduced more in future years.
3. The transition costs have been established as a maximum allowed amount to recover.

The impact of discontinuing SFAS No 71 is to write off related regulatory assets in 1996 which are still capitalized under Spanish GAAP. As a result, depreciation charges in subsequent periods are lower than under U.S. GAAP.

2. Adjustments to the cost of property and equipment

As described in Note 4-b, the cost and accumulated depreciation of the utility plant in Spain of the ENDESA Group was restated following Spanish regulations. Under U.S. GAAP, such restatements are not acceptable. The adjustments shown in the reconciliation include a reduction in stockholders' equity to eliminate these restatements and an increase in income of each year that results from the recomputation of the depreciation expense on a historical cost basis.

Enersis capitalizes as part of the carrying amount of its property, plant and equipment, certain costs such as general and administrative expenses and foreign exchange losses which are acceptable under Chilean GAAP and Spanish GAAP but not under U.S. GAAP. Although under U.S. GAAP this effect should have been eliminated, the ENDESA Group management has concluded that the fair value of the property, plant and equipment at the acquisition date of the company was equal to the carrying value under local GAAP. Accordingly, no adjustment was considered in 1999 under U.S. GAAP, since that difference was considered part of the cost allocation. Since the acquisition the capitalization of these costs is removed under U.S. GAAP.

3. Equity method and currency translation adjustment

1. Equity method

Under Spanish GAAP significant influence is presumed to exist where the investor has more than a 3% interest in listed companies. Under U.S. GAAP significant

influence is presumed to exist for investments above 20%. ENDESA group has recorded the investments mentioned below under the equity method following Spanish GAAP. However, for U.S. GAAP purposes these investments would be classified as available-for-sale, as defined by Statement of Financial Accounting Standard No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Under U.S. GAAP unrealized holding gains and losses are reflected as a separate component of stockholders' equity until realized. The investments described below are included in the presentation of certain debt and equity investments described in item 24.

1. Since 1994, the ENDESA Group has recorded its 7.86% holding in the Venezuelan company ELECAR using the equity method in accordance with applicable Spanish accounting standards. The accounting for this holding using the equity method increased the income and the equity of the ENDESA Group as of and for the year ended December 31, 1999 by Ptas. 71 million and Ptas. 6,526 million, respectively, and increased the income for the year ended December 31, 1998 by Ptas. 1,052 million.

In 1999, under Spanish GAAP the Endesa Group holding of 3.6% in REPSOL was accounted for under the equity method. Under U.S. GAAP, the inclusion of this holding decreased the Group's income and equity as of December 31, 1999 by Ptas. 173 million.

From April 1, 2000, REPSOL and ELECAR ceased to be carried by the equity method, since ENDESA's holding in the former company was reduced to below 3% and the holding in the latter was sold. The income arising from the sale of these investments in 2000 under U.S. GAAP differs from the income calculated under Spanish GAAP, due to the different carrying amounts under Spanish GAAP and U.S. GAAP.

2. Since 1994 the ENDESA Group holding of 11.78% in Sociedad General de Aguas de Barcelona, S.A. (AGBAR, S.A.) has been accounted for under the equity method. The inclusion of this holding increased the Group's income as of December 31, 2000 and 1999, by Ptas. 2,156 million and Ptas. 533 million, respectively, and increased the Group's equity as of December 31, 2000 and 1999, by Ptas. 4,537 million and Ptas. 2,381 million, respectively.
3. As discussed in Note 10, in 1997 and 1998 the Group sold to Sociedad Estatal de Participaciones Industriales (SEPI) a percentage of its ownership of R.E.E. to comply with the legislation in force at that time, which required the State to have a majority holding in R.E.E. (Red Eléctrica, S.A.) In 2000 and 1999 the Endesa Group holding of 10% in R.E.E. has been accounted for under the equity method. The inclusion of this holding increased the Group's income as of December 31,

2000 and 1999, by Ptas. 1,640 million and Ptas. 223 million, respectively, and increased the Group's equity as of December 31, 2000 and 1999, by Ptas. 1,863 million and Ptas. 223 million, respectively.

2. Currency translation adjustment

Under Spanish GAAP, the Currency Translation Adjustment (CTA) arising from the translation of the financial statements of foreign subsidiaries and associated companies is recorded to Shareholders' Equity as well as under U.S. GAAP. Under Spanish GAAP when an investment in a foreign company is sold, the accumulated CTA is reclassified to consolidated retained earnings. However, under U.S. GAAP, the accumulated CTA should be credited to income in the disposal. This adjustment does not affect shareholders' equity.

4. Pension plans and special termination benefits-

1. *Pension plans*

As discussed in Note 4-i, the Company sponsors various internal and external defined benefit pension plans that cover eligible employees. At the consolidated level, the Company records pension cost related to these plans in accordance with Spanish GAAP, using the projected unit credit actuarial cost method. The differences between Spanish GAAP for pensions and U.S. GAAP are described in below.

In accordance with Royal Decree 1643/1990, approving the Spanish National Chart of Accounts in 1991, Ptas. 16,756 million, before tax and minority interest effects, was charged to reserves in connection with the increase in the liability accrued for the pension fund as of January 1, 1991, with respect to that calculated and recorded in the preceding year for certain subsidiaries.

Additionally, in 1995 Ptas. 5,908 million were charged to non-operating expenses, before consideration of the tax effect, in accordance with Spanish GAAP due to a new change in the assumptions used in the actuarial studies performed for ENDESA and its subsidiaries.

Under U.S. GAAP, in accordance with SFAS No. 87, a provision should have been recorded for the 1991 and 1995 increases in the valuation of the liability accruing for the pension fund over the average remaining years of service of the Company's employees which, in both cases, was calculated assuming 15 years. The "Pension Plan Accounting" net adjustments for 2000 and 1999 included in the stockholders'

equity reconciliation, amount to Ptas. 9,130 million, and Ptas. 10,641 million, respectively, before taxes.

As described in Note 4-i, the ENDESA Group has modified its assumptions for life expectancy and the discount rate and adopted a plan to enable a gradual charge to the average remaining useful life of its employees, which is estimated to be 15 years on average and is in accordance with U.S. GAAP. However, the Endesa Group made a provision to reserves for a portion of the pension shortfall resulting from the modification of the aforementioned assumption, which was adjusted under U.S. GAAP. The effect on shareholders' equity in 2000 and 1999 was Ptas. 4,644 million and Ptas. 5,002 million respectively, before taxes.

In Cerj (Endesa's subsidiary), amounts paid to retired employees related to pension plan benefits are expensed as cash disbursements are made. Under U. S. GAAP, postretirement employee benefits have been accounted for in accordance with SFAS No 87. The effect on shareholders' equity in 2000 is Ptas. 3,233 million.

The following disclosures have been prepared according to the requirements established by SFAS No. 132:

ANEXO I - Cuadro desglose fondos de pensiones bajo normativa SFAS 132

	Millions of Pesetas		
	2000	1999	1998
Change in benefit obligation			
Benefit obligation at beginning of year	362,950	308,598	282,400
Service cost	8,091	7,486	3,631
Interest cost	15,832	12,344	17,716
Plan participants' contributions	-	-	-
Amendments/Settlements	(151,985)	-	-
Actuarial (gain)/loss	7,159	43,741	25,774
Acquisition	-	12,196	-
Benefits paid	(10,051)	(21,415)	(20,923)
Benefit obligation at end of year	231,996	362,950	308,598
Funded status	(231,996)	(362,950)	(308,598)
Unrecognized net actuarial loss	8,980	43,741	25,774
Unrecognized prior service cost	-	-	-
Prepaid (accrued) benefit cost	(223,016)	(319,209)	(282,824)

	Millions of Pesetas		
	2000	1999	1998
Weighted-average assumptions as of December 31,			
Discount rate	4%	4%	6%
Expected return on plan assets	-	-	-
Rate of compensation increase	2.50%	2.40%	4.00%

	Millions of Pesetas		
	2000	1999	1998
Components of net periodic benefit cost			
Service cost	8,091	7,486	3,631
Interest cost	15,832	12,344	17,716
Recognized net actuarial loss	5,532	19,647	25,357
Net periodic benefit cost	29,455	39,477	46,704

Under U.S. GAAP, the charge to the "Interest Expenses" caption arising from the discounting to present value of the provisions for pensions would be classified as net pension cost under the "Personnel Expenses" caption of the income statement under U.S. GAAP. This classification difference has no impact on net income.

Under the caption "Provisions for pensions and similar obligations", the Company records the legal provision for severance indemnities, that the Company is obliged to pay to its employees in certain Latin American countries. This provision is calculated at the present value of the benefit under the vested cost method, using the current salary levels of all employees covered under the severance indemnities agreement, an assumed discount rate of 9.5% for the years ended December 31, 1999 and 2000, and an estimated average service period based on the years of services for the Company. The present value of the liability for severance indemnities as of December 31, 1999 and 2000 was Ptas. 14,071 and Ptas. 13,998 million respectively.

The disclosure of the provision for pension plans is as follows:

	Millions of Pesetas	
	2000	1999
Excess of projected benefit obligation over assets:		
Mutualidad de ENDESA	0	8,804
Other pension plans	246,067	376,948
Total provision for pensions in accordance with Spanish GAAP	246,067	385,752
U.S. GAAP adjustment	(10,541)	(15,463)
Total provision for pensions in accordance with U.S. GAAP	235,526	370,289

As described in Notes 6 and 15, the ENDESA Group recorded under Spanish GAAP provisions totaling Ptas. 3,718 and 42,255 million as of December 31, 1998 and December 31, 1997 respectively for complementary pension plans to employees who might leave the Company in future years before their retirement age, as a result of the electric utilities' transition to a competitive market. These future costs were considered costs of transition to competition (see Note 6) and were recorded mainly to reserves and deferred charges. In 2000, as explained in Note 6-e, the Ministerial Order dated March 28, 2001, provided for the possibility of writing off against reserves the amount of the capitalized costs of transition to competition which would be recovered through the fixed remuneration as of December 31, 2000, whose recovery is not considered to be reasonably assured through the fixed remuneration for the transition to competition arising solely as a result of the elimination by Royal

Decree Law 2/2001 of the assignment of 4.5% of billings for electricity sales to consumers. Accordingly, a portion of the deferred charges due to the transition to competition relating to pension plans assigned to the labor force reduction plans approved by the Company was written off to reserves. Under U.S. GAAP, in accordance with SFAS No. 88, an employer that offers special termination benefits to employees shall recognize a liability and a loss when the employees accept the offer and the amount can be reasonably estimated.

2. *Postretirement benefits other than pensions*

For U.S. GAAP purposes, the Company adopted the requirements of SFAS No 106 with respect to energy to be supplied on a subsidized basis to retired employees of the Company. In previous years the Company has been operating under a regulatory plan and consequently the estimated value of those future postemployment benefits was factored into the computation of the electricity rates to be charged to external customers, and any recorded liability under U.S. GAAP in previous years was compensated by a corresponding recoverable asset. However, as described in item 1, the Company decided to discontinue applying SFAS No 71 in 1996 and therefore, since that year has recorded a provision for subsidized energy.

3. *Special termination benefits*

As described in Notes 6 and 15, the ENDESA Group recorded provisions totaling Ptas. 193,154, 121,462 and 231,529 million as of December 31, 1999, December 31, 1998 and December 31, 1997 respectively for special termination benefits to employees who might retire in future years, as a result of the electric utilities' transition to a competitive market. These future costs were considered costs of transition to competition (see Note 6) and were recorded mainly to reserves and deferred charges. In 2000, a further Ptas. 8,338 million relating to labor force reduction plans were recorded under the "Deferred Charges Due to the Transition to Competition" caption. Additionally, as explained in Note 6-e, the Ministerial Order dated March 28, 2001, provided for the possibility of writing off against reserves the amount of the capitalized costs of transition to competition which would be recovered through the fixed remuneration as of December 31, 2000, whose recovery is not considered to be reasonably assured through the fixed remuneration for the transition to competition arising solely as a result of the elimination by Royal Decree Law 2/2001 of the assignment of 4.5% of billings for electricity sales to consumers. Accordingly, a portion of the deferred charges due to the transition to competition relating to the labor force reduction plans approved by the Company was written off to reserves. Under U.S. GAAP the employer shall recognize the liability for voluntary retirements only when the employees accept the offer and will be entitled to benefits, as a loss of the year in the Income Statement.

The Argentinean subsidiary Central Costanera and Hidroelectricidad, S.A. recorded an accrual for certain involuntary employees termination benefits related to the restructuring plan. In accordance with US GAAP, in order to recognize a liability at the balance sheet for the cost to terminate employees involuntary, there must be a plan that specifically includes notification of such employees prior to the balance sheet date. As of December 31, 1999 and 2000 , this requirement had not been met.

5. Goodwill

Under Spanish GAAP, the difference in consolidation between the carrying amount for which the investment in a subsidiary is recorded and the participation of the parent company in the equity of the subsidiary, should be allocated to the identified assets and liabilities of the subsidiary, up to the limit applicable to the parent's investment in the difference between the book value and the fair value of the related item. The remaining difference, if positive, should be shown on the asset side of the consolidated balance sheet as goodwill and should be amortised over a maximum period of twenty years.

Under U.S. GAAP, assets acquired and liabilities assumed are recorded at their estimated fair values, and the excess of the purchased price over the estimated fair value of the net identifiable assets is recorded as goodwill.

In April 1999, the acquisition of a controlling interest in Enersis S.A., resulted in goodwill which the Company recorded as an addition to the value of the business and which was not assigned to any of the Company's assets, as it concluded that the carrying value was equal to fair value.

We have included an adjustment to income and net worth resulting from the inclusion of the financial statements of the Enersis Group, just for the 2000 year effect.

As described in Note 2, on July 16, 1999, SEVILLANA DE ELECTRICIDAD, S.A., FUERZAS ELÉCTRICAS DE CATALUÑA, S.A. (FECSA), EMPRESA HIDROELÉCTRICA DEL RIBAGORZANA, S.A. (ENHER), ELÉCTRICAS REUNIDAS DE ZARAGOZA, S.A. (ERZ), GAS Y ELECTRICIDAD, S.A. (GESA), UNIÓN ELÉCTRICA DE CANARIAS, S.A. (UNELCO), ELECTRA DE VIESGO, S.A. (VIESGO) and SALTOS DEL NANSA, S.A. (NANSA) were merged into ENDESA, S.A. Under the merger, which was effective for accounting purposes from January 1, 1999, the absorbing company acquired the absorbed companies' assets and liabilities en bloc by universal succession and the latter were dissolved without liquidation. The merger

took place through the exchange of the shares held by the merged companies' minority stockholders for newly issued shares of ENDESA, S.A. Under U.S. GAAP the acquisition of the shares from the minority stockholders' is accounted for under the purchase method. Accordingly, the cost of the acquired company is measured by the fair value of the equity securities issued and goodwill is recognized for the difference between the fair value of the consideration and the fair value of the net assets acquired.

Furthermore, under U.S. GAAP the purchase of the shares from the minority stockholders is recorded on the consummation date of the transaction (July 16, 1999) rather than the effective date. Accordingly, minority interest in the results of operations is recorded for the period from January 1, 1999 to July 16, 1999 with a corresponding adjustment in goodwill.

The Company recorded this goodwill as an addition to the value of the business and did not assign it to any asset, as it considered that these were recorded at fair value. This goodwill is being amortized over 20 years.

As explained in Note 2, in 2000 the Company purchased various ownership interests in subsidiaries, the most noteworthy of which was the acquisition of SMARTCOM PCS, a Chilean telephony operator. As a result of these acquisitions, an accounting adjustment was included for the differences in goodwill under Spanish GAAP and US GAAP.

The following unaudited consolidated pro forma information is included pursuant to the requirements set forth in the Accounting Principles Board Opinion (APB) No. 16, and shows revenue, net income and earnings per share under Spanish GAAP, as if the companies had combined at the beginning of 1999 and 2000.

Millions of pesetas	Year Ended December 31,	
	2000	1999
Revenues	2,614,134	2,255,993
Net Income	231,566	167,015
Net income per share (1)	218.71	166.57

(1) Computed considering 1,058,752,117 and 1,002,650,568 outstanding shares in 2000 and 1999 respectively.

These unaudited pro forma figures include certain adjustments such as additional amortization expense as a result of goodwill and an increased interest expense on acquisition debt.

The pro forma information included above is provided for illustrative purposes only and does not purport to represent what the actual results of operations would have been had the transactions occurred on the respective dates assumed, nor is it necessarily indicative of the future results of operations of the consolidated entities.

6. Negative goodwill

The Company recorded negative goodwill of Ptas. 40,474 million in 1991 as a result of the inclusion of certain companies in consolidation in that year. As of December 31, 2000, 1999 and 1998, the carrying value of this negative goodwill amounted to Ptas. 5,119 million, Ptas. 3,860 million and Ptas. 4,689 million, respectively.

Under Spanish GAAP, the negative goodwill must be credited to a specific liability account with no amortization or reduction, except for additional liabilities of the subsidiary at the purchase date not considered in the initial consolidation, unfavourable evolution of the results of the acquired company, or as a result of a change in the ownership interest in the subsidiary.

Under U.S. GAAP, negative goodwill is amortized systematically to income over the period estimated to be benefited but not in excess of 40 years. The amortization of the aforementioned negative goodwill for the purpose of the reconciliation to U.S. GAAP has been computed on the basis of the average years of remaining useful life of the fixed assets of each of the subsidiaries giving rise thereto.

7. Income Taxes

The Spanish accounting principles for recording income taxes differ from those applicable under U.S. GAAP as regards the period in which certain prepaid and deferred taxes must be recorded and with respect to the required disclosures. In this connection, the differences affecting the ENDESA Group are as follows:

1. Under Spanish GAAP, deductible temporary differences that are expected to reverse in more than ten years from the balance sheet date are not recorded as deferred tax assets. Deferred income taxes under U.S. GAAP are recognized based on the expected future tax consequences of substantially all differences between the financial statement basis and the tax basis of assets and liabilities.
2. Under Spanish GAAP, tax credit carryforwards are not recognized until they are utilized, as opposed to when they are "more likely than not" under U.S. GAAP.

Deferred tax assets and liabilities as of December 31, 2000, and 1999 are as follows:

	Millions of Pesetas			
	Deferred Taxes			
	2000		1999	
	Assets	Liabilities	Assets	Liabilities
Balance under Spanish GAAP (Note 17):				
Current	12,988	-	633	-
Non-current	423,288	248,442	345,021	248,688
	436,276	248,442	345,654	248,688
Adjustments under U.S. GAAP:				
Tax credits	6,989	-	12,994	-
Legal restatements	133,989	-	146,321	-
Early retirements (both pension and special benefits)	(96,493)	-	(8,513)	-
Others	(5,776)	-	(40,865)	-
Gross deferred tax under U.S. GAAP	474,985	248,442	455,591	248,688
Valuation allowance	-	-	-	-
Deferred tax under U.S. GAAP	474,985	248,442	455,591	248,688

As a consequence of changes during 1997 in the consolidated tax regime, some companies of the consolidated group were able to generate certain income taxes credits which not previously available to the Group. These additional tax credit carryforwards can be utilized to reduce future taxable income and expire during the next 5 years. Since the realization of the credit carryforward is more likely than not to be realized by the Group, a deferred tax benefit under U.S. GAAP has been recorded for this amount since 1997.

The reconciliation of the above differences between the amounts under Spanish GAAP and U.S GAAP to the U.S. GAAP adjustment in item 22 is as follows:

	Millions of Pesetas	
	2000	1999
Net total adjustments to U.S. GAAP Per the foregoing table	38,709	109,937
“Tax effect of the above adjustments” In Item 22		
Legal restatements	133,989	146,321
Early retirements	(96,493)	(8,513)
Others	(8,490)	(40,865)
Net total U.S. GAAP adjustments to Stockholders’ equity (item 22)	9,703	12,994

The deferred tax assets under U.S. GAAP arose from the following:

	Millions of Pesetas	
	2000	1999
Provisions for internal pension allowances which, under Spanish Tax regulations, are not tax deductible until effectively paid or contributed to an external pension fund	62,881	74,859
Provisions for personnel restructuring plans, which become tax- deductible when they are effectively paid	116,090	148,182
Legal Restatements	133,989	146,321
Tax basis for depreciation of investments in excess of accounting basis	46,110	22,933
Revenue recognition	9,213	-
Tax credits	6,989	12,994
Tax loss carryforwards	5,161	
Allowance for bad debts	12,988	973
Other deferred tax assets (extraordinary repairs, obligations, restructuring of facilities...)	81,564	49,329
	474,985	455,591

The deferred tax liabilities arose mainly from:

	Millions of Pesetas	
	2000	1999
Accounting basis for depreciation of property in excess of tax basis	145,944	141,745
Capital gains and others	102,498	106,943
	248,442	248,688

8. Accounting for certain investments in debt and equity securities (SFAS No. 115)

Under Spanish GAAP investments in debt and marketable equity securities are stated at the lower of cost and market value. Market value is the lower of the average market price for the last quarter and the year-end market price. Where the interest in a listed equity security exceeds 3% such investments are recorded using the equity method under Spanish GAAP. The adjustment to eliminate the effect of equity accounting is dealt with in item 3.

U.S. GAAP (SFAS No. 115) requires investments in debt and marketable equity securities to be classified on the basis of the purpose for which they were acquired (held-to-maturity securities, trading securities and available-for-sale securities). The treatment of the unrealized gains and losses differs depending on the classification: unrealized gains and losses (except other than temporary impairments) on securities that the company considers held-to-maturity are not recorded; unrealized gains and losses on securities considered available-for-sale are not recorded in the income statement but as a separate component of shareholders' equity and unrealized gains or losses on trading securities are recorded in the income statement. Market value is determined using the year-end market price

As of December 31, 2000 and 1999, the classification was as follows:

	Millions of Pesetas				
	Historical Amortized Cost	Fair value Available for Sale Securities	Gross Unrealized		
			Gain	Loss	Net
Year 2000:					
Held-to-maturity	-	-	-	-	-
Trading securities	-	-	-	-	-
Available-for-sale-securities	96,692	131,573	34,881	-	34,881
Year 1999:					
Held-to-maturity	-	-	-	-	-
Trading securities	-	-	-	-	-
Available-for-sale-securities	155,615	232,284	76,669	-	76,669

All investments classified as “available-for-sale” are equity securities that are not consolidated.

For U.S. GAAP purposes, unrealized gains/losses are included in stockholders’ equity net of tax effect until they are realized, in accordance with SFAS No. 115.

9. Treasury Stock

Under Spanish GAAP, since there is no plan for the cancellation of shares of treasury stock, they are classified as an asset and valued at the lower of acquisition cost or underlying book value. Gains and losses on subsequent sales of treasury stock are recorded in net income.

Under U.S. GAAP capital stock acquired that is not retired may be treated as if it had been retired or, if not prohibited by law, carried at cost and reflected as a separate deduction from shareholders’ equity. Gains and losses on subsequent sales of treasury stock are not recognised in net income.

As of December 31, 2000, ENDESA held 3,262,811 shares of its own capital stock, acquired directly by ENDESA and through INTERBOLSA.

10. Restructuring of the mining business

As part of the contemplated restructuring of the mining business in future years, the Company recorded, in its 1995 Spanish GAAP financial statements, a provision for restructuring costs. Under U.S. GAAP, some of the costs included in the provision would not be allowed under the guidelines of EITF 94-3. Additionally, since 1997 the Company recorded accrued costs for the year and re-estimated the final value of the provision. Accordingly, such costs have been adjusted in the reconciliation of net income and stockholders' equity to comply with the provisions of EITF 94-3.

11. Foreign currency gains and losses

Under generally accepted accounting principles in Spain, gains arising as a result of foreign currency exchange rate fluctuations are deferred until their realization. Under U.S. GAAP, foreign currency exchange gains or losses from transactions and from translation of monetary assets and liabilities at the year-end rate are recorded in the Statement of Income.

12. Stock issuance expenses

Under generally accepted accounting principles in Spain, expenses relating to the issuance of capital stock may be capitalized and amortized over five years. Under U.S. GAAP, direct costs related to the issuance of capital stock must be deducted from the proceeds of the new capital.

13. Depreciation of property, plant and equipment

In previous years certain cost related to the cost of acquisition of Edesur S.A., at the time of the acquisitions by Distrilec Inversora S.A., were charged to earnings as incurred. Under U.S. GAAP, these costs would have been included in the purchase price and would have been allocated to the net assets acquired based upon relative fair values. For purposes of the reconciliation to U.S. GAAP, these costs are classified as part of property, plant and equipment, the primary assets of Edesur S.A.

14. Intangible assets

In accordance with generally accepted accounting principles in Spain, the Company has capitalized certain research and development expenses. However, under U.S. GAAP, those expenses must be expensed as incurred.

As a result, Intangible Assets (net of amortization) and the related Deferred Subsidies should be adjusted under U.S. GAAP.

15. Capitalization of interest

Under generally accepted accounting principles in Spain the cost of the tangible fixed assets of ENDESA Group includes the capitalization of interest. In accordance with Royal Decree 437\1998, the calculation method used from 1998 to determine the amount of financial expenses that have been capitalized is as follows:

- a) The specific-purpose financing used for the acquisition or construction of certain of the Companies' assets are allocated to the assets so that the financial expenses incurred on such financing are capitalized in full.
- b) The general-purpose financing, both equity and debt, is allocated proportionally to the rest of the Companies' assets and the accrued interest plus related foreign exchange differences on borrowed funds allocated to construction in progress and nuclear fuel stocks in process are capitalized (in the same proportions) by applying the average effective interest rate on such financing to the average aggregate capitalizable investment.

U.S. GAAP requires the capitalization of interest, applying an average interest rate to the average amount of accumulated expenditures incurred on assets in the course of construction. This method is different to the one used from 1998 under Spanish GAAP, because interest cost is only capitalized on the proportion of assets in the course of construction that are financed by debt.

This matter did not give rise to a material adjustment in 1998 and 1999. In 2000, due to the significant increase in assets in the course of construction an adjustment is included in the reconciliation.

16. Revenue recognition

Under Spanish GAAP, revenues and expenses are recognized on an accrual basis, i.e., when the goods and services are actually provided, regardless of when the resulting monetary or financial flow occurs.

Under U.S. GAAP and before the issuance of Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements (SAB 101), there was no difference between Spanish and U.S. GAAP.

Following the adoption of SAB 101, the Company has changed its accounting principles under U.S. GAAP in order to comply with this new rule. The effects of the change in accounting principle on earnings per share are presented in item 24. The principal differences in Spanish and U.S. GAAP, after adoption of SAB 101 are described below:

Under Spanish law, the up-front fees (installation fee and responsibility fee) charged to customers for installation of additional equipment required for new power supplies or the expansion of existing supplies, and the fixed charges for inspection and coupling, are regulated by Royal Decree 2949/1982.

Until December 31, 1997, ENDESA credited these up-front fees to income under Spanish GAAP because under the regulatory regime they were taken into account in establishing the electricity tariffs.

With effect from January 1, 1998, the legal environment changed following the adoption of Royal Decree 437/1998 enacting the regulations for adapting the Spanish National Chart of Account for electric companies. As a result, ENDESA changed its accounting treatment for up-front fees.

Consequently, up-front fees which cover the cost of the extension installed for new customers are recorded as deferred income and amortized to income over the useful life of the extension facilities financed by these charges. The up-front charges for responsibility were credited to income, as they are viewed as a reimbursement of the costs of enhancing the electric network in prior years.

Under U.S. GAAP, these up-front charges are credited to deferred revenue and amortized to income over the expected term of the customer relationship.

The pro forma net income for 1999 and 1998 if the SAB 101 ha been applied, would have been Ptas. 175,297 million and Ptas. 186,985 million respectively.

17. Translation of financial statements of ENERSIS' subsidiaries

In 1998, the Chilean Association of Accountants issued Technical Bulletin ("BT") No. 64. BT 64 states that the financial statements of foreign subsidiaries that operate in countries exposed to significant risks, and which are not considered to be an extension of the parent company's operations, must be remeasured into US dollars. ENERSIS Group applies this accounting policy under both Chilean and U.S. GAAP.

Spanish GAAP permits, but does not require hedge accounting. As indicated in note 4 to the consolidated financial statements, ENDESA Group arranges foreign currency exchange rate hedges for the ENERSIS Group's investments by financing these investments in the functional currency of the country concerned or in a currency closely correlated thereto. These foreign currency transactions meet the Spanish GAAP requirements to be accounted for as hedges, but do not comply with SFAS No 52 provisions. As a consequence, the management has included an adjustment in the reconciliation detailed in Item 22 in order to remove the hedge accounting under Spanish GAAP and to restate the translation policy to that applied by the ENERSIS Group under U.S. GAAP.

18. Loss contingencies

Under Spanish GAAP, foreseeable contingencies, including possible losses, are recorded as soon as they become known.

Under U.S. GAAP, loss contingencies are accrued when it is probable that an asset has been impaired or a liability has been incurred as of the balance sheet date and the amount of the loss can be reasonably estimated. If a loss is only reasonably possible, it should only be disclosed.

The Group, following the accounting principle of prudence, recorded some provisions for possible loss contingencies in 2000. Those contingencies are not probable and therefore they have been eliminated under U.S. GAAP.

19. Recently issued accounting standards

In 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No.133, "Accounting for Derivative Instruments and Hedging Activities," which was subsequently amended by SFAS No.137 and SFAS No.138 SFAS No.133 must be applied to all derivative instruments

and certain derivative instruments embedded in hybrid instruments and requires that such instruments be recorded in the balance sheet either as an asset or liability measured at its fair value through earnings, with special accounting allowed for certain qualifying hedges.

If the derivative is designated as a hedge, depending on the nature of the hedge, changes in the fair value of derivatives that are considered to be effective, as defined, will either offset the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or will be recorded in other comprehensive income until the hedged item is recorded in earnings. Any portion of a change in a derivative's fair value that is considered to be ineffective, as defined, is immediately recorded in earnings. Any portion of a change in a derivative's fair value that the Company has elected to exclude from its measurement of effectiveness, will also be recorded in earnings.

Endesa, S.A. and its dependent companies will adopt SFAS No. 133 as of January 1, 2001. Due to the adoption of SFAS No.133, Endesa, S.A. will recognize an after-tax and minority interest non-cash gain of approximately Ptas. 5,768 million in earnings and an after-tax and minority interest non-cash gain in "Other Comprehensive Income," a component of shareholders' equity, of approximately Ptas. 4,755 million from the cumulative effect of a change in accounting principle. The adoption will also impact assets and liabilities recorded on the balance sheet.

20. Non-operating Income

As described in Note 18, in 2000, 1999 and 1998, under Spanish GAAP the Company recorded as non-operating results items that under U.S. GAAP would be recorded as operating revenues (expenses), except for results from extinguishment of debts, which is extraordinary under both, Spanish and U.S. GAAP. These reclassifications do not affect the reconciliation of net income and stockholders' equity.

21. Minority interest

An adjustment to record the portion of the U.S. GAAP adjustments attributable to minority interest in consolidated subsidiaries has been recorded and is included in item 22.

22. Net income and stockholders' equity reconciliation

The following is a summary of the estimated adjustments to consolidated net income and to consolidated stockholders' equity that would have been required if U.S. GAAP had been applied instead of Spanish GAAP.

	Item #	Net Income				Stockholders' Equity			
		Millions of US Dollars	Stockholders' Equity For the years ended December, 31				Millions of US Dollars	At December, 31	
			Millions of Pesetas					Millions of Pesetas	
			2000	2000	1999	1998		2000	2000
Amounts per accompanying Financial statements:		1,320	234,031	212,653	182,558	8,109	1,437,247	1,550,142	
Increases (decreases) due to									
Effect of discontinuance of SFAS No 71	1	44	7,846	7,742	(3,364)	(36)	(6,462)	(14,308)	
Adjustments to the cost of property, and equipment	2	199	35,235	45,383	68,465	(2,160)	(382,821)	(418,056)	
Other adjustments to the cost of property, plant and equipment	2	(8)	(1,422)	-	-	(7)	(1,322)	-	
Equity method	3	29	5,227	(2,676)	(2,264)	(36)	(6,400)	(8,957)	
Pension plans	4.1	(63)	(11,107)	(11,591)	(5,600)	117	20,818	26,878	
Special termination benefits	4.3	(193)	(34,273)	(81,759)	(28,362)	1,497	265,294	15,664	
Goodwill	5	(44)	(7,872)	1,478	-	658	116,644	121,697	
Negative goodwill	6	(3)	(477)	124	(837)	6	1,125	2,590	
Income taxes	7	(34)	(6,073)	(14,273)	(24,456)	55	9,703	12,994	
Accounting for certain investments in debt and equity securities (SFAS No. 115)	8	-	-	-	-	197	34,881	76,669	
Treasury stock	9	(58)	(10,216)	12,581	-	(29)	(5,098)	(10,468)	
Restructuring of the mining business	10	(22)	(3,839)	714	694	30	5,300	9,139	
Foreign currency gains and losses	11	(121)	(21,369)	28,086	-	38	6,717	28,086	
Stock issuance expenses	12	(6)	(1,031)	(2,360)	-	(23)	(4,076)	(3,045)	
Depreciation of property, plant and equipment	13	(4)	(684)	(1,001)	-	29	5,196	5,561	
Intangible assets	14	11	2,022	(1,993)	-	0	29	(1,993)	
Capitalization of interest	15	43	7,640	-	-	41	7,188	-	
Cumulative effect of changing in accounting principles - Revenue recognition SAB 101	16	(159)	(28,162)	-	-	(159)	(28,162)	-	
Revenue recognition	16	(88)	(15,533)	-	-	29	5,154	-	
Translation of financial statements of ENERSIS' subsidiaries	17	(180)	(31,833)	(10,107)	-	484	85,755	48,620	
Loss contingencies	18	14	2,420	-	-	14	2,420	-	
Tax effect of the above adjustments	7	102	18,038	3,267	(296)	164	29,006	96,943	
Effect of minority interest	21	110	19,576	(5,631)	3,826	(166)	(29,481)	(15,648)	
Amounts under US GAAP		892	158,144	180,637	190,364	8,851	1,568,656	1,522,508	
Earning per share or ADR (Basic/Diluted)									
Basic and dilutive Net income per share before cumulative effect of change in accounting principle			175.97	180.15	190.85				
Cumulative effect per share of change in accounting principle			(26.60)	-	-				
Basic and dilutive Net income per share or ADR			149.37	180.15	190.85				
Weighted average of shares (thousands) or ADR			1,058,752	1,002,650	997,453				

(*) The company has made some reclassifications in the 1999 adjustments figures in order to reflect the same concepts as included in 2000.

The effect of these reclassifications on the stockholders' equity figures is nil.

The movement in the U.S. GAAP shareholders' equity is as follows:

	Millions of Pesetas	
	2000	1999
U.S. GAAP shareholders' equity at the beginning of the year	1,522,508	1,102,990
Movements during the year:		
Net income for the year	158,144	180,637
Net Stock capital decrease/increase	-	232,298
Interim dividend	(42,209)	(38,012)
Supplementary dividend	(65,746)	(53,513)
Currency Translation Adjustment	12,449	(12,162)
Treasury stock	15,586	(23,049)
Goodwill	-	105,713
Effect of SFAS No. 115, net of tax effect	(27,163)	22,724
Others	(4,913)	4,882
U.S. GAAP shareholders' equity at the end of the year	1,568,656	1,522,508

Total Comprehensive income under U.S. GAAP for the years ended December 31, 2000, 1999 and 1998 was Ptas. 143,430 million, Ptas. 191,198 million and Ptas. 140,385 million, respectively. The following is a Statement of Comprehensive Income for the years ended December 31, 2000, 1999 and 1998:

	Millions of pesetas		
	2000	1999	1998
Net Income according to U.S. GAAP	158,144	180,636	190,364
Currency Translation Adjustment	12,449	(12,162)	(38,747)
Net effect of SFAS 115	(27,163)	22,724	(11,232)
Comprehensive Income	143,430	191,198	140,385

Stockholders' rights and all dividend distributions are based on the financial statements as reported for local Spanish statutory purposes by ENDESA.

Statements of cash flows pursuant to SFAS No. 95 for 2000, 1999 and 1998 are presented below. For purposes of this statement, short-term investment securities is considered to be cash equivalents, such as highly liquid investments with original maturities of 90 days or less.

	Amounts in Millions			
	Years Ended December 31,			
	U.S. Dollars 2000	Millions of Pesetas		
	2000	1999	1998	
Cash flows from operating activities:				
Net income	892	158,144	180,636	190,364
Adjustment to reconcile net income to net cash provide by operations:				
Depreciation and amortization	1,960	347,435	284,788	143,364
Provisions for pensions and third-parties liabilities	352	62,317	212,353	114,661
Losses on disposal of fixed assets and others	(636)	(112,660)	(11,404)	(1,567)
Deferred taxes	(95)	(16,790)	49,115	30,593
Income allocated to minority interest	441	78,132	3,428	27,776
Equity in the income of companies carried by equity	12	2,128	5,621	(30,301)
Other non-cash items, net	209	37,049	10,437	14,454
	3,136	555,755	734,974	489,344
Changes in operating assets and liabilities				
Due from shareholders for capital calls	0	12	(12)	-
Inventories	(11)	(1,916)	5,266	2,917
Accounts receivable	(397)	(70,433)	(108,902)	(82,191)
Trade accounts payable	113	20,081	144,248	30,284
Operating provisions	68	12,131	9,056	(517)
Accrued expenses	(2)	(385)	4,889	(11,400)
Prepaid expenses	4	623	(2,580)	1,110
Other, net	213	37,722	211,111	9,973
Net cash provided by operations	3,124	553,590	998,050	439,520
Cash flows from investing activities:				
Capital expenditures	(293)	(51,933)	(249,251)	(115,932)
Expenses and interest capitalized	(187)	(33,061)	(20,151)	(14,713)
Funds used in the acquisition of consolidated companies	(1,080)	(191,496)	(831,368)	-
Other property and investments	(738)	(130,871)	(348,052)	(248,935)
Net cash used in investing activities	(2,298)	(407,361)	(1,448,822)	(379,580)
Cash flows from financing activities:				
Purchase of treasury shares	-	-	-	(289,730)
Issuance of long-term debt	4,106	727,703	1,531,554	1,153,170
Dividends paid in cash, including interim dividend	(609)	(107,955)	(91,525)	(81,421)
Repayments of long-term debt	(4,156)	(736,616)	(1,211,275)	(840,930)
Other financing activities	(256)	(45,299)	224,384	12,564
Net cash provided by financing activities	(915)	(162,167)	453,138	(46,347)
Increase (Decrease) in cash and cash equivalents	(90)	(15,938)	2,366	13,593
Cash and cash equivalents at the beginning of year	326	57,859	55,493	41,900
Cash and cash equivalents at the end of year	237	41,921	57,859	55,493

Supplementary information required by SFAS No. 95 is as follows:

1. Cash paid during the period for:

	Amounts in Millions Years Ended December 31,			
	U.S. Dollars	Pesetas		
	2000	2000	1999	1998
Interest, net of amount capitalized	1,748	309,816	222,011	93,783
Income taxes	417.8	74,051	38,692	35,089

23. Disclosures of financial instruments and risk management-

The ENDESA Group operates internationally, giving rise to exposure to market risk from changes in interest rates and foreign exchange rates.

The ENDESA Group has entered into various types of foreign currency agreements and other derivative financial instruments: swaps, forward rate agreements, forwards, caps, collars and floor contracts, to manage its exposure to interest rate and foreign exchange risks. It does not buy and sell derivative financial instruments for trading purposes.

The financial instruments utilized by the ENDESA Group were as follows:

1. SWAP and Forward Rate Agreements:

At December 31, 2000 and 1999 the ENDESA Group had entered into 88 (Plus 72 from International Endesa B.V.) and 83 swap agreements, respectively, with commercial banks to reduce the impact of changes in interest rates on its floating rate long-term debt and to reduce the impact of changes in exchange rate on its foreign currency debt at notional principal amounts of Ptas. 1,853,693 million (including Ptas. 81,646 million relating to structured derivatives and 921,393 from Internacional Endesa B.V.) and 899,533 million, respectively.

Furthermore, at December 31, 1999 the ENDESA Group entered into 1 Forward Rate Agreement with a notional principal amount of Ptas. 2,978 million.

The swap and Forward Rate Agreements mature at the time the related notes mature. The Endesa Group is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreements. However, the Endesa Group does not anticipate nonperformance by the counterparties. As of December 31, 2000 and 1999, no instances of nonperformance had occurred.

These contracts do not give rise to any premiums. The differential to be paid or received is accrued as interest rates change and is recognized over the life of the agreements.

The net gains recorded in 2000, losses in 1999 and gains in 1998 in connection with these contracts were Ptas. 4,637 million (including Ptas. 160 million from International Endesa B.V.), Ptas. 8,239 million and Ptas. 3,219 million, respectively, and are included in the accompanying consolidated statements of income for the years ended December 31, 2000, 1999 and 1998.

2. Foreign currency forwards:

The Company enters into foreign currency forwards as part of its overall strategy to manage its exposure to foreign currency risk.

The company uses forwards to hedge existing payables including borrowings denominated in foreign currency. The accounts payable are based principally on the US\$, Yen, and CHF. The nominal value (in million of Ptas.) of these contracts at December 31, 2000, 1999 and 1998 is as follows:

FORWARDS		FORWARDS		FORWARDS	
December 31, 2000		December 31, 1999		December 31, 1998	
Purchase	Sale	Purchase	Sale	Purchase	Sale
252,578	-	335,972	-	19,210	-

The forwards purchased and sold in 2000 and 1999 did not involve premiums and, accordingly, the accompanying balance sheet as of December 31, 2000 and 1999 did not include any premium.

The contracts are valued at the appropriate forward exchange rate at each balance sheet date and the exchange differences are recorded in the income statement as described in Note 4.

3. Cap and collar contracts:

The ENDESA Group enters into interest rate caps and collar contracts to reduce the potential impact of increases in interest rates on floating-rate long-term debt. These agreements are normally entered into when the fixed rates available under interest rate swaps are considered too high with respect to the Company's view about the level of future interest rates.

Interest rate options grant the purchaser, for a premium payment, the right to either purchase from or sell to the writer of the option a specified financial instrument on agreed terms.

The Company's option contracts have terms of up to 5 years.

The premiums paid for interest rate options are included under "Deferred Charges" in the consolidated balance sheets and are amortized to interest expense over the terms of the agreement.

At December 31, 2000, 1999, and 1998 unamortized premiums amounted to Ptas. 1,311 million Ptas. 2,052 million and Ptas. 1,780 million, respectively.

Financial expenses accrued are recognized as yield adjustments over the life of the related debt and amounted to Ptas 759 million, Ptas. 556 million and Ptas. 766 million in 2000, 1999 and 1998, respectively. These amounts were included in the accompanying consolidated statement of income for the years ended at December 31, 2000, 1999 and 1998. The weighted average cap and collar interest rate for 2000, 1999 and 1998 is 5.30%, 5.60% and 5.48% respectively.

The notional amounts of cap and collar contracts at December 31, 2000, 1999, and 1998 were as follow:

	2000		1999		1998	
	Nº	Notional Amount	Nº	Notional Amount	Nº	Notional Amount
COLLAR	23	270,719	83	366,983	51	238,000
CAP	23	195,000	63	228,333	82	349,500

4. The ENDESA Group had provided Ptas. 1,366,178 million, Ptas. 1,177,205 million and Ptas. 480,891 million of guarantees at December 31, 2000, 1999 and 1998,

respectively, basically as security for the fulfillment of payment obligations on loans from finance entities to ENDESA subsidiaries.

The Company does not expect the entities for which the guarantees have been provided to fail to fulfill the secured obligations.

There is no significant concentration of risk in any financial activity, geographical region of operations or specific account receivable.

24. Disclosures about the fair value of financial instruments and about derivative financial instruments

SFAS No. 107 requires that the Company disclose the estimated fair values of its financial instruments as of December 31, 2000 and 1999. The following methods and assumptions were used by the Group to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

1. Cash, short-term financial investments, accounts receivable and payable, and other short-term debt and credit-

The carrying values reflected in the consolidated financial statements are reasonable estimates of fair value because of the relatively short period of time between the origination of the instruments and their expected realization.

2. Financial investments in non-consolidated companies-

The fair value of the long-term investment securities of the companies not consolidated as of December 31, 2000 and 1999, is as follows:

- Listed companies-

Listed companies were valued at their market price on the last trading day in 2000 and 1999. As of December 31, 2000 and 1999, the market value of these holdings, based on the stock market price was as follows:

	Millions of Pesetas					
	Carrying Amounts			Fair Value		
	1999	2000	Dif.	1999	2000	Dif.
RWE (*)	843	-	(843)	1,641	-	(1,641)
AGBAR	14,963	14,963	-	44,359	34,976	(9,383)
ELECAR (*)	12,392	-	(12,392)	8,712	-	(8,712)
REPSOL (*)	116,471	70,783	(45,688)	164,067	73,978	(90,089)
REE	10,946	10,946	-	13,504	22,620	9,116

(*) As described in Note 10, in 2000 the Group sold its holding in ELECTRICIDAD DE CARACAS (ELECAR) and RWE, and 1.4 % of the holding which the GROUP held in REPSOL.

-Unlisted companies-

None of the investments in the companies included under this caption has a quoted market price. In view of the small volume of these investments and the immaterial results to be derived, there is little cost benefit of performing a valuation based on an estimate of future cash flows discounted at market interest rates for investments of this type.

3. Loans to companies accounted for by the equity method and other loans-

The fair value is the book value since they accrue interest cost at market rates.

4. Controlling company shares-

The total balance of treasury stock acquired directly by ENDESA and through INTERBOLSA as of December 31, 2000 and 1999, relates to 3,262,811 and 7,485,996 shares of ENDESA respectively, a listed company. They are valued under Spanish GAAP at the lower of acquisition cost or underlying book value. Under U.S. GAAP treasury stock has been recorded as a reduction of equity at the original purchase cost

5. Debentures and bonds-

Since all the debentures and bonds are listed, the fair values reflect the market price on the last trading day in 2000 and 1999.

6. Commercial paper-

Commercial paper notes were discounted to present value on the basis of the market interest rates borne by these securities as of December 31, 2000 and 1999.

7. Fixed-interest loans and credits-

The fair value of fixed-interest loans and credits was estimated by discounting at the market interest rate for similar transactions arranged at 2000 and 1999 year-end.

8. Variable-interest loans and credits-

Since these debts are valued at prevailing market interest rates, their fair value as of December 31, 2000 and 1999, is the same as their carrying amounts.

9. Other long-term debt-

This caption includes various long-term debt items, principally guarantees received, which, because of their nature, are not transferable and whose fair value is the same as their book value.

10. Derivative financial instruments-

The fair value of derivatives is determined based on quotes received from banks for instruments with similar terms and remaining maturities.

Following is a summary of the carrying amounts and fair value of the financial instruments as of December 31, 2000 and 1999:

	Millions of Pesetas			
	2000		1999	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Cash	31,702	31,702	45,232	45,232
Short-term financial investments	115,485	115,485	334,267	334,267
Listed companies	-	-	-	-
Accounts receivable	637,867	637,867	553,502	553,502
Trade accounts payable	341,074	341,074	320,993	320,993
Due from shareholders for capital calls	-	-	-	-
Payable to companies carried by the equity method	11,943	11,943	4,545	4,545
Other non trade payable	300,276	300,276	290,522	290,522
Financial investments (non consolidated):				
Listed companies	96,692	131,573	155,615	232,284
Unlisted companies	182,470	182,470	129,102	129,102
Loans to companies carried by the equity method	77,658	77,658	22,488	22,488
Other loans	115,398	115,398	127,349	127,349
Controlling company shares	5,098	5,098	5,034	5,034
Short and long term debt:				
Debentures and bonds	1,506,145	1,461,727	1,447,269	1,402,932
Commercial paper	564,396	564,396	707,652	707,421
Payable to credit entities:				
Fixed interest loans	236,478	261,252	353,968	335,310
Variable interest loans	1,298,120	1,298,120	1,208,425	1,208,425
Other accounts payable	136,671	136,671	32,292	32,292
Capital payment payable	1,326	1,326	1,958	1,958
	Notional Amount	Fair Value	Notional Amount	Fair Value
Derivative financial instruments:				
Interest rate SWAP and FRAs agreements	1,853,693	21,975	902,504	31,969
Foreign currency futures and options- Purchase	252,578	(499)	335,972	(17,433)
Sale				
Cap and collar contracts	465,719	1,983	595,316	5,877

25. Other information (Proportional Integration)

Under Spanish, GAAP the Company uses the proportional consolidation method for its investment in Nuclenor, S.A..

As proportional consolidation is not permitted by U.S. GAAP, this company should have been accounted for using the equity method. This difference has no effect on Net Income or Shareholders` Equity. Impact on the primary statements is summarized below:

	Years ended December, 31	
	2000	1999
Total fixed and other non-current assets	12,412	12,799
Total current assets	9,067	6,151
Total assets	<u>21,479</u>	<u>18,950</u>
Total non-current liabilities	4,466	4,297
Total current liabilities	3,203	2,370
Total liabilities	<u>7,669</u>	<u>6,667</u>
	Years ended December, 31	
	2000	1999
Operating Revenue	11,504	8,906
Operating Expenses	7,653	7,284
Net Operating revenue	<u>3,851</u>	<u>1,622</u>
Cash flow operating activities	2,566	4,550
Cash flow investing activities	(1,184)	(1,289)
Cash flow from financing activities	(1,383)	(3,263)
Net change in cash and cash equivalents	<u>(1)</u>	<u>(2)</u>

Corporate Name	Type of \$ Consol Audit	Corporate Purpose or Line of Business	Location	Voting Rights (%)	Dividend Rights	Capital	Reserves	Net Income (Loss)
ELECTRICITY BUSINESS								
Endesa Distribucion, S.A.	GI (1)	Distribution of electricity	MADRID	100.00	100.00	114,394	113,843	24,739
Compañía Sevillana de Electricidad I, S.A. (SEVILLANA I)	GI (1)	Transmission and distribution of electricity	SEVILLE	100.00	100.00	83,075	56,115	13,495
Electricidad de Puerto Real, S.A. (EPRESA)	NC (1)	Supply and distribution of electricity	CADIZ	50.00	50.00	1,100	66	124
Suministradora Eléctrica de Cadiz, S.A.	NC (1)	Supply and distribution of electricity	CADIZ	33.50	33.50	2,000	2,715	719
Electra de Viesgo I, S.A. (VIESGO I)	GI (1)	Transmission and distribution of electricity	SANTANDER	100.00	100.00	10,500	32,387	1,908
Barras Eléctricas Galaico-Asturias, S.A. (BEGASA)	PI (1)	Distribution of electricity	OVIEDO	54.83	54.83	2,611	4,130	226
Barras Eléctricas Generación, S.L.	GI (-)	Electric power production	LUGO	100.00	54.83	229	0	0
Eléctricas Reunidas de Zaragoza I, S.A. (ERZ I)	GI (1)	Transmission and distribution of electricity	ZARAGOZA	100.00	100.00	12,287	15,283	5,790
Fecsa - Enher I, S.A.	GI (1)	Transmission and distribution of electricity	BARCELONA	100.00	100.00	78,337	73,544	22,517
Hidroeléctrica de l'Emporda, S.L. (HEASA)	GI (1)	Distribution of electricity	GERONA	100.00	100.00	2,493	3,109	763
Eléctrica de La Franja, S.L.	NC (-)	Electric power production	BARCELONA	100.00	100.00	1	0	0
Transportes y Distribuc. Eléctricas, S.A. (TYDESA)	NC (-)	Transmission of electricity	GERONA	73.33	73.33	12	0	0
Gas y Electricidad I, S.A. (GESA I)	GI (1)	Transmission and distribution of electricity	PALMA DE MALLORCA	100.00	100.00	14,440	11,892	6,374
Termoeléctrica del Ebro, S.A. (ELECBRO)	GI (-)	Transmission and distribution of electricity	ZARAGOZA	100.00	100.00	525	1,023	1,344
Union Eléctrica de Canarias I, S.A. (UNELCO I)	GI (1)	Transmission and distribution of electricity	LAS PALMAS DE GRAN CANARIA	100.00	100.00	13,441	24,160	8,724
Endesa Generación, S.A.	GI (1)	Electric power production	MADRID	100.00	100.00	313,104	298,352	79,273
Aragonesa de Actividades Energéticas, S.A. (AAESA)	NC (-)	Electric power production	TERUEL	100.00	100.00	10	149	29
Carboex, S.A.	GI (3)	Fuel supply	MADRID	100.00	100.00	4,000	44	27
Carboex International LTD. (CIL)	h GI (3)	Marketing of fuels and other raw materials	NASSAU - THE BAHAMAS	100.00	100.00	0	0	3
Carboex First Investment (CFIL)	h GI (-)	Financial investments abroad	THE BAHAMA ISLANDS	100.00	100.00	1	0	0
CARBOPOP	b GI (3)	Import, export, purchase, sale and distribution of fuels	LISBON - PORTUGAL	95.36	95.36	108	41	(207)
Arch Coal Inc. (ACI)	h NC (3)	Coal production	SAINT LOUIS - U.S.	4.13	4.13	0	232	(13)
Empresa Carbonífera del Sur, S.A. (ENCASUR)	GI (3)	Exploitation of mining deposits	MADRID	100.00	100.00	3,000	6,774	1,351
Negocios Les, S.A.	NC (-)	Sale, purchase and ownership of marketable securities	BARCELONA	100.00	100.00	14	572	1,049
Minas y Ferrocarril de Utrillas, S.A.	(**) (3)	Extraction of black lignite	BARCELONA	100.00	100.00	640	1,585	411
Carbones de Berga, S.A.	(**) (-)	Exploitation of lignite mines	BARCELONA	100.00	100.00	108	611	21
Endesa Puertos, S.L.	GI (3)	Port activities, logistics and sale of electricity	MADRID	100.00	100.00	6,829	2,276	(152)
Energías de Aragón I, S.L. (EASA I)	GI (1)	Transmission, distribution and sale of electricity under the rate system	ZARAGOZA	100.00	100.00	532	954	98
Energías de Aragón II, S.L. (EASA II)	GI (1)	Electric power production under the special regime	ZARAGOZA	100.00	100.00	3,078	5,458	532
Gas y Electricidad II, S.A. (GESA II)	GI (1)	Electric power production	PALMA DE MALLORCA	100.00	100.00	35,570	29,230	5,029
Union Eléctrica de Canarias II, S.A. (UNELCO II)	GI (1)	Electric power production	LAS PALMAS DE GRAN CANARIA	100.00	100.00	31,559	54,738	(390)
Central Térmica Litoral Almería, A.I.E.	NC (1)	Management, operation and administration of a fossil-fuel plant	ALMERIA	100.00	100.00	99	0	0
Central Térmica Los Barrios, A.I.E.	NC (1)	Management, operation and administration of a fossil-fuel plant	CADIZ	100.00	100.00	99	0	0
Asociación Nuclear Ascó-Vandellós II, A.I.E.	NC (1)	Management, operation and administration of nuclear plants	BARCELONA	85.41	85.41	3,200	0	0
Hispano-Francesa de Energía Nuclear (HIFRENSA)	NC (1)	Management of the Vandellós I nuclear power plant	BARCELONA	52.00	52.00	2,000	354	(1,018)
Nucleon, S.A.	PI (1)	Nuclear power production	SANTANDER	50.00	50.00	17,000	5,565	5,052
Central Nuclear Trillo I, A.I.E.	NC (1)	Management, operation and administration of a nuclear plant	MADRID	2.00	1.00	3,905	0	0
Elcogas, S.A.	NC (1)	Electric power production	MADRID	37.93	37.93	8,312	(1,931)	(2,057)
Central Nuclear Almaraz, A.I.E.	NC (1)	Management, operation and administration of a nuclear plant	MADRID	36.02	36.02	2,183	0	0
Anillares, A.I.E.	NC (-)	Management, operation and administration of a fossil-fuel plant	MADRID	33.33	33.33	99	0	0
Endesa Diversificación, S.A.								
Nuevas Iniciativas Eléctricas del Sur, S.A. (NUINELEC)	(**) (-)	Integrated technical services for electricity users	SEVILLE	100.00	100.00	10	5	3
Hidroeléctrica de Catalunya, S.L.	(**) (-)	Distribution and retailing of electricity	BARCELONA	100.00	100.00	21	129	56
Suministro de Luz y Fuerza, C.B.	(**) (-)	Distribution and retailing of electricity	GERONA	60.00	60.00	466	0	12
Eléctrica de Jafre, S.A.	(**) (-)	Distribution and retailing of electricity	GERONA	47.46	47.46	28	26	14
Productora Eléctrica Urgelense, S.A. (PEUSA)	(**) (5)	Production and distribution of electricity	LERIDA	8.43	8.43	N/D	N/D	N/D
Eléctrica de Lijar, S.L.	(**) (-)	Supply and distribution of electricity	CADIZ	50.00	50.00	180	5	18
Paterna del Río, U.T.E.	(**) (-)	Water treatment plant work	SEVILLE	50.00	50.00	1	0	0
Distribuidora Eléctrica del Puerto de la Cruz, S.A.	GI (1)	Purchase, transmission, distribution and retailing of electricity	SANTA CRUZ DE TENERIFE	100.00	100.00	2,100	1,770	395
Endesa Energía, S.A.	GI (1)	Marketing of energy products	MADRID	100.00	100.00	2,000	400	2,200
Endesa Trading, S.A.	GI (1)	Trading transactions in Europe	MADRID	100.00	100.00	10	0	(89)
Endesa Power Trading Ltd.	GI (-)	Trading transactions in Europe	LONDON - U.K.	100.00	100.00	0	0	0
SIEPAC	NC (-)	Management of electricity interconnection system	MADRID	62.50	62.50	10	2	2
Inversora Eléctrica del Pacífico	NC (-)	Participation in tenders in the State of Medellín (Colombia)	COLOMBIA	49.90	49.90	1	0	0
Amsterdam Power Exchange	NC (-)	Free European electricity market	AMSTERDAM - NETHERLANDS	10.00	10.00	1,131	N/D	N/D
Gielda Energij, S.A.	NC (-)		POLAND	10.00	10.00	N/D	N/D	N/D
Red Eléctrica de España, S.A. (REE)	EM (2)	Transmission of electricity	MADRID	10.00	10.00	45,014	68,160	13,832
Cía. Operadora del Mercado Eléctrico Español, S.A. (COMIEF)	NC (-)	Economic management of the Spanish electricity market	MADRID	5.71	5.71	N/D	N/D	N/D

Corporate Name	Type of \$ Consol Audit	Corporate Purpose or Line of Business	Location	Voting Rights (%)	Dividend Rights	Capital	Reserves	Net Income (Loss)
DIVERSIFICATION/GAS								
Endesa Gas, S.A.U.	GI (3)	Production, distribution and retailing of gas	ZARAGOZA	100.00	100.00	7,531	6,684	1,506
Gas Alicante, S.A.U.	NC (3)	Complete piped gas cycle	ALICANTE	100.00	100.00	656	(33)	(48)
Gesa Gas, S.A.U.	GI (3)	Complete piped gas cycle	PALMA DE MALLORCA	100.00	100.00	2,850	4,584	418
Meridional de Gas, S.A.U. (MEGASA)	EM (3)	Complete piped gas cycle	GRANADA	100.00	100.00	786	(152)	(66)
Gasificadora Regional Canaria, S.A.	EM (3)	Complete piped gas cycle	LAS PALMAS DE GRAN CANARIA	65.00	65.00	120	(9)	0
Compañía Transportista de Gas Canarias, S.A.	NC (3)	Gas transportation	LAS PALMAS DE GRAN CANARIA	64.00	64.00	125	0	0
Gas Aragón, S.A.	GI (3)	Distribution of piped natural gas	ZARAGOZA	60.67	60.67	980	2,186	2,408
NQF Gas SGPS, S.A.	b EM (3)	Portfolio company	PORTO - PORTUGAL	49.00	49.00	830	6,611	(238)
Enagas, S.A.	(**) (18)	Portfolio company	PORTO - PORTUGAL	60.00	29.40	50	(108)	(116)
Setgas, S.A.	b (**) (3)	Complete piped gas cycle	SETUBAL-PORTUGAL	33.05	9.72	1,494	(282)	(346)
Portgas, S.A.	b (**) (3)	Complete piped gas cycle	PORTO - PORTUGAL	25.35	12.42	1,315	(419)	174
Distribuidora Regional del Gas, S.A.	EM (3)	Distribution and retailing of gas	VALLADOLID	45.00	45.00	724	10	64
Distrib. y Comerc.Gas Extremadura, S.A. (DICOEXSA)	NC (3)	Complete gas cycle	BADAJOS	30.00	30.00	1,600	193	(182)
Kromschroeder, S.A.	NC (-)	Manufacture of gas meters	BARCELONA	27.93	27.93	110	1,567	288

DIVERSIFICATION/COGENERATION AND RENEWABLE ENERGIES

Endesa Cogeneracion y Renovables, S.A. (ECYR)	GI (3)	Cogeneration and renewable energies	SEVILLE	100.00	100.00	21,143	1,432	2,280
Agrupacion Internacional de Servicios Energeticos, S.A. (AISE)	GI (3)	Cogeneration	SEVILLE	100.00	100.00	1,010	(152)	(132)
Fermicaise, S.A.	h NC (3)	Cogeneration	MEXICO CITY	99.99	99.99	818	(20)	(35)
Gresaise, S.A.	h NC (3)	Cogeneration	MEXICO CITY	99.99	99.99	817	(35)	(18)
Italaise, S.A.	h NC (3)	Cogeneration	MEXICO CITY	99.99	99.99	799	(30)	(20)
Micaise	h NC (3)	Cogeneration	MEXICO CITY	99.00	99.00	2,141	(203)	(938)
Bioaise	i NC (1)	Production, purchase, retailing and marketing of electricity	CARTAGENA-COLOMBIA	95.00	95.00	1,955	(83)	(785)
Propaise	i NC (1)	Production, purchase, retailing and marketing of electricity	CARTAGENA-COLOMBIA	94.99	94.99	1,875	319	(59)
Almussafes Servicios Energeticos, S.L.	NC (-)	Cogeneration plant management and maintenance	BARCELONA	100.00	100.00	1	0	97
Hidroelectrica del Santa Magdalena, S.A.	NC (-)	Energy operations	BARCELONA	100.00	100.00	285	53	4
Promociones y Proyectos Moddelell, S.A.	(**) (-)	Mini-hydroelectric plants	LERIDA	20.00	20.00	1,365	(101)	(55)
Parque Eolico A Carba, S.A.	GI (3)	Wind power	LUGO	100.00	100.00	4,020	(2)	(11)
Parque Eolico Caños de Meca, S.A.U.	NC (-)	Wind power	SEVILLE	100.00	100.00	300	0	0
Parque Eolico de Bustelo, S.A.	GI (3)	Construction and operation of a wind-powered facility	LUGO AND LA CORUNA	100.00	100.00	1,770	297	300
Salto del Nansa I, S.A.	GI (3)	Production, transmission and distribution of electricity	SANTANDER	100.00	100.00	1,200	3,464	595
Salto y Centrales de Catalunya, S.A.	NC (-)	Operation of hydroelectric plants	BARCELONA	100.00	100.00	20	78	2
Unelco Cogeneraciones Sanitarias del Archipiélago, S.A.	GI (3)	Cogeneration facilities at hospitals	LAS PALMAS DE GRAN CANARIA	100.00	100.00	200	(9)	(5)
Parque Eolico de Enix, A.I.E.	GI (3)	Wind-powered facility	SEVILLE	95.00	95.00	500	(135)	(42)
Iprodesa, U.T.E.	NC (-)	Cogeneration	BARCELONA	90.00	90.00	0	0	(11)
Parque Eolico Finca de Mogan, S.A.	GI (3)	Construction and operation of a wind-powered facility in Arico	LAS PALMAS DE GRAN CANARIA	90.00	90.00	634	82	43
Eolicas de Agaete, S.L.	GI (-)	Wind-powered facility	LAS PALMAS DE GRAN CANARIA	80.00	80.00	40	14	18
Explotaciones Eolicas de Escucha, S.A.	GI (3)	Production, distribution and exploitation of electric power	LAS PALMAS DE GRAN CANARIA	80.00	80.00	500	0	0
Granollers Tractament Termic Eficient	NC (-)	Treatment of urban solid waste	BARCELONA	80.00	80.00	125	0	0
Parque Eolico de Aragon, A.I.E.	GI (3)	Wind power	ZARAGOZA	80.00	80.00	100	157	54
Rubi Tractament Termic Eficient	NC (-)	Treatment of urban solid waste	BARCELONA	80.00	80.00	338	0	0
Parque Eolico de Santa Lucia, S.A.	NC (-)	Construction, operation and administration of wind-powered facilities	LAS PALMAS DE GRAN CANARIA	65.67	65.67	150	45	72
Coreysa Cogeneracion, S.A.	NC (3)	Cogeneration	SEVILLE	65.00	65.00	89	0	0
Eolicos de Tirajana, A.I.E.	GI (-)	Operation of a wind-powered facility	LAS PALMAS DE GRAN CANARIA	60.00	60.00	0	0	33
PEESA	GI (3)	Wind power	MADRID	56.12	56.12	199	(39)	19
Agrupación Rubi, S.A.	NC (-)	Treatment of urban solid waste	BARCELONA	55.00	55.00	270	741	0
Eolicas de Fuencaliente, S.A.	NC (-)	Wind power	LAS PALMAS DE GRAN CANARIA	55.00	55.00	36	43	29
Parque Eolico Punta de Teno, S.A.	GI (-)	Wind power	LAS PALMAS DE GRAN CANARIA	52.00	52.00	88	0	(2)
Ecyr Greentech, U.T.E.	NC (-)	Treatment of urban solid waste	BARCELONA	51.00	51.00	0	0	4
Greenecyrtec, U.T.E.	NC (-)	Treatment of urban solid waste	BARCELONA	51.00	51.00	0	0	(67)
Progreen Costa, S.L.	GI (-)	Treatment of urban solid waste	ZARAGOZA	51.00	51.00	245	0	0
Progreen Fuente Alamo, S.A.	NC (-)	Treatment of urban solid waste	MURCIA	51.00	51.00	108	0	0
Progreen Torrente, S.A.	GI (-)	Treatment of urban solid waste	ZARAGOZA	51.00	51.00	490	0	1
Progreen Villanueva, S.A.	GI (3)	Treatment of urban solid waste	ZARAGOZA	51.00	51.00	318	0	(82)
Progreetech, U.T.E.	NC (-)	Treatment of urban solid waste	BARCELONA	51.00	51.00	0	0	(14)
Prosamer Cogeneracion, S.L.	NC (-)	Cogeneration	VALENCIA	50.00	50.00	250	0	0
Agrupacion de Granollers, S.A.	NC (-)	Treatment of urban solid waste	BARCELONA	50.00	50.00	10	0	0
Cogeneracion de Tenerife, S.A. (COTESA)	EM (10)	Cogeneration	TENERIFE	50.00	50.00	1,000	1,347	(1,205)
Energias Alternativas del Sur, S.L.	NC (-)	Wind power	LAS PALMAS DE GRAN CANARIA	50.00	50.00	100	27	18

Corporate Name	Type of \$ Consol Audit	Corporate Purpose or Line of Business	Location	Voting Rights (%)	Dividend Rights	Capital	Reserves	Net Income (Loss)
Energias de La Mancha, S.A. (ENEMANSA)	NC (-)	Biomass	CIUDAD REAL	50.00	50.00	650	0	0
Energias Renovables Leonesas, S.A. (ERLESA)	NC (-)	Mini-hydroelectric plants	MADRID	50.00	50.00	180	0	0
Eolicas de Tenerife, A.I.E.	EM (-)	Construction and operation of wind-powered facilities	TENERIFE	50.00	50.00	70	63	31
Ercasa Cogeneracion, S.A.	NC (-)	Cogeneration	ZARAGOZA	50.00	50.00	100	13	(16)
Ersa-Collarada, A.I.E.	NC (-)	Wind power	ZARAGOZA	50.00	50.00	10	0	0
Explotaciones Eolicas de Aldehuelas, S.L.	NC (-)	Wind power	OVIEDO	50.00	50.00	40	0	0
Generacion Mazagon, S.A. (GEMASA)	EM (1)	Operation of a cogeneration plant	HUELVA	50.00	50.00	388	245	(351)
Generadora de Energía Termoelectrica, S.A. (GETESA)	EM (1)	Construction and operation of cogeneration plants	CADIZ	50.00	50.00	1,000	1,060	(594)
Iberia Aprovechamientos Eolicos, S.A.	NC (-)	Wind power	ZARAGOZA	50.00	50.00	10	0	0
Intever, S.A.	NC (-)	Cogeneration	MADRID	50.00	50.00	411	42	0
Iprogen Cogeneracion, A.I.E.	NC (-)	Cogeneration	CIUDAD REAL	50.00	50.00	50	2	(27)
Jimena Energia, S.A. (JIENER)	NC (-)	Cogeneration	GRANADA	50.00	50.00	10	(17)	7
Onuber, S.L.	NC (-)	Research, optimization of energy processes and operation of related facilities	HUELVA	50.00	50.00	1	58	26
Parque Eolico A Capelada, A.I.E.	EM (3)	Wind power	LA CORUNA	50.00	50.00	975	0	317
Parque Eolico de Barbanza, S.A.	EM (3)	Wind power	LA CORUNA	50.00	50.00	600	308	196
Parque Eolico de Cabo Vilano, A.I.E.	EM (-)	Wind power	LA CORUNA	50.00	50.00	298	2	(9)
Parques Eolicos del Norte, S.A.	NC (-)	Wind power	LA CORUNA	50.00	50.00	10	0	0
Prodasal, A.I.E.	NC (-)	Cogeneration	VALENCIA	50.00	50.00	27	2	(16)
Prodegal, A.I.E.	NC (-)	Cogeneration	MADRID	50.00	50.00	1	3	0
Proyecto Coreysa Cogeneración, U.T.E.	NC (-)	Cogeneration	SEVILLE	50.00	50.00	N/D	N/D	N/D
Proyecto Jabugo Cogeneración, U.T.E.	NC (-)	Cogeneration	HUELVA	50.00	50.00	N/D	N/D	N/D
Proyecto Santo Rostro Cogeneración, U.T.E.	NC (-)	Cogeneration	SEVILLE	50.00	50.00	N/D	N/D	N/D
Salto de San Rafael	NC (-)	Hydroelectric power production	MADRID	50.00	50.00	77	28	(4)
Sociedad Eolica Los Lances	EM (-)	Wind power	CADIZ	50.00	50.00	400	30	87
Andaluza de Cogeneracion, S.A.	NC (-)	Cogeneration	JAEN	49.97	49.97	33	0	(12)
Central Hidroelectrica Casillas, S.A.	NC (-)	Hydroelectric power production	SEVILLE	49.00	49.00	50	0	0
Foixterm, A.I.E.	NC (-)	Cogeneration	BARCELONA	49.00	49.00	1	0	0
Parque Eolico Sierra del Madero, S.A.	EM (3)	Wind power	SORIA	48.00	48.00	425	23	285
Sociedad Eolica de Andalucía, S.A. (SEASA)	EM (1)	Electric power production	SEVILLE	46.64	46.64	750	430	110
Eolica Valle del Ebro, S.A.	EM (3)	Wind power	ZARAGOZA	45.50	45.50	925	188	166
Anoia d'Energia, S.A.	EM (5)	Cogeneration	BARCELONA	45.00	45.00	400	242	(78)
Cogeneracion de Andujar, S.A.	GI (3)	Cogeneration	JAEN	45.00	45.00	400	0	(53)
Santo Rostro Cogeneracion, S.A.	NC (-)	Cogeneration	SEVILLE	45.00	45.00	35	0	(6)
Termotec Energia, A.I.E.	NC (-)	Cogeneration	VALENCIA	45.00	45.00	80	(1)	(51)
Asanefi, A.I.E.	EM (1)	Cogeneration	BARCELONA	42.50	42.50	151	271	(179)
Eolica del Moncayo, S.A.	EM (-)	Wind power	SORIA	42.00	42.00	500	46	103
Erfei, A.I.E.	EM (2)	Cogeneration	TARRAGONA	42.00	42.00	424	105	(310)
Cogeneracio J. Vilaseca, A.I.E.	NC (-)	Cogeneration	BARCELONA	40.00	40.00	120	74	6
Energia de La Loma, S.A.	NC (-)	Biomass	JAEN	40.00	40.00	740	0	0
Eolicas de Lanzarote, S.L.	EM (3)	Production, distribution and supply of electric power	LANZAROTE	40.00	40.00	825	76	12
Eolicos de Fuerteventura, A.I.E.	EM (-)	Management, operation and administration of a wind-powered facility	FUERTEVENTURA	40.00	40.00	0	0	207
Erca Cinco Villas-1, S.L.	NC (-)	Cogeneration	ZARAGOZA	40.00	40.00	35	0	(3)
Minicentrales La Pequera, S.L.	NC (-)	Production, purchase and sale of electric power	HUESCA	40.00	40.00	43	9	0
Tirme, S.A.	EM (1)	Solid waste treatment	PALMA DE MALLORCA	40.00	40.00	1,275	75	438
Vapeltar, A.I.E.	NC (-)	Cogeneration	BARCELONA	40.00	40.00	0	0	356
Yedesa Cogeneracion, S.A.	NC (-)	Cogeneration	ALMERIA	40.00	40.00	39	0	(19)
Compañia Eolica Tierras Altas, S.A.	EM (-)	Wind power	SORIA	35.63	35.63	800	0	(9)
Ercetesa, S.A.	NC (-)	Cogeneration	ZARAGOZA	35.00	35.00	49	0	3
Oxagesa, A.I.E.	EM (4)	Cogeneration	TERUEL	33.33	33.33	1	0	(63)
Terdon Cogeneracion, S.L.	NC (-)	Cogeneration	ZARAGOZA	33.33	33.33	54	(5)	(11)
Toledo P. V., A.E.I.E.	NC (-)	Research into photovoltaic solar power plants	MADRID	33.33	33.33	4	0	0
Central Hidroelectrica Gúejar Sierra, S.A.	EM (-)	Hydroelectric power production	SEVILLE	33.30	33.30	61	129	10
Erecozalz, S.L.	NC (-)	Cogeneration	ZARAGOZA	33.00	33.00	3	0	0
Cogeneracion del Prat, S.A.	EM (8)	Cogeneration	BARCELONA	31.79	31.79	700	386	(439)
Cogeneracio Torregrossa, S.A.	EM (6)	Cogeneration	LLEIDA	30.00	30.00	50	79	(14)
Cogeneracion de Navia, S.A.	EM (-)	Cogeneration	SANTANDER	30.00	30.00	270	137	(273)
Cogeneracion Eurohueco, A.I.E.	EM (-)	Cogeneration	BARCELONA	30.00	30.00	600	62	9
Conuben, S.L.	EM (-)	Cogeneration	HUELVA	30.00	30.00	120	141	(83)
Empresa Provincial de Energia, S.A.	NC (-)	Complete electric power cycle	HUESCA	30.00	30.00	100	(1)	(6)
Forsean, S.L.	EM (2)	Cogeneration	HUELVA	30.00	30.00	10	576	(330)
Hidroescoron, S.L.	NC (-)	Mini-hydroelectric plants	ZARAGOZA	30.00	30.00	3	0	0
Productora de Energias, S.A. (PESA)	NC (-)	Mini-hydroelectric plants	BARCELONA	30.00	30.00	10	(1)	0
Sistemas Energeticos La Muela, S.A.	EM (-)	Wind power	ZARAGOZA	30.00	30.00	510	81	28
Cogeneracion Ufic, S.A.	EM (12)	Cogeneration	BARCELONA	27.50	27.50	180	33	(7)
Colomer de Cogeneracio, A.I.E.	EM (1)	Cogeneration	BARCELONA	27.50	27.50	120	53	73
Sati Cogeneracio, A.I.E.	EM (-)	Cogeneration	BARCELONA	27.50	27.50	11	300	(21)

Corporate Name	Type of \$ Consol Audit	Corporate Purpose or Line of Business	Location	Voting Rights (%)	Dividend Rights	Capital	Reserves	Net Income (Loss)
Sistemas Energeticos Mas Garullo, S.A.	EM (-)	Cogeneration	ZARAGOZA	27.00	27.00	250	8	33
Cogeneracio del Pla, S.A.	EM (13)	Cogeneration	LERIDA	27.00	27.00	130	42	(29)
Energetica de Rossello, A.I.E.	EM (4)	Cogeneration	BARCELONA	27.00	27.00	600	589	55
Ereco San Mateo, S.L.	NC (-)	Cogeneration	HUESCA	27.00	27.00	33	0	0
Garofeica, S.A.	EM (-)	Cogeneration	BARCELONA	27.00	27.00	120	64	6
Rofeica d'Energia, S.A.	EM (-)	Cogeneration	BARCELONA	27.00	27.00	330	(45)	44
Urgell Energia, S.A.	EM (-)	Cogeneration	LERIDA	27.00	27.00	100	71	(40)
Calizas Elycar, S.L.	NC (-)	Construction and operation of a cogeneration plant	HUESCA	25.00	25.00	300	0	2
Corporacion Eolica Zaragoza, S.L.	EM (-)	Wind power	ZARAGOZA	25.00	25.00	420	50	(2)
Ecoenergia de Can Mata, A.I.E.	NC (-)	Treatment of urban solid waste	MURCIA	25.00	25.00	30	0	0
Foraneto, S.L.	EM (2)	Cogeneration	BARCELONA	25.00	25.00	10	34	(251)
Hidroelectrica del Piedra, S.L.	NC (-)	Production and sale of electric power	ZARAGOZA	25.00	25.00	27	5	8
Inquevap, A.I.E.	NC (-)	Cogeneration	HUESCA	25.00	25.00	20	0	(9)
Proyectos Energeticos MB, S.A.	NC (15)	Cogeneration	BARCELONA	25.00	25.00	85	22	(18)
Vapor y Electricidad El Tejar, S.L. (VETEJAR)	NC (-)	Construction and operation of plants fueled by farm waste	CORDOBA	25.00	25.00	245	6	0
Alobe Moinsa, U.T.E.	NC (-)	Cogeneration	MADRID	20.00	20.00	10	0	(531)
Cogeneracion El Salto, S.L.	NC (-)	Cogeneration	ZARAGOZA	20.00	20.00	6	7	(15)
Cogeneracion Lipsa, S.L. (COLIPSA)	NC (-)	Cogeneration	BARCELONA	20.00	20.00	120	0	(10)
Ermotosa, U.T.E.	NC (-)	Cogeneration	HUESCA	20.00	20.00	100	0	(4)
Sotavento Galicia	NC (-)	Wind power	LA CORUNA	18.00	18.00	100	0	0
Idae Campoebro Industrial, U.T.E.	NC (-)	Cogeneration	MADRID	15.00	15.00	1,434	108	(23)
Minicentral Acequia Cinco Villas	NC (-)	Mini-hydroelectric plants	ZARAGOZA	15.00	15.00	200	(63)	28
Minicentrales Bardenas, A.I.E.	NC (-)	Mini-hydroelectric plants	ZARAGOZA	15.00	15.00	200	115	80
Tirmadrid	NC (1)	Solid waste treatment	MADRID	15.00	15.00	2,800	39	351
Allarluz, S.A.	NC (-)	Biomass		12.99	12.99	261	(92)	(48)
Aneriqa, A.I.E.	NC (-)	Cogeneration	TARRAGONA	10.00	10.00	200	0	0
Asane, A.I.E.	NC (-)	Cogeneration	BARCELONA	10.00	10.00	0	28	(25)
Cobane, A.I.E.	NC (-)	Cogeneration	TARRAGONA	10.00	10.00	200	3	0
Hisane, A.I.E.	NC (-)	Cogeneration	TARRAGONA	10.00	10.00	0	0	0
Idae Opel, U.T.E.	NC (-)	Cogeneration	MADRID	10.00	10.00	2,599	157	63
Sistemas Energeticos Mañon Ortigueira, S.A.	NC (-)	Wind power	LA CORUNA	10.00	10.00	750	132	129
Electrometalurgia del Ebro, S.A.	NC (-)	Mini-hydroelectric plants	BARCELONA	8.60	8.60	N/D	N/D	N/D
Eolicas de Canarias, S.L.	NC (-)	Wind power	LAS PALMAS DE GRAN CANARIA	8.00	8.00	48	14	1
KW Tarifa	NC (-)	Wind power	CADIZ	7.30	7.30	848	452	142
A. E. Ciutat Sanitaria Vall d'Hebron, A.I.E.	NC (-)	Cogeneration	BARCELONA	6.25	6.25	284	69	23
Gersa	NC (-)	Waste treatment	CADIZ	5.00	5.00	300	(277)	(29)
Precosa	NC (-)	Cogeneration	CADIZ	5.00	5.00	613	(261)	(227)
Aurecan	NC (-)	Waste	HUELVA	4.21	4.21	390	112	4
Recursos Energeticos Locales, S.A. (RELSA)	GI (3)	Development of energy resources	BARCELONA	100.00	100.00	1,660	1,285	122
Electro Mariola, A.I.E.	GI (3)	Cogeneration	MADRID	99.00	99.00	90	0	(38)
Cogeneracion del Ter, S.L.	GI (3)	Cogeneration	BARCELONA	69.00	69.00	622	345	42
Relcamp, A.I.E.	NC (-)	Cogeneration	BARCELONA	65.00	65.00	30	0	(39)
Energias de Graus, S.L.	EM (3)	Hydroelectric power plant	BARCELONA	62.22	62.22	216	11	7
Relsa-Seat-Parengen, U.T.E.	NC (-)	Cogeneration	MADRID	60.00	60.00	1	0	0
Antrel, A.I.E.	EM (-)	Cogeneration	GERONA	50.00	50.00	25	30	(27)
Cogeneracion Aymerel, A.I.E.	NC (-)	Cogeneration	BARCELONA	50.00	50.00	35	(3)	(42)
Cogeneracion Tenerel - Mollet, A.I.E.	NC (-)	Cogeneration	BARCELONA	50.00	50.00	100	0	0
Confirel, A.I.E.	EM (-)	Cogeneration	GERONA	50.00	50.00	5	30	33
Gallo Energia, S.L.	NC (-)	Cogeneration	BARCELONA	50.00	50.00	80	44	(42)
Hidroelectrica del Serrado, S.L.	NC (4)	Hydroelectric power plant	BARCELONA	50.00	50.00	120	(1)	(2)
Hidrorel, U.T.E.	NC (-)	Hydroelectric power plant	BARCELONA	50.00	50.00	1	0	0
Tyborel, A.I.E.	EM (-)	Cogeneration	GERONA	50.00	50.00	140	0	14
Hidricas de Viseu, S.A. (HIDRIVIS)	NC (-)	Mini-hydroelectric plants	PORTUGAL	65.00	49.48	164	0	0
Corelcat, A.I.E.	NC (-)	Cogeneration	LERIDA	45.00	45.00	10	12	(1)
Electrovapor, A.I.E.	NC (-)	Cogeneration	MADRID	45.00	45.00	95	(72)	(54)
Inacrel, A.I.E.	EM (-)	Cogeneration	BARCELONA	45.00	45.00	20	28	(173)
Sedarel, A.I.E.	NC (-)	Cogeneration		45.00	45.00	60	24	(42)
Forel, S.L.	EM (4)	Cogeneration	BARCELONA	40.00	40.00	1	337	48
Virgen de la Vella, A.I.E.	EM (1)	Cogeneration	HUESCA	40.00	40.00	400	119	(60)
Printerel, A.I.E.	EM (-)	Cogeneration	BARCELONA	39.00	39.00	50	(77)	(58)

Corporate Name	Type of \$ Consol Audit	Corporate Purpose or Line of Business	Location	Voting Rights (%)	Dividend Rights	Capital	Reserves	Net Income (Loss)
Fibrarel, A.I.E.	EM (1)	Cogeneration	BARCELONA	36.55	36.55	5	63	(10)
Hidrobeira Limitada, S.L.	NC (-)	Hydroelectric power plant	PORTUGAL	35.71	35.71	N/D	N/D	N/D
Colasem, A.I.E.	EM (-)	Cogeneration	BARCELONA	35.00	35.00	90	(9)	(38)
Cogeneracion Hostalrich, A.I.E.	EM (-)	Cogeneration	GERONA	33.00	33.00	130	54	(22)
Renelclar, A.I.E.	NC (-)	Cogeneration	BARCELONA	33.00	33.00	10	0	(77)
Rencat, A.I.E.	EM (-)	Cogeneration	BARCELONA	32.00	32.00	20	0	(191)
Covitrel, A.I.E.	EM (4)	Cogeneration	TARRAGONA	30.00	30.00	713	0	11
Port Ecorel, A.I.E.	NC (-)	Cogeneration	BARCELONA	30.00	30.00	80	(20)	(61)
Prencyc, A.I.E.	NC (-)	Cogeneration	BARCELONA	30.00	30.00	20	6	(21)
Relsa-Seat-Idae, U.T.E.	NC (-)	Cogeneration	MADRID	30.00	30.00	689	181	25
T.P. Sociedade Termica Portuguesa, S.A. (TERMIPOR)	GI (11)	Cogeneration	PORTUGAL	51.50	51.50	830	178	(584)
Campos Recursos Energeticos	NC N/D	Cogeneration	PORTUGAL	48.93	48.93	N/D	N/D	(62)
Companhia Termica Lusitana	NC N/D	Cogeneration	PORTUGAL	48.93	48.93	N/D	N/D	(77)
Companhia Termica Lusol	NC N/D	Cogeneration	PORTUGAL	48.93	48.93	N/D	N/D	(138)
Companhia Termica Oliveira Ferreira	NC N/D	Cogeneration	PORTUGAL	48.93	48.93	N/D	N/D	N/D
Companhia Termica Sao Jorge do Selho	NC N/D	Cogeneration	PORTUGAL	46.35	46.35	8	30	90
Enercor-Producao de Energia	NC N/D	Cogeneration	PORTUGAL	36.05	36.05	N/D	N/D	(81)
Companhia Termica do Beato	NC N/D	Cogeneration	PORTUGAL	33.48	33.48	N/D	N/D	(76)
Companhia Termica do Hectare	NC N/D	Cogeneration	PORTUGAL	28.33	28.33	N/D	N/D	(118)
Companhia Termica do Serrado	NC N/D	Cogeneration	PORTUGAL	26.27	26.27	N/D	N/D	(79)
Companhia Termica Mundo Textil	NC N/D	Cogeneration	PORTUGAL	26.27	26.27	N/D	13	2
Companhia Termica Ribeira Velha	NC N/D	Cogeneration	PORTUGAL	26.27	26.27	N/D	N/D	(86)
Sortenix Producao de Energia	NC N/D	Cogeneration	PORTUGAL	26.27	26.27	N/D	N/D	N/D
Companhia Termica Ponte da Pedra	NC N/D	Cogeneration	PORTUGAL	25.75	25.75	N/D	16	(61)
Cogeneracion Tolosana, A.I.E.	NC (-)	Cogeneration	GUIPUZCOA	25.00	25.00	100	0	1
Puignerel, A.I.E.	EM (-)	Cogeneration	BARCELONA	25.00	25.00	1,880	0	(206)
Releco Santiago, A.I.E.	NC (-)	Cogeneration	HUESCA	45.00	45.00	50	0	(26)
Groberel	NC (-)	Cogeneration	GERONA	12.00	12.00	N/D	N/D	26
Fibrel, A.I.E.	NC (-)	Cogeneration	GERONA	10.00	10.00	550	117	(42)
Tractaments i Revaloriz.. de Residuos del Maresme, S.A. (TVRM)	NC (18)	Cogeneration	BARCELONA	10.00	10.00	600	158	291

DIVERSIFICATION/WATER UTILITIES

Endesa Diversificacion, S.A.										
Aguas de Herrera, S.L.	(**)	(-)	Management of integrated water cycle	SEVILLE	100.00	100.00	110	(26)	(39)	
Aguas de La Janda, S.L.	(**)	(1)	Water supply	CADIZ	65.00	65.00	100	(46)	(48)	
Gestión de Aguas del Norte, S.A.	EM	(-)	Integrated water cycle	LAS PALMAS DE GRAN CANARIA	55.00	55.00	420	(107)	(153)	
Desalinizadora Arica Limitada	EM	(-)	Construction, maintenance and financing of a desalination plant	ARICA - CHILE	50.00	50.00	178	0	(62)	
Puerto Serrano, U.T.E.	PI	(-)	Water treatment plant work	SEVILLE	50.00	50.00	1	0	0	
Sercanarias, S.A.	EM	(-)	Integrated water cycle and related facilities	LAS PALMAS DE GRAN CANARIA	50.00	50.00	20	(49)	28	
Gestión de Aguas de Aragón, S.A.	(**)	(-)	Catchment, potabilization and distribution of water	ZARAGOZA	40.00	40.00	100	12	9	
Aguas de Zaragoza, U.T.E.	(**)	(-)	Installation, maintenance and reading of water meters in Zaragoza	ZARAGOZA	-	20.00	0	0	59	
Sierra Elvira, U.T.E.	PI	(1)	Configuration and start-up of water supply	SEVILLE	37.50	37.50	1	(61)	(103)	
Castril, U.T.E.	PI	(-)	Water treatment plant work	SEVILLE	33.33	33.33	1	0	0	
Tecnologia Canaria del Agua, S.A.	EM	(-)	Integrated water cycle	LAS PALMAS DE GRAN CANARIA	33.33	33.33	90	(18)	199	
Empresa Mixta de Aguas de Las Palmas, S.A. (EMALSA)	EM	(1)	Sea water desalination, distribution and marketing	LAS PALMAS DE GRAN CANARIA	33.00	33.00	4,700	(582)	(919)	
Emasagra, U.T.E.	PI	(1)	Configuration and start-up of water-supply system	SEVILLE	25.00	25.00	1	0	1	
Aguas Vega Sierra Elvira, S.A.	(**)	(1)	Water supply	SEVILLE	15.00	15.00	200	491	4	
Emasagra	(**)	(1)	Water supply	SEVILLE	12.25	12.25	442	88	459	
Desaladora de la Costa del Sol, S.A. (DECOSOL)	NC	(2)	Water-supply and desalination services	MALAGA	50.00	50.00	1,000	(17)	(12)	
Servicios Integrales del Agua, S.A. (INTERAGUA)	EM	(1)	Management of integrated water cycle	MADRID	39.95	39.95	3,652	(10)	(87)	
Sociedad General de Aguas de Barcelona, S.A. (AGBAR)	(*)	EM	(1)	Distribution and supply of potable water	BARCELONA	11.79	11.79	23,260	123,312	20,352
Proyecto Almeria Mediterraneo, S.A.	NC	(-)	Installation of sea water desalination plant	ALMERIA	45.00	45.00	100	(28)	0	

Corporate Name	Type of \$ Consol Audit	Corporate Purpose or Line of Business	Location	Voting Rights (%)	Dividend Rights	Capital	Reserves	Net Income (Loss)
DIVERSIFICACION / TELECOMMUNICATIONS								
Endesa Net Factory, S.L.	GI (1)	Complete e-commerce, Internet and new technologies cycle	MADRID	100.00	100.00	4,462	0	(565)
Endesa Web Hogar, S.A.	GI (1)	Portal on the Internet with home and house search services	MADRID	100.00	100.00	1,497	0	(340)
Mundivia, S.A.	NC (1)	Research and operation of computer and telecommunications services	SANTANDER	85.00	85.00	100	104	158
Endesa Marketplace, S.A.	GI (1)	B2B transactions using the Internet	MADRID	78.00	72.75	2,329	0	(581)
Sadiel, S.A., Sdad. Andaluza Desarrollo Informatica y Electroni	NC (1)	IT and electronics research and development	SEVILLE	35.82	35.82	110	411	399
Net Telecomunicaciones, A.I.E.	NC (-)	Promotion and coordination of IT and telecommunications services		33.33	33.33	N/D	N/D	N/D
Diseño de Sistemas de Silicio, S.L. (DS2)	NC (4)	Solutions for voice transmission through electricity infrastructure	CASTELLON	15.00	15.00	92	2,239	(294)
Myalertcom, S.A.	NC (4)	Management of Internet and wireless telephony services	MADRID	2.01	2.01	440	8,837	(3,244)
Endesa Diversificación, S.A.								
Endesa Telecomunicaciones, S.A.	GI (1)	Portfolio company	MADRID	100.00	100.00	31,133	49,386	(15,109)
Endesa Ingeniería de Telecomunicaciones I, S.L. (ENDITEL I)	EM (1)	Consulting and engineering services	SEVILLE	100.00	100.00	829	0	475
Servicable, U.T.E.	(**) (-)	Design and implementation of MENTA and its cable network in Cataluña	BARCELONA	0.50	0.50	0	0	25
Servimovil, U.T.E.	(**) (-)	Design and execution of facilities and services supplementary to AMENA	BARCELONA	0.50	0.50	0	0	(1)
Cable CiTC, U.T.E.	(**) (-)	Design and implementation of MENTA and its cable network in Cataluña	BARCELONA	0.40	0.40	5	0	(118)
Sevillana de Cable, S.A.	NC (1)	Feasibility studies on cable communications	SEVILLE	100.00	100.00	1,322	(732)	87
Teletrunk Andalucía	NC (-)	Operation of telecommunications services	SEVILLE	100.00	100.00	26	11	5
Smartcom Pcs	GI (1)	Wireless telephony operator	SANTIAGO - CHILE	100.00	100.00	58,840	(17,137)	(19,049)
Netco Redes, S.A.	GI (1)	Telecommunications infrastructure	MADRID	50.55	50.55	1,005	10,253	1,019
Cobra-Profesa, U.T.E.	NC (1)	Construction and implementation of services for RETEVISION	BARCELONA	50.00	50.00	0	0	(6)
Nuinsa - Caymasa, U.T.E.	NC (-)	Operation of customer hotline service for Supercable	SEVILLE	50.00	50.00	1	0	(1)
Profesa-Moncobra, U.T.E.	NC (1)	Construction of facilities for Airtel in the Balearic Islands	BARCELONA	50.00	50.00	0	0	1
Profesa-Moncobra Zona II, U.T.E.	NC (1)	Construction of facilities for Airtel in Cataluña	BARCELONA	50.00	50.00	0	0	(5)
AUNA Operadores de Telecomunicaciones, S.A.	EM (1)	Telecommunications services	BARCELONA	-	27.87	89,708	108,706	(49,639)
Aragón de Cable, S.A. (ABLE)	(**) (3)	Telecommunications services	ZARAGOZA	-	27.87	4,500	(175)	(823)
Cable i Televisio de Catalunya, S.A. (MENTA)	(**) (1)	Telecommunications	BARCELONA	-	27.87	17,513	3,630	(5,664)
Cabletelca, S.A. (CANARIAS TELECOM)	(**) N/D	Telecommunications services	TENERIFE	-	27.87	4,000	(436)	(1,154)
Retevisión I, S.A.	(**) (1)	Telecommunications	BARCELONA	-	27.87	30,651	43,304	(12,226)
Torre de Collserola, S.A.	(**) (-)	Telecommunications	BARCELONA	-	10.03	2,000	57	21
Madridtel Comunicaciones, S.A. (MADRITEL)	(**) (1)	Design and operation of cable television systems	MADRID	-	27.87	16,000	(47)	(9,810)
Supercable Almería Telecomunicaciones, S.A.	(**) N/D	Telecommunications	SEVILLE	-	27.87	200	(24)	(177)
Retevisión Interactiva, S.A. (ERESMAS)	(**) N/D	Internet	MADRID	-	27.68	2,042	17,203	(9,510)
Supercable de Sevilla, S.A.	(**) N/D	Telecommunications	SEVILLE	-	27.36	5,449	(1,757)	(2,126)
Retevisión Movil, S.A. (AMENA)	(**) N/D	Wireless telephony operator	BARCELONA	-	27.28	35,000	63,281	(74,708)
Supercable de Andalucía, S.A.	(**) (1)	Telecommunications	SEVILLE	-	26.86	11,526	(863)	(2,609)
Onda Digital, S.A. (QUIERO TV)	(**) N/D	Television	MADRID	-	13.66	12,000	14,631	(15,098)
Hispasat	(**) N/D	Telecommunications	MADRID	-	8.45	18,312	3,007	3,011
Retena y Reterioja (TENARIA)	(**) N/D	Telecommunications	ZARAGOZA	-	4.67	7,326	(344)	(932)
Med Telecom	(**) N/D	Cable operator	ALICANTE	-	2.79	N/D	N/D	N/D
Multimedia de Cable, S.A.	NC (-)	Telecommunications	BARCELONA	35.60	35.60	1,936	(332)	(137)
Euskaltel, S.A.	NC (4)	Operation and marketing of telecommunications networks and services	VIZCAYA	10.00	10.84	23,601	1,728	(8,246)
Sistelcom, S.A.	(**) (1)	Implementation and operation of telecommunications services	MADRID	18.19	18.19	110	234	(99)
Sistelcom Telemensaje, S.A.	(**) (1)	Operation and marketing of telecommunications networks and services	MADRID	-	3.64	N/D	N/D	N/D
Serviport Las Palmas, S.L.	NC (-)	Services relating to telecommunications, IT and logistics	LAS PALMAS DE GRAN CANARIA	6.00	6.00	110	77	(1)
Retecal	NC (-)	Cable operator management	VALLADOLID	0.28	0.28	14,500	(709)	(1,634)
Made Torres y Herrajes, S.A.	NC (-)	Manufacture of electricity pylons and telecommunications towers	VALLADOLID	19.90	19.90	400	31	359
S.R.M.	NC (-)	Radiocommunication, wireless telephony and equipment marketing services	MADRID	10.94	10.94	214	(188)	17

Corporate Name	Type of \$ Consol Audit	Corporate Purpose or Line of Business	Location	Voting Rights (%)	Dividend Rights	Capital	Reserves	Net Income (Loss)
DIVERSIFICACION/OTHER								
Endesa Generacion, S. A.								
Andorra Desarrollo, S.A.	NC (-)	Regional development	TERUEL	100.00	100.00	150	0	0
Nuclenor, S.A.								
Medidas Ambientales, S.L.	NC (-)	Environmental analysis and control activities	MADRID	50.00	25.00	1	0	0
Gestion Aeropuerto de Burgos, S.A. (GABSA)	NC (-)	Airport services	BURGOS	1.76	0.88	170	0	0
Miranda Logistica, S.A.	NC (-)	Infrastructure development and management in Miranda de Ebro	BURGOS	1.00	0.50	100	0	0
Desarrollo Tecnológico Nuclear, A.I.E. (DTN)	NC (-)	Research and development in relation to nuclear electricity facilities	MADRID	45.32	45.32	0	0	0
Tecnatom, S.A.	NC (-)	Services for electric power production facilities	MADRID	45.00	45.00	671	1,993	59
Aridos y Hormigones Ligeros, S.A. (AHLISA)	NC (-)	Production and sale of light aggregates for construction	MADRID	43.53	43.53	308	(147)	(144)
Pilas de Combustible, A.I.E.	NC (-)	Research and development of alternative energy sources		25.00	25.00	0	0	0
Sdad. Desarrollo de Sierra Morena Cordobesa, S.A.	NC (-)	Regional development	CORDOBA	1.82	1.82	N/D	N/D	N/D
Endesa Distribucion, S.A.								
Agrupacion Acefhat, A.I.E.	NC (-)	Integral management of works on public thoroughfares	BARCELONA	20.00	20.00	110	0	0
Endesa Servicios, S.L.	GI (1)	Rendering of services to companies	MADRID	100.00	100.00	13,925	2	(3,596)
Instituto de la Calidad, S.A.	NC (1)	Rendering of services in the quality field	SEVILLE	46.73	46.73	N/D	N/D	N/D
International Endesa, B.V. (IEBV)	GI (1)	Holding company of international business lines	AMSTERDAM - NETHERLANDS	100.00	100.00	2,567	(1,396)	650
Endesa Diversificacion, S.A.	GI (1)	Portfolio company	MADRID	100.00	100.00	89,884	46,844	3,700
Made Tecnologias, S.A.	GI (1)	Manufacture of renewable energy equipment	MADRID	100.00	100.00	1,094	568	407
Made-Isolux, U.T.E. (ERICSSON)	PI (-)	Sale and installation of wireless telephony towers	MADRID	50.00	50.00	10	0	5
Made-Isolux, U.T.E. (NOKIA)	PI (-)	Sale and installation of wireless telephony towers	MADRID	50.00	50.00	10	0	9
Made-Isolux, U.T.E. (SIEMENS)	PI (-)	Sale and installation of wireless telephony towers	MADRID	50.00	50.00	10	0	(15)
Made-Isolux, U.T.E. (AMENA)	PI (-)	Sale and installation of wireless telephony towers	MADRID	50.00	50.00	20	0	2
Yituo-Made, U.T.E.	PI (-)	Manufacture of renewable energy equipment	CHINA	36.93	36.93	381	0	(60)
Eólicas de Canarias, S.L.	NC (-)	Manufacture of towers	CANARY ISLANDS	8.00	8.00	48	15	4
Nueva Divisa, S.L.	NC (1)	Regional diversification	MADRID	100.00	100.00	1	0	0
Nueva ERD Diversificacion Aragonesa, S.L.	NC (-)	Regional diversification	ZARAGOZA	100.00	100.00	301	1	182
Nueva Gedisa, S.L.	NC (1)	Regional diversification	MADRID	100.00	100.00	463	149	4
Lignitos, S.A.	(**) (-)	Ornamental rocks	PALMA DE MALLORCA	100.00	100.00	145	16	28
Aquicultura Balear, S.A.	(**) (-)	Aquaculture	PALMA DE MALLORCA	33.33	33.33	120	29	(3)
Nueva Nuinsa, S.L.	NC (1)	Regional diversification	SEVILLE	100.00	100.00	3,962	704	257
Nuevas Iniciativas de I+D, S.A. (NUI+D)	(**) (-)	Performance of research programs	SEVILLE	100.00	100.00	110	59	(84)
Nuinsa - Semi, U.T.E. (NUSE)	PI (-)	Infrastructures for telecommunications network	SEVILLE	51.00	51.00	1	0	209
GHESA, Ingeniería y Tecnología, S.A. (GHESA)	(**) (3)	Studies projects, other work and management relating to industrial facilities	MADRID	29.17	29.17	680	2,086	280
Partecsa Isla Mágica	(**) (4)	Operation of theme park	SEVILLE	4.04	4.04	2,225	618	(834)
Nueva Profesa-Redesa, S.L.	NC (1)	Regional diversification	BARCELONA	100.00	100.00	1,880	(384)	438
Aparcamientos Redaux, S.A.	(**) (-)	Integral management of parking lots, premises, etc. Purchase/sale	BARCELONA	100.00	100.00	315	120	5
Green Flag, S.L.	(**) (-)	Marketing of image, sound, voice and data transmission products	BARCELONA	100.00	100.00	1	42	0
Punttel Comunicaciones, S.A.	(**) (-)	Marketing of image, sound, voice and data transmission products	BARCELONA	100.00	100.00	35	32	0
Catalana d'Iniciatives C.R.	(**) (18)	Venture capital company of the Barcelona City Council and Cataluña Autonomous	BARCELONA	1.21	1.21	N/D	N/D	N/D
Nexus Capital, S.A.	(**) (18)	Venture capital company of the Barcelona City Council and Cataluña Autonomous	BARCELONA	1.21	1.21	N/D	N/D	N/D
Senda Ambiental, S.A.	EM (-)	Recycling, clean-up and management activities at landfills	BARCELONA	100.00	100.00	61	144	74
Ecosenda Gestion Ambiental, S.L.	(**) (-)	Recycling, clean-up and management activities at landfills	BARCELONA	100.00	100.00	55	(3)	3
Recrisa	(**) (-)	Recovery of chrome used by tanners	BARCELONA	75.00	75.00	58	2	0
Recicladados y Servicios del Mediterraneo, S.L.	(**) (-)	Complete waste cycle	ALICANTE	50.00	50.00	56	24	63
Serpil, U.T.E.	(**) (-)	Collection and recycling of batteries and fluorescent tubes	BARCELONA	50.00	50.00	1	0	14
Tractaments ecologics	(**) (-)	Urban cleaning and complete waste cycle	BARCELONA	50.00	50.00	10	16	15
Montmelo, U.T.E.	(**) (-)	Special waste treatment	BARCELONA	33.33	33.33	1	0	34
Santoña, U.T.E.	(**) (-)	Execution and operation of industrial solid waste landfill	SANTANDER	20.00	20.00	0	0	0
Sicoris, U.T.E.	(**) (-)	Maintenance and operation of waste water treatment plants	BARCELONA	20.00	20.00	0	0	0
Vertresa-RWE-Senda, U.T.E.	(**) (-)	Urban solid waste treatment	MADRID	5.00	5.00	1,400	0	179
Unelco Diversificacion, S.L.	GI (1)	Regional diversification	LAS PALMAS DE GRAN CANARIA	100.00	100.00	2,472	233	(187)
Unelco Servicios, S.A.	NC (-)	Promotion and retailing of electric power, water, gas, telecommunications and othe	LAS PALMAS DE GRAN CANARIA	100.00	100.00	75	1	0
Desaladora de Carboneras, U.T.E.	NC (-)	Technical assistance and operation of desalination plant	ALMERIA	75.00	75.00	1	0	94
Apamea 2000, S.L.	NC (-)	Electricity distribution activities	MADRID	100.00	100.00	1	0	0
Nubia 2000, S.L.	NC (-)	Electricity generation activities	MADRID	100.00	100.00	1	0	0
Nueva Compañía de Distribucion Electrica 1, S.L.	NC (-)	Electricity distribution activities	MADRID	100.00	100.00	1	0	0
Nueva Compañía de Distribucion Electrica 2, S.L.	NC (-)	Electricity distribution activities	MADRID	100.00	100.00	1	0	0
Nueva Compañía de Distribucion Electrica 3, S.L.	NC (-)	Electricity distribution activities	MADRID	100.00	100.00	1	0	0
Nueva Compañía de Distribucion Electrica 4, S.L.	NC (-)	Electricity distribution activities	MADRID	100.00	100.00	1	0	0
Nueva Compañía de Distribucion Electrica 5, S.L.	NC (-)	Electricity distribution activities	MADRID	100.00	100.00	1	0	0
Nueva Compañía de Generacion Electrica 1, S.L.	NC (-)	Electricity generation activities	MADRID	100.00	100.00	1	0	0

Corporate Name	Type of \$ Consol Audit	Corporate Purpose or Line of Business	Location	Voting Rights (%)	Dividend Rights	Capital	Reserves	Net Income (Loss)
Nueva Compañía de Generacion Eléctrica 2, S.L.	NC (-)	Electricity generation activities	MADRID	100.00	100.00	1	0	0
Nueva Compañía de Generacion Eléctrica 3, S.L.	NC (-)	Electricity generation activities	MADRID	100.00	100.00	1	0	0
Nueva Compañía de Generacion Eléctrica 4, S.L.	NC (-)	Electricity generation activities	MADRID	100.00	100.00	1	0	0
Nueva Compañía de Generacion Eléctrica 5, S.L.	NC (-)	Electricity generation activities	MADRID	100.00	100.00	1	0	0
Sdad. Gestion de Activos de Generación Eléctrica, S.L.	NC (-)	Electricity generation activities	MADRID	100.00	100.00	1	0	0
Sdad. Gestion de Activos de Distribución Eléctrica, S.L.	NC (-)	Electricity distribution activities	MADRID	100.00	100.00	1	0	0
Serafi, S.L.	NC (-)		MADRID	100.00	100.00	1	0	0
Caufec, S.A.	NC (-)	Property development	BARCELONA	40.00	40.00	2,593	(2,779)	(559)
Interbolsa, S.A.	NC (-)	Stockbroking	MADRID	20.00	20.00	10	78	37
Investigaciones y Prospecciones Geotermicas, S.A. (INPROGES/	NC (-)	Geothermal prospecting	BARCELONA	19.47	19.47	75	0	0
Corporacion Empresarial Extremeña	NC (-)			2.53	2.53	2,966	N/D	N/D
Repsol YPF, S.A.	(*) NC (1)	All activities within the oil and gas industry	MADRID	2.14	2.14	203,135	#####	404,137
Futuros de Citricos y Mercaderías de Valencia, S.A. (FC&M)	NC (-)	Organization and management of commodity futures market		1.84	1.84	1,362	N/D	N/D
Sociedad de Fomento Industrial de Extremadura (SOFIEX)	NC (-)	Regional development		0.60	0.60	18,219	0	0

INTERNATIONAL BUSINESSES

Endesa Internacional, S.A.	GI (1)	Endesa Group's international business lines	MADRID	100.00	100.00	487,724	76,681	50,970
Energis S.A.	J GI (1)	Production and distribution of electric power	SANTIAGO-CHILE	65.00	64.97	707,399	303,119	90,083
Distribuidora de Productos Electricos S.A. (DIPREL)	J GI (1)	Purchase, sale and distribution of electricity products	SANTIAGO-CHILE	100.00	64.97	1,471	(1,411)	1,819
Diprel Agencia Colombia	i GI (1)	Import, export and distribution of electricity products	BOGOTA-COLOMBIA	100.00	64.97	0	0	1,476
Electric Investments	J GI (1)	Portfolio company	MEZZANINE-PANAMA	100.00	64.97	16,579	(80)	(2)
Energis Energia de Colombia, S.A.	i GI (1)	Portfolio company	BOGOTA-COLOMBIA	100.00	64.97	300	31	1,504
Energis International Ltda.	J GI (1)	Portfolio company	GRAND CAYMAN-CAYMAN ISLANC	100.00	64.97	187,645	28,870	37,057
Energis Investment S.A.	J GI (1)	Portfolio company	MEZZANINE-PANAMA	100.00	64.97	278,780	48,331	22,202
Interocean Developments Inc.	J GI (1)	Portfolio company	MEZZANINE-PANAMA	100.00	64.97	123,450	(6,802)	(1,088)
Synapsis Colombia S.A.	i GI (1)	IT services	BOGOTA-COLOMBIA	100.00	64.97	267	5	670
Synapsis Peru, S.A.	a GI (1)	IT and telecommunications services and products	LIMA-PERU	100.00	64.97	1	0	0
Compañía Americana de Multiservicios S.A. (CAM)	J GI (1)	Engineering and other services for electricity facilities	SANTIAGO-CHILE	99.99	64.96	1,032	2,840	4,546
CAM Peru	a GI (1)	Purchase/sale and distribution of electricity products	LIMA-PERU	100.00	64.96	1	0	1
Constructora el Gobernador Ltda.	J GI (1)	Construction, operation and marketing of construction work	SANTIAGO-CHILE	100.00	64.96	18,873	7,996	(762)
Energis de Argentina S.A.	f GI (1)	Portfolio company	BUENOS AIRES-ARGENTINA	99.99	64.96	0	(10)	10
Inmobiliaria Manso de Velasco S.A.	J GI (1)	Lease and administration of movable property	SANTIAGO-CHILE	99.99	64.96	5,586	30,672	7,541
Sociedad Agricola El Gobernador Ltda.	J GI (1)	Exploitation of farm land	SANTIAGO-CHILE	100.00	64.96	29,300	9,687	(34)
Synapsis Argentina, S.A.	f GI (1)	IT services	BUENOS AIRES-ARGENTINA	100.00	64.96	0	0	0
Synapsis Brasil S.A.	g GI (1)	IT services	RIO DE JANEIRO-BRAZIL	100.00	64.96	0	0	0
Synapsis, S.A.	J GI (1)	Supply and marketing of computer equipment	SANTIAGO-CHILE	100.00	64.96	3,944	(3,914)	4,847
CAM Argentina	f GI (1)	Construction of electricity, postal, calibration and measurement systems	BUENOS AIRES-ARGENTINA	99.90	64.90	1	2	0
CAM Colombia	i GI (1)	Technical calibration and measurement services	BOGOTA-COLOMBIA	99.99	64.89	1,666	232	285
Empresa Electrica de Panama, S.A.	J GI (1)	Portfolio company	MEZZANINE-PANAMA	100.00	64.72	131,339	5,166	(12,304)
Luz de Rio Ltda.	g GI (1)	Portfolio company	RIO DE JANEIRO-BRAZIL	100.00	64.72	0	0	(5)
Compañía Electrica del Rio Maipo S.A.	J GI (1)	Electricity distribution and related services	SAN BERNARDO-CHILE	98.41	63.93	14,561	(3,030)	9,573
Corporacion Essex	J GI (1)	Portfolio company	MEZZANINE-PANAMA	100.00	63.65	6,336	(1,758)	(255)
Chilectra de Argentina	f GI (1)	Professional services and financial and investment activities	BUENOS AIRES-ARGENTINA	100.00	63.65	0	(10)	10
Chilectra International	J GI (1)	Portfolio company	GRAND CAYMAN-CAYMAN ISLANC	100.00	63.65	63,091	2,464	6,757
Chilectra Panama	J GI (1)	Portfolio company	MEZZANINE-PANAMA	100.00	63.65	122,073	(11,813)	1,576
Chilectra S.A.	J GI (1)	Distribution and sale of electricity	SANTIAGO-CHILE	97.98	63.65	265,667	100,295	63,061
Distrilight Ltda.	g GI (1)	Portfolio company	RIO DE JANEIRO-BRAZIL	100.00	63.65	0	0	0
Empresa Electrica de Colina	J GI (1)	Complete electricity and related materials cycle	COLINA-CHILE	99.99	63.65	82	(233)	542
Estelmar Holding	J GI (1)	Portfolio company	MEZZANINE-PANAMA	100.00	63.65	51,314	(4,556)	(1,073)
Inversora Luz Andes	J GI (1)	Transmission/transportation, distribution and sale of energy and fuels	SANTIAGO-CHILE	100.00	63.65	1	138	130
Sociedad Panameña de Electricidad	J GI (1)	Portfolio company	MEZZANINE-PANAMA	100.00	63.65	125,545	11,047	(3,886)
Inversiones Distrilima, S.A. (DISTRILIMA)	a GI (1)	Portfolio company	LIMA-PERU	85.00	65.37	599	167	49
Inmobiliaria Centro Nuevo Ltda	J GI (1)	Purchase, sale and operation of real estate	SANTIAGO-CHILE	99.93	60.09	17	(26)	(1)
Inmobiliaria Constructora Edificio Santiago 2000	J GI (1)	Execution of real estate project	SANTIAGO-CHILE	92.50	60.09	204	(139)	3
Companhia de Electricidade do Rio de Janeiro S.A. (CER	g GI (1)	Production, transmission and distribution of electric power in the State of Rio de Jar	RIO DE JANEIRO-BRAZIL	79.95	58.92	285	128	5
Cerj Overseas	g GI (1)	Portfolio company	SAO PAULO-BRAZIL	100.00	58.92	0	(28)	(42)
Empresa Distribuidora Sur S.A. (EDESUR)	f GI (1)	Distribution and retailing of electric power	BUENOS AIRES-ARGENTINA	99.45	48.45	897	(4)	93
Companhia Energetica do Ceara, S.A. (COELCE).	g GI (1)	Complete electric power cycle	FORTALEZA-BRAZIL	58.86	45.15	433	788	40
Codensa, S.A.	i GI (1)	Distribution and retailing of electric power	BOGOTA-COLOMBIA	48.48	44.96	#####	#####	118,594
Empresa de Distribuc. Elec. de Lima Norte, S.A. (EDELNC	a GI (1)	Generation, transmission and distribution of electric power	LIMA-PERU	60.00	39.22	1,175	101	83
Sociedad Agricola de Cameros Ltda.	J GI (1)	Exploitation of farm land	SANTIAGO-CHILE	57.50	37.35	4,997	873	(2)

Corporate Name	Type of \$ Consol Audit	Corporate Purpose or Line of Business	Location	Voting Rights (%)	Dividend Rights	Capital	Reserves	Net Income (Loss)
Construcciones y Proyectos Los Maitenes, S.A.	J GI (1)	Civil works and construction of facilities	SANTIAGO-CHILE	55.00	35.73	3,465	(2,047)	(44)
Servicios de Agua Potable Barrancas, S.A.	J GI (1)	Production and distribution of potable water	SANTIAGO-CHILE	55.00	35.73	1	(124)	(156)
Sociedad Agrícola Pastos Verdes Ltda.	J GI (1)	Exploitation of farm land	SANTIAGO-CHILE	55.00	35.73	34,463	27,543	(54)
Distrielec Inversora S.A.	f GI (1)	Portfolio company	BUENOS AIRES-ARGENTINA	51.49	32.92	505	24	50
Sacme	f EM (19)	Supervision and control of the electricity system in Buenos Aires	BUENOS AIRES-ARGENTINA	50.00	24.22	13	210	10
Endesa Chile	J GI (5)	Complete electric power cycle	SANTIAGO-CHILE	59.98	38.97	979,157	209,219	108,223
Capital de Energia S.A.	i GI (1)	Portfolio company	BOGOTA-COLOMBIA	100.00	66.02	351	#####	57,098
Compañía Eléctrica Cono Sur, S.A.	J GI (5)	Portfolio company	PANAMA	100.00	38.97	840,782	75,141	57,019
Endesa Chile Overseas Co.	h GI (5)	Portfolio company	GEORGE TOWN-CAYMAN ISLANDS	100.00	38.97	35	(4)	(47)
Endesa de Colombia, S.A.	i GI (1)	Portfolio company	NEIVA-COLOMBIA	100.00	38.97	212,332	179,661	(1,723)
Inverandes, S.A.	f GI	N/D	ARGENTINA	100.00	38.97	N/D	N/D	N/D
Compañía Eléctrica Tarapaca, S.A.	J GI (5)	Complete electric power cycle	SANTIAGO-CHILE	100.00	38.97	49,772	(3,098)	(3,936)
Endesa Argentina, S.A.	f GI (1)	Portfolio company	BUENOS AIRES-ARGENTINA	99.99	38.96	25	68	8
Endesa Brasil Participações Ltda.	g GI (5)	Portfolio company	RIO DE JANEIRO-BRAZIL	100.00	38.96	1	(1)	0
Inversiones Endesa Norte, S.A.	J GI (5)	Portfolio company	SANTIAGO-CHILE	99.99	38.96	68,064	1,887	6,799
Endesa Inversiones Generales, S.A. (ENIGESA)	J GI (5)	Portfolio company	SANTIAGO-CHILE	100.00	38.95	952	150	478
Tunel el Melon, S.A.	J EM (5)	Execution, construction and exploitation of the "El Melón" tunnel	SANTIAGO-CHILE	99.95	38.95	7,804	(5,209)	(2,011)
Empresa de Ingeniería Ingendesa, S.A. (INGENDESA)	J GI (5)	Engineering services	SANTIAGO-CHILE	97.64	38.05	1,752	(77)	877
Empresa Generadora de energía eléctrica, S.A. (EMGES)	i GI (1)	Electric power production	BOGOTA-COLOMBIA	48.48	36.25	#####	#####	90,017
Lajas Holding Inc.	J GI (5)	Portfolio company	PANAMA	100.00	36.19	381,955	60,395	20,258
Empresa Eléctrica Pehuenche, S.A.	J GI (5)	Complete electric power cycle	SANTIAGO-CHILE	92.55	36.06	121,597	23,324	(5,974)
Empresa Eléctrica Pangué, S.A.	J GI (5)	Complete electric power cycle	SANTIAGO-CHILE	92.48	36.04	66,939	(15,073)	(1,952)
Centrais Eléctricas Cachoeira Dourada, S.A.	g GI (5)	Production and retailing of electric power	GOIANIA-BRAZIL	98.84	35.77	289	449	90
Central Betania Overseas Corp.	i GI (1)	Portfolio company	PANAMA	100.00	33.36	543,989	82,332	(22,670)
Central Hidroeléctrica de Betania, S.A.	i GI (1)	Electric power production	NEIVA-COLOMBIA	85.62	33.36	355,156	#####	(8,326)
Compañía Eléctrica San Isidro, S.A.	J GI (5)	Complete electric power cycle	SANTIAGO-CHILE	50.00	29.23	28,679	(1,237)	2,332
Hidroinvest, S.A.	f GI (1)	Portfolio company	BUENOS AIRES-ARGENTINA	69.93	27.25	18	159	6
Autopista del Sol, S.A.	J (**)	Construction and operation of a freeway	SANTIAGO-CHILE	100.00	23.40	34,386	774	434
Infraestructura 2000, S.A.	J EM (5)	Infrastructure construction works	SANTIAGO-CHILE	60.00	23.38	60,575	(2,056)	424
Inecsa Dos Mil, S.A.	J (**)	Execution, investment in and operation of public infrastructure	SANTIAGO-CHILE	97.32	22.75	23,554	343	96
Autopista Los Libertadores, S.A.	J (**)	Construction and operation of a freeway	SANTIAGO-CHILE	99.95	22.74	22,706	941	132
Generandes Peru, S.A.	a GI (5)	Portfolio company	LIMA-PERU	54.26	21.15	1,365	160	165
Central Termoelectrica Buenos Aires, S.A.	f GI (1)	Production and retailing of electric power	BUENOS AIRES-ARGENTINA	77.83	20.71	42	15	2
Central Costanera, S.A.	f GI (1)	Production and retailing of electric power	BUENOS AIRES-ARGENTINA	51.68	20.14	151	143	27
Administradora Proyecto Atacama, S.A.	J EM (1)	Administration and management of GASODUCTO ATACAMA, NOPEL and related	SANTIAGO-CHILE	50.00	19.48	0	0	0
Atacama Finance Co.	h EM (1)	Funding of Atacama project	GEORGE TOWN-CAYMAN ISLANDS	50.00	19.48	6	1	0
Energex Co.	h EM (1)	Portfolio company	GEORGE TOWN-CAYMAN ISLANDS	50.00	19.48	0	0	0
Gasoducto Atacama, Compañía Ltda.	J EM (1)	Transportation of natural gas	SANTIAGO-CHILE	50.00	19.48	36,787	(8,507)	5,562
Gasoducto Cuenca Noroeste Ltda.	J EM (1)	Transportation of natural gas	SANTIAGO-CHILE	50.00	19.48	60,537	(5,645)	542
Gasoducto Taltal Ltda.	J (**)	Transportation of natural gas	SANTIAGO-CHILE	0.00	19.48	N/D	N/D	N/D
Inversiones Eléctricas Quillota, S.A.	J EM (5)	Portfolio company	SANTIAGO-CHILE	50.00	19.48	14,269	(516)	1,160
Noreste Pacifico Generacion de Energia Ltda. (NOPEL)	J EM (1)	Complete electric power cycle	SANTIAGO-CHILE	50.00	19.48	69,353	3,272	(4,888)
Consortio de Ingeniería B y R - Ingendesa Ltda.	J (**)	Engineering services	SANTIAGO-CHILE	50.00	19.02	39	(32)	0
Hidroeléctrica El Chocon, S.A.	f GI (1)	Electric power production	BUENOS AIRES-ARGENTINA	65.19	18.49	329	10	20
Electrogas, S.A.	J (**)	Transportation of natural gas and other fuels	SANTIAGO-CHILE	0.02	16.56	9,736	(1,609)	741
Inversiones Electrogas, S.A.	J EM (5)	Portfolio company	SANTIAGO-CHILE	42.50	16.56	9,703	2,933	665
Edegel, S.A.	a GI (5)	Production and retailing of electric power	LIMA-PERU	69.84	14.77	2,464	197	211
Transmisora Eléctrica de Quillota Ltda. (TRANQUILLOTA)	J EM (5)	Transmission and distribution of electric power	SANTIAGO-CHILE	50.00	14.61	3,867	326	141
Empresa de Energía de Bogotá, S.A. (EEB)	i NC (1)	Portfolio company	BOGOTA-COLOMBIA	11.00	8.25	#####	#####	185,388
Endesa Internacional Energia LTD.	g NC	Portfolio company	RIO DE JANEIRO-BRAZIL	100.00	100.00	N/D	N/D	N/D
Inversiones Cesa, S.L.	GI (1)	Portfolio company	MADRID-SPAIN	100.00	100.00	13,516	(2,947)	(1,381)
Inversiones Colombia, S.L.	GI (1)	Portfolio company	MADRID-SPAIN	100.00	100.00	12,015	(4,129)	(958)
Elesur, S.A.	J GI (1)	Portfolio company	SANTIAGO-CHILE	99.99	99.99	#####	(12,102)	83,124
Chispa 1, S.A.	J GI (1)	Portfolio company	SANTIAGO-CHILE	99.85	99.85	7,919	101,586	59,290
Inversiones Segre, S.L.	NC	Portfolio company	BARCELONA-SPAIN	100.00	100.00	1	0	0
Luz de Bogota	i GI (1)	Portfolio company	BOGOTA-COLOMBIA	100.00	83.98	603,922	#####	68,788
Compañía Peruana de Electricidad (CPE)	a GI (1)	Portfolio company	LIMA-PERU	100.00	81.46	150	42	12
Eléctrica de Cabo Blanco, S.A.	a EM (1)	Portfolio company	LIMA-PERU	80.00	80.00	129	(1)	0
Investluz	g GI (1)	Portfolio company	SAO PAULO-BRAZIL	99.97	75.77	1,005	26	(2)
Luz de Panama	g GI (1)	Advice on financial and commercial aspects of capital goods and equipment	PANAMA	100.00	75.77	0	1	(5)
Comercializadora de Energía del MERCOSUR, S.A. (CEMS)	f GI (1)	Retailing of power in Mercosur	BUENOS AIRES-ARGENTINA	100.00	72.53	14	1	1
Compañía de Interconexão Energética, S.A. (CIEN)	g GI (1)	Production, transmission and distribution of electric power	RIO DE JANEIRO-BRAZIL	99.99	72.53	285	0	(20)
Compañía de Transmisión del MERCOSUR, S.A. (CTM)	f GI (1)	Production, transmission and distribution of electric power	BUENOS AIRES-ARGENTINA	100.00	72.53	14	0	0

Corporate Name	Type of \$ Consol Audit	Corporate Purpose or Line of Business	Location	Voting Rights (%)	Dividend Rights	Capital	Reserves	Net Income (Loss)
Generalima, S.A.	a EM (1)	Portfolio company	LIMA-PERU	72.50	72.50	213	(49)	13
Sociedad Inversora Dock Sud, S.A. (DOCK SUD)	f GI (1)	Portfolio company	BUENOS AIRES-ARGENTINA	57.14	57.14	162	0	1
Empresa Electrica de Piura, S.A.	a EM (1)		PERU	60.00	48.00	207	1	1
Coelce Overseas	g GI (1)	Portfolio company	FORTALEZA-BRAZIL	100.00	45.15	N/D	N/D	N/D
Pego Energia Electrica, S.A. (PEGOP)	k EM (6)	Operation of fossil-fuel plants and production of electric power	ABRANTES-PORTUGAL	45.00	45.00	0	0	3
Etevensa	a EM (1)		PERU	60.00	43.50	374	12	2
Electricidad de Argentina, S.A. (EARSa)	f EM (1)	Portfolio company	BUENOS AIRES-ARGENTINA	36.36	40.56	188	121	32
Empresa Distribuidora. y Comerc. del Norte, S.A. (EDENOR)	f EM	Distribution and retailing of electric power	BUENOS AIRES-ARGENTINA	19.50	40.19	832	(41)	90
Consorcio Energetico Punta Cana-Macao (CEPM)	c EM (3)	Production, transmission and distribution of electric power	DOMINICAN REPUBLIC	40.00	40.00	N/D	N/D	N/D
Central Dock Sud	f GI (1)		ARGENTINA	69.76	39.86	66	2	(1)
Tejo Energia, S.A.	k EM (3)	Production, transmission and distribution of electric power	ABRANTES-PORTUGAL	35.00	35.00	50	40	29
Carbopego, S.A.	k EM (3)	Purchase, sale, transportation and storage of fuel	ABRANTES-PORTUGAL	33.34	33.34	0	3	2
Soprolif, S.A.	e EM (5)	Construction of a fluidized bed boiler in Gardanne	FRANCE	25.00	25.00	N/D	N/D	N/D
Lyonnaise Des Eaux Casablanca	l NC	Water supply	CASABLANCA-MOROCCO	18.00	18.59	800	(223)	106
Yacylec, S.A.	f EM (-)	Transmission of electric power	BUENOS AIRES - ARGENTINA	22.22	22.22	7,995	350	1,670

(*) The economic information included is consolidated.

N/D = No data
N/A = Not applicable

(**) These companies are included solely for information purposes, since they do not form part of Endesa's long-term financial investments.

CURRENCIES:

- (a) = Peruvian soles
- (b) = Portuguese escudos
- (c) = Dominican pesos
- (d) = Venezuelan bolivares
- (e) = French francs
- (f) = Argentine pesos
- (g) = Brazilian reais
- (h) = U.S. dollars
- (i) = Colombian pesos
- (j) = Chilean pesos
- (k) = Euros
- (l) = Moroccan dirhams

AUDITORS:

- (1) Company audited by ARTHUR ANDERSEN
- (2) " " " " KPMG PEAT MARWICK
- (3) " " " " ERNST & YOUNG
- (4) " " " " PRICE WATERHOUSE COOPERS
- (5) " " " " DELOITTE & TOUCHE
- (6) " " " " CARLOS GÓMEZ ESTOPIÑAN
- (7) " " " " GABINET ROBERT MAZARS
- (8) " " " " AUDIT BCN, S.A.
- (9) " " " " FSA NETWORK
- (10) " " " " AUDITORES Y CONSULTORES CANARIOS, S.R.L.
- (11) " " " " Dr. JUSTINO MENDES
- (12) " " " " AUDI HISPANIA, S.A.
- (13) " " " " GASSO Y CIA.
- (14) " " " " S.C.D. AUDITORES, S.A.
- (15) " " " " HERNANDEZ Y MUNOZ, S.A.
- (16) " " " " GNL Y ASOCIADOS
- (17) " " " " TECNISA-CAMPOS
- (18) " " " " MARSANS AUDITORES
- (19) " " " " ESTUDIO ALONSO HIDALGO & ASOCIADOS

		Average Year-End Market Price	Market Price Last Qtr.
REPSOL YPF	euro	17.02	18.95
RED ELECTRICA	euro	10.05	10.32
AGUAS DE BARCELONA	euro	13.01	14.32
C.T. BUENOS AIRES	Arg. peso:	0.72	0.74
C.H. CACHOEIRA	Br. reais	237.51	226.61
CENTRAL COSTANERA	Arg. peso:	1.37	1.42
ENDESA CHILE	Ch. pesos	206.00	206.18
E.D.E. LIMA NORTE	Per. soles	0.78	0.83
CHILECTRA	Ch. pesos #####	2,054.95	
ENERSIS	Ch. pesos	202.40	205.02
CERJ	Br. reais	0.40	0.43
EDEGEL	Per. soles	0.70	0.68
E.E. PEHUENCHE	Ch. pesos	206.00	239.40
COELCE	Br. reais	5.48	6.00
C.E. RIO MAIPO	Ch. pesos	250.00	227.50

**ENDESA, S.A.
AND SUBSIDIARIES COMPRISING
THE ENDESA GROUP**

SUPPLEMENTAL FINANCIAL STATEMENTS SCHEDULE

INDEX

	<u>Page</u>
Report of Independent Public Accountants	S-2
Schedule II—Valuation and Qualifying Accounts and Reserves	S-3
Other SEC schedules are omitted as not applicable or not required under Regulation S-X.	

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and the Board of
Directors of Endesa, S.A. and its Subsidiaries:

1. We have audited in accordance with generally accepted auditing standards in Spain, and those in the United States of America, the consolidated financial statements of Endesa, S.A. and Subsidiaries comprising the Consolidated Group as of December 31, 2000 and 1999 (separately included herein). We did not audit the 1998 consolidated financial statements of Eléctricas Reunidas de Zaragoza, S.A. and Subsidiaries, Electra de Viesgo, S.A. and Subsidiaries, the investments in which are reflected in the consolidated financial statements referred to above using the global integration consolidation method, nor the 1998 consolidated financial statements of Enersis, S.A. and Subsidiaries, carried by the equity method, nor the 2000 and 1999 consolidated financial statements of Empresa Nacional de Electricidad, S.A. (Endesa Chile) and Subsidiaries incorporated by the global integration method. The Company's proportionate share of assets in those companies as of December 31, 2000 and 1999, represents 21.1% and 20.9% of total assets, respectively, and the proportionate share in their net sales as of December 31, 2000, 1999 and 1998 represented 4.4%, 3.2% and 10.1%, respectively, of the related consolidated totals. The consolidated financial statements of Eléctricas Reunidas de Zaragoza, S.A. and Subsidiaries, Electra de Viesgo, S.A. and Subsidiaries, Enersis, S.A. and Subsidiaries and Empresa Nacional de Electricidad, S.A. (Endesa Chile) and Subsidiaries for the years above mentioned were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for these companies, is based solely on the reports of the other auditors.
2. Our audit of the consolidated financial statements was made for the purpose of forming an opinion on the basic financial statements in conformity with generally accepted accounting principles in Spain taken as a whole. The schedule listed in the index on the preceding page is the responsibility of the Company's directors and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audits and the reports of other auditors as discussed in paragraph 1 above, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ ARTHUR ANDERSEN

Madrid, Spain
March 14, 2000

ENDESA S.A. AND SUBSIDIARIES COMPRISING THE CONSOLIDATED GROUP

Valuation and qualifying Accounts and Reserves

(Provisions for Accounts Receivable)

For the Years Ended December 31, 2000, 1999, and 1998

	Millions of Pesetas		
	2000	1999	1998
Balance at beginning of period	36,855	13,578	14,901
Additions			
Charged to operating expenses	26,675	8,842	3,734
Charged to other accounts	881	21,035	71
Deductions	(10,554)	(6,600)	(5,128)
Balance at end of period	53,857	36,855	13,578

Disclosure of restructuring provisions

For the Years Ended December 31, 2000, 1999, and 1998

	Millions of Pesetas		
	2000	1999	1998
Early retirements	492,198	505,926	305,358
Extraordinary repairs and restructuring the mining activity	28,498	43,987	22,102
Other	30,793	51,765	16,418

INDEX TO EXHIBITS

	<u>Page No.</u>	
1.1	Articles of Association, as amended	
1.2	Articles of Association, as amended (English translation)	
8.1	List of Subsidiaries	

Exhibit 1.1



ESTATUTOS SOCIALES

ÍNDICE

	<u>Página</u>
TÍTULO I. DENOMINACIÓN, OBJETO, DURACIÓN Y DOMICILIO	5
Artículo 1º Denominación	5
Artículo 2º Objeto	5
Artículo 3º Duración	5
Artículo 4º Domicilio	6
TÍTULO II CAPITAL SOCIAL Y ACCIONES	7
Artículo 5º Capital Social	7
Artículo 6º Las acciones	7
Artículo 7º Derechos de los accionistas	7
Artículo 8º Acciones sin voto, rescatables y privilegiadas	7
Artículo 9º Representación de las acciones. Registro de accionistas	9
Artículo 10º Transmisión de acciones	10
TÍTULO III AUMENTO Y REDUCCIÓN DEL CAPITAL SOCIAL	11
Artículo 11º Modalidades del aumento	11
Artículo 12º Delegación en los administradores del aumento del capital social	11
Artículo 13º Derecho de suscripción preferente	12
Artículo 14º Exclusión del derecho de suscripción preferente	12
Artículo 15º Reducción del capital social	12
TÍTULO IV DE LAS OBLIGACIONES	14
Artículo 16º Emisión de obligaciones	14
TÍTULO V ÓRGANOS DE LA SOCIEDAD	15
Artículo 17º Órganos sociales	15
Artículo 18º Junta General	15
Artículo 19º Clases de Juntas	15
Artículo 20º Junta General Ordinaria	15
Artículo 21º Junta General Extraordinaria	15
Artículo 22º Convocatoria de la Junta General	15
Artículo 23º Facultad y obligación de convocar	16

	<u>Página</u>
Artículo 24° Junta Universal	16
Artículo 25° Constitución de la Junta	17
Artículo 26° Acuerdos especiales. Constitución	17
Artículo 27° Derecho de asistencia	17
Artículo 28° Representación	18
Artículo 29° Presidencia y Mesa de la Junta	18
Artículo 30° Lista de asistentes	18
Artículo 31° Deliberación y adopción de acuerdos	19
Artículo 32° Limitación de los derechos de voto	19
Artículo 33° Derecho de información	21
Artículo 34° Acta de la Junta	21
Artículo 35° Impugnación de acuerdos sociales	21
Artículo 36° Consejo de Administración. Funciones Generales	22
Artículo 37° Número y clases de Consejeros	22
Artículo 38° Duración	23
Artículo 39° Representación de la sociedad	23
Artículo 40° Retribución	23
Artículo 41° Responsabilidad	23
Artículo 42° Incompatibilidades	24
Artículo 43° Convocatoria y lugar de celebración	24
Artículo 44° Constitución del Consejo	25
Artículo 45° Cargos del Consejo	25
Artículo 46° Deliberación y adopción de acuerdos	26
Artículo 47° Delegación de facultades	27
Artículo 48° Composición de la Comisión Ejecutiva	27
Artículo 49 Atribuciones del Consejo	27
Artículo 50° Impugnación de los acuerdos del Consejo de Administración	29
TÍTULO VI CUENTAS ANUALES	30
Artículo 51° Cuentas anuales	30
Artículo 52° Contenido de las cuentas anuales	30
Artículo 53° Informe de gestión	30
Artículo 54° Auditoría de cuentas	31

Página

Artículo 55°	Nombramiento de auditores	31
Artículo 56°	Formulación de las cuentas anuales	31
Artículo 57°	Aprobación de las cuentas anuales	31
Artículo 58°	Reserva legal	31
Artículo 59°	Distribución de dividendos	32
Artículo 60°	Cantidades a cuenta de dividendos	32
Artículo 61°	Depósito de las cuentas anuales	32
TÍTULO VII	RESOLUCIÓN DE CONFLICTOS	33
Artículo 62°	Resolución de conflictos	33
	Disposición transitoria	33

ESTATUTOS SOCIALES

TÍTULO I

DENOMINACIÓN, OBJETO, DURACIÓN Y DOMICILIO

Artículo 1º.- Denominación

La sociedad se denomina ENDESA, S.A. y se rige por los presentes Estatutos, por las disposiciones sobre régimen jurídico de las sociedades anónimas y por las demás que resulten de aplicación.

Artículo 2º.- Objeto

1. La sociedad tiene por objeto:

- a) El negocio eléctrico en sus distintas actividades industriales y comerciales.
- b) La explotación de toda clase de recursos energéticos primarios.
- c) La prestación de servicios de carácter industrial, y, en especial, los de telecomunicaciones, agua y gas, así como los que tengan carácter preparatorio o complementario de las actividades incluidas en el objeto social.
- d) La gestión del Grupo Empresarial, constituido con las participaciones en otras sociedades.

2. La sociedad desarrollará, en el ámbito nacional e internacional, las actividades que integran su objeto, bien directamente o mediante su participación en otras sociedades.

Artículo 3º.- Duración.

La sociedad tiene una duración indefinida y ha dado comienzo a sus operaciones el día del otorgamiento de la escritura de constitución.

Artículo 4º.- Domicilio.

El domicilio social se fija en Madrid, calle de Príncipe de Vergara, número 187, quedando facultado el Consejo de Administración para trasladar el mismo dentro del término municipal de dicha población.

Asimismo, está facultado el Consejo de Administración para crear, suprimir o trasladar sucursales, agencias, representaciones, delegaciones u oficinas de la sociedad.

TÍTULO II

CAPITAL SOCIAL Y ACCIONES

Artículo 5º.- Capital Social.

El capital social de la sociedad es de 1.270.502.540,40 Euros y está íntegramente suscrito y desembolsado.

Artículo 6º.- Las acciones.

El capital social está integrado por 1.058.752.117 acciones de 1,2 Euros de valor nominal cada una, que estarán representadas por anotaciones en cuenta y pertenecen a una misma clase.

Las 1.058.752.117 acciones que componen el capital social, representadas por medio de anotaciones en cuenta, tienen la consideración de valores mobiliarios y se rigen por lo dispuesto en la normativa reguladora del mercado de valores.

Artículo 7º.- Derechos de los accionistas.

La acción confiere a su titular legítimo la condición de socio y le atribuye los derechos reconocidos en la Ley y en estos Estatutos.

En los términos establecidos en la Ley y salvo en los casos en ella previstos, el accionista tiene, como mínimo, los siguientes derechos:

- a) El de participar en el reparto de las ganancias sociales y en el patrimonio resultante de la liquidación.
- b) El de suscripción preferente en la emisión de nuevas acciones o de obligaciones convertibles en acciones.
- c) El de asistir y votar en las Juntas Generales y el de impugnar los acuerdos sociales.
- d) El de información.

Artículo 8º.- Acciones sin voto, rescatables y privilegiadas.

1. La sociedad podrá emitir acciones sin derecho de voto por un importe nominal no superior a la mitad del capital social desembolsado.

Los titulares de acciones sin voto tendrán derecho a percibir un dividendo mínimo anual del 5 por 100 del capital desembolsado por cada acción sin voto. Una vez acordado el dividendo mínimo, los titulares de las acciones sin voto tendrán derecho al mismo dividendo que corresponda a las acciones ordinarias.

2. La sociedad podrá emitir acciones que sean rescatables a solicitud de la sociedad emisora, de los titulares de dichas acciones o de ambos, por un importe nominal no superior a la cuarta parte del capital social. En el acuerdo de emisión se fijarán las condiciones para el ejercicio del derecho de rescate. Si el citado derecho se atribuyera exclusivamente a la sociedad emisora, no podrá ejercitarse antes de que transcurran tres años a contar desde la emisión.

Las acciones que sean rescatables deberán ser íntegramente desembolsadas en el momento de la suscripción.

La amortización de las acciones rescatables deberá realizarse con cargo a beneficios o a reservas libres o con el producto de una nueva emisión de acciones acordada por la Junta General o, en su caso, por el Consejo de Administración, con la finalidad de financiar la operación de amortización. Si se amortizaran estas acciones con cargo a beneficios o a reservas libres, la sociedad deberá constituir una reserva por el importe del valor nominal de las acciones amortizadas. En el caso de que no existiesen beneficios o reservas libres en cantidad suficiente ni se emitan nuevas acciones para financiar la operación, la amortización solo podrá llevarse a cabo con los requisitos establecidos para la reducción de capital social mediante devolución de aportaciones.

3. La sociedad podrá emitir acciones que confieran algún privilegio frente a las ordinarias, que no revistan ninguna de las modalidades previstas en el artículo 50.2 de la Ley de Sociedades Anónimas, cumpliendo las formalidades prescritas para la modificación de Estatutos.

Cuando el privilegio consista en el derecho a obtener un dividendo preferente, la sociedad estará obligada a acordar el reparto del dividendo si existiesen beneficios distribuibles. La Junta General o el Consejo de Administración, en el momento de decidir la emisión de las acciones, decidirán si los titulares de las acciones privilegiadas tendrán derecho, una vez acordado el dividendo preferente, al mismo dividendo que corresponda a las acciones ordinarias, procediendo asimismo, si ello fuese necesario, a la consiguiente modificación estatutaria.

De no existir beneficios distribuibles o no haberlos en cantidad suficiente, la parte del dividendo preferente no pagada se acumulará o no en los términos que se acuerden por la Junta General en el momento de decidir la emisión de las acciones.

Las acciones ordinarias no podrán en ningún caso recibir dividendos con cargo a los beneficios de un ejercicio, mientras no haya sido satisfecho el dividendo privilegiado correspondiente al mismo ejercicio.

Artículo 9º.- Representación de las acciones. Registro de Accionistas

1. Las acciones se representarán por medio de anotaciones en cuenta y se constituyen como tales en virtud de su inscripción en el correspondiente registro contable, que reflejará las menciones recogidas en la escritura de emisión y si están o no enteramente desembolsadas.

La legitimación para el ejercicio de los derechos de accionista, se obtiene mediante la inscripción en el registro contable, que presume la titularidad legítima y habilita al titular registral a exigir que la sociedad le reconozca como accionista. Dicha legitimación podrá acreditarse mediante la exhibición de los certificados oportunos, expedidos por la entidad encargada de los registros contables.

Si la sociedad realiza alguna prestación en favor del presuntamente legitimado, queda liberada, aunque aquél no sea el titular real de la acción, siempre que la realizara de buena fe y sin culpa grave.

2. Sin perjuicio de lo anterior y de conformidad con lo previsto en la Disposición Adicional Primera.6 del Texto Refundido de la Ley de Sociedades Anónimas, en base al registro contable referido y para garantizar y facilitar al accionista el ejercicio de sus derechos de conformidad con lo previsto en los presentes Estatutos, la sociedad podrá llevar un registro de accionistas en la forma técnicamente más adecuada, incluso informáticamente, anotándose en el mismo respecto de cada accionista las acciones de que sea titular directo e indirecto a través de entidades controladas en el sentido del artículo 4 de la Ley de Mercado de Valores, o a través de personas o entidades interpuestas, fiduciarias o equivalentes que sean a su vez accionistas de la sociedad, así como de fondos, instituciones de inversión o entidades similares que también sean accionistas de la sociedad, de manera que el ejercicio del derecho de voto de dichas acciones esté determinado directa o indirectamente por el accionista en cuestión.

A estos efectos, la sociedad a través del Presidente del Consejo de Administración podrá dirigirse en todo momento a cualquier accionista para que comunique al Presidente del Consejo de Administración las acciones de las que sea titular directo y las que controle indirectamente a través de las personas o entidades controladas o interpuestas referidas en el párrafo anterior que actúen por su cuenta aunque lo hagan en nombre propio; a estos mismos efectos la sociedad a través de su Presidente podrá dirigirse a cualquier persona o entidad titular de acciones de la sociedad para que manifieste si actúa por cuenta de otro accionista o si sus derechos de voto están determinados por otro accionista y, en su caso, los titulares

reales de las acciones. Asimismo, cualquier accionista podrá dirigirse a la sociedad a través del Presidente del Consejo para que se le comunique lo que respecto de dicho accionista se derive del registro de accionista.

Artículo 10º.- Transmisión de acciones.

Las acciones son transmisibles de acuerdo con lo previsto en las disposiciones vigentes y en estos Estatutos, pero hasta la inscripción de la sociedad y, en su caso, la inscripción del aumento del capital social en el Registro Mercantil no podrán transmitirse las acciones.

TÍTULO III

AUMENTO Y REDUCCIÓN DEL CAPITAL SOCIAL

Artículo 11º.- Modalidades del aumento.

El aumento del capital social puede realizarse por emisión de nuevas acciones o por elevación del valor nominal de las ya existentes.

En ambos casos, el contravalor del aumento del capital podrá consistir, tanto en nuevas aportaciones dinerarias o no dinerarias al patrimonio social, incluida la compensación de créditos contra la sociedad, como en la transformación de reservas o beneficios, que ya figuraban en dicho patrimonio.

Artículo 12º.- Delegación en los administradores del aumento del capital social.

La Junta General, con los requisitos establecidos para la modificación de los Estatutos sociales, podrá delegar en el Consejo de Administración:

- a) Una vez acordado el aumento del capital social en una cantidad determinada, las siguientes facultades.
 - 1) Ejecutar el mencionado acuerdo, dentro del plazo máximo de un año, excepto en el caso de conversión de obligaciones en acciones.
 - 2) Señalar la fecha en que deba llevarse a efecto el aumento en la cifra acordada.
 - 3) Señalar las fechas de inicio y cierre del período de suscripción.
 - 4) Emitir las acciones que representen el aumento.
 - 5) Declarar las cantidades suscritas en dicha ampliación de capital.
 - 6) Exigir el pago y desembolso de los dividendos pasivos.
 - 7) Modificar los artículos 5 y 6 de los Estatutos sociales, relativos al capital social, recogiendo la nueva cifra después del aumento, en función de las cantidades realmente suscritas y,
 - 8) En general, fijar las condiciones del aumento del capital, en todo lo no previsto en el acuerdo de la Junta General.
- b) La facultad de acordar, en una o varias veces, el aumento del capital social, hasta una cifra determinada, en la oportunidad y cuantía que decida, sin previa consulta

a la Junta General. Estos aumentos no podrán ser superiores en ningún caso a la mitad del capital de la sociedad en el momento de la autorización y deberán realizarse mediante aportaciones dinerarias, dentro del plazo máximo de cinco años a contar del acuerdo de la Junta.

En este supuesto, el Consejo de Administración quedará también facultado para dar nueva redacción a los artículos de los Estatutos sociales relativos al capital social, una vez haya sido acordado y ejecutado el aumento.

Artículo 13º.- Derecho de suscripción preferente.

En los aumentos de capital social con emisión de nuevas acciones, ordinarias o privilegiadas, los antiguos accionistas y los titulares de obligaciones convertibles, de conformidad con las condiciones de la emisión de estas obligaciones, podrán ejercitar, dentro del plazo que a este efecto les conceda la administración de la sociedad, que no será inferior a quince días desde la publicación del anuncio de la oferta de suscripción de la nueva emisión en el “Boletín Oficial del Registro Mercantil”, el derecho de suscribir un número de acciones proporcional al valor nominal de las acciones que posean o de las que corresponderían a los titulares de obligaciones convertibles, de ejercitar en ese momento la facultad de conversión.

Los derechos de suscripción preferente serán transmisibles en las mismas condiciones que las acciones de las que se deriven. En caso de aumento con cargo a reservas, la misma regla será de aplicación a los derechos de asignación gratuita de las nuevas acciones.

Artículo 14º.- Exclusión del derecho de suscripción preferente.

En los casos en que el interés de la sociedad así lo exija, la Junta General, al decidir el aumento del capital, podrá acordar la supresión total o parcial del derecho de suscripción preferente. Para la validez de este acuerdo, que habrá de respetar los requisitos para la modificación de Estatutos, será imprescindible el cumplimiento de los requisitos previstos, a tal efecto, en la Ley de Sociedades Anónimas.

No habrá lugar al derecho de suscripción preferente cuando el aumento del capital se deba a la conversión de obligaciones en acciones o a la absorción de otra sociedad o de parte del patrimonio escindido de otra sociedad.

Artículo 15º.- Reducción del capital social.

La reducción del capital social podrá ser acordada por la Junta General, previo cumplimiento de los requisitos establecidos por la Ley y, según la misma, puede tener por finalidad la devolución de aportaciones, la condonación de dividendos pasivos, la constitución o el incremento de la reserva legal o de reservas voluntarias o el

restablecimiento del equilibrio entre el capital y el patrimonio de la sociedad, disminuido por consecuencia de pérdidas.

La reducción del capital tendrá carácter obligatorio cuando las pérdidas hayan disminuido el haber social por debajo de las dos terceras partes de la cifra del capital y hubiere transcurrido un ejercicio social sin haberse recuperado el patrimonio.

TÍTULO IV

DE LAS OBLIGACIONES.

Artículo 16°.- Emisión de obligaciones.

La sociedad podrá emitir series numeradas de obligaciones u otros valores, que reconozcan o creen una deuda, siempre que el importe total de las emisiones no sea superior al capital social desembolsado, más las reservas que figuren en el último balance aprobado y las cuentas de regularización y actualización de balances.

Los valores emitidos por la sociedad a los que se refiere el apartado anterior quedarán sometidos al régimen que para las obligaciones se establece en la Ley de Sociedades Anónimas y disposiciones vigentes en esta materia.

TÍTULO V

ÓRGANOS DE LA SOCIEDAD

Artículo 17º.- Órganos sociales.

Los órganos de la sociedad son la Junta General de Accionistas, el Consejo de Administración, la Comisión Ejecutiva, así como las distintas Comisiones o Comités que el Consejo pueda constituir en su seno para el estudio y aprobación de determinados asuntos que el Consejo determine.

El Consejo podrá establecer Consejos Asesores con el fin de contribuir a la mayor eficacia en el ejercicio de sus funciones. El Reglamento del Consejo desarrollará el régimen de los mismos, aunque no tendrán carácter de órganos sociales.

Artículo 18º.- Junta General.

Los accionistas constituidos en Junta General, debidamente convocada, decidirán por mayoría en los asuntos propios de la competencia de la Junta.

Todos los socios, incluso los disidentes y los que no hayan participado en la reunión, quedan sometidos a los acuerdos de la Junta General.

Artículo 19º.- Clases de Juntas.

Las Juntas Generales de Accionistas podrán ser ordinarias o extraordinarias.

Artículo 20º.- Junta General Ordinaria.

La Junta General Ordinaria, previamente convocada al efecto, se reunirá necesariamente, dentro de los seis primeros meses de cada ejercicio, para censurar la gestión social, aprobar, en su caso, las cuentas del ejercicio anterior y resolver sobre la aplicación del resultado.

Artículo 21º.- Junta General Extraordinaria.

Toda Junta que no sea la prevista en el artículo anterior tendrá la consideración de Junta General Extraordinaria.

Artículo 22º.- Convocatoria de la Junta General.

La Junta General deberá ser convocada por el Consejo de Administración, mediante anuncio en el “Boletín Oficial del Registro Mercantil” y en uno de los diarios de

mayor circulación en la provincia, por lo menos quince días antes de la fecha fijada para su celebración, salvo en los casos de fusión o escisión, en que la convocatoria deberá realizarse con un mes de antelación.

El anuncio expresará la fecha de la reunión en primera convocatoria y todos los asuntos que han de tratarse. Podrá, asimismo, hacerse constar la fecha en la que, si procediera, se reunirá la Junta en segunda convocatoria.

Entre la primera y la segunda reunión deberá mediar, por los menos, un plazo de 24 horas.

Si la Junta General, debidamente convocada, no se celebrara en primera convocatoria, ni se hubiese previsto en el anuncio la fecha de la segunda, deberá ésta ser anunciada, con los mismos requisitos de publicidad que la primera, dentro de los 15 días siguientes a la fecha de la Junta no celebrada y con 8 días de antelación a la fecha de la reunión.

Artículo 23º.- Facultad y obligación de convocar.

Los administradores podrán convocar Junta General Extraordinaria de Accionistas, siempre que lo estimen conveniente para los intereses sociales.

Deberán, asimismo, convocarla cuando lo solicite un número de socios titular de, al menos, un 5 por 100 del capital social, expresando en la solicitud los asuntos a tratar en la Junta. En este caso, la Junta deberá ser convocada para celebrarse dentro de los treinta días siguientes a la fecha en que se hubiese requerido notarialmente a los administradores para convocarla. Los administradores confeccionarán el orden del día, incluyendo necesariamente los asuntos que hubiesen sido objeto de solicitud.

Sin perjuicio de lo anterior, el Presidente del Consejo de Administración o quien le sustituya, ante una situación que a su juicio sea de singular trascendencia para la sociedad y sus accionistas, podrá proceder a la convocatoria de Junta General Extraordinaria para el análisis de la situación planteada y adopción, en su caso, de los acuerdos pertinentes.

Artículo 24º.- Junta Universal.

No obstante lo dispuesto en los artículos anteriores, la Junta se entenderá convocada y quedará válidamente constituida para tratar cualquier asunto, siempre que esté presente todo el capital social y los asistentes acepten por unanimidad la celebración de la Junta. La Junta Universal podrá celebrarse en cualquier lugar.

Artículo 25°.- Constitución de la Junta.

La Junta General quedará válidamente constituida, en primera convocatoria, cuando los accionistas, presentes o representados, posean, al menos, el 25 por 100 del capital suscrito con derecho a voto.

En segunda convocatoria, será válida la constitución de la Junta, cualquiera que sea el capital concurrente a la misma.

Artículo 26°.- Acuerdos especiales. Constitución.

Para que la Junta General Ordinaria o Extraordinaria pueda acordar válidamente la emisión de obligaciones, el aumento o la disminución del capital, la transformación, fusión o escisión de la sociedad y, en general, cualquier modificación de los Estatutos sociales, será necesaria, en primera convocatoria, la concurrencia de accionistas presentes o representados que posean, al menos, el 50 por 100 del capital suscrito con derecho a voto. En segunda convocatoria, será suficiente la concurrencia del 25 por 100 de dicho capital.

Cuando concurren accionistas que representen menos del 50 por 100 del capital suscrito con derecho a voto, los acuerdos a que se refiere el apartado anterior sólo podrán adoptarse válidamente con el voto favorable de los dos tercios del capital, presente o representado, en la Junta.

Lo previsto en el presente artículo se entenderá sin perjuicio de los quórums reforzados de constitución o votación que puedan establecerse en la Ley y en los presentes Estatutos.

Artículo 27°.- Derecho de asistencia.

Podrán asistir a la Junta General los accionistas que, de forma individualizada o agrupadamente con otros, sean titulares de un mínimo de 50 acciones, siempre que las tengan inscritas en el correspondiente registro contable de anotaciones en cuenta con cinco días de antelación a su celebración y se provean de la correspondiente tarjeta de asistencia, hasta dos días antes de la fecha de la Junta. Las tarjetas de asistencia nominativas serán emitidas por la sociedad, bien directamente sobre la base del registro de accionistas o bien a través de las entidades que lleven los registros contables, pudiendo utilizarse por el accionista como documento de otorgamiento de representación para la Junta de que se trate. Ello se entenderá sin perjuicio de los certificados de legitimación emitidos de conformidad con los asientos del Registro Contable por la entidad encargada o adherida correspondiente.

Los miembros del Consejo de Administración deberán asistir a las Juntas Generales.

El Presidente podrá autorizar la asistencia de cualquier persona que juzgue conveniente, si bien la Junta podrá revocar dicha autorización.

Artículo 28º.- Representación.

Todo accionista que tenga derecho de asistencia podrá hacerse representar en la Junta General por medio de otra persona, la cual no podrá ostentar la representación de un paquete de acciones superior al 3 por 100 del capital social. La representación deberá conferirse por escrito y con carácter especial para cada Junta y observando las demás disposiciones legales sobre la materia.

Esta facultad de representación se entiende sin perjuicio de lo establecido por la Ley para los casos de representación familiar y de otorgamiento de poderes generales.

En cualquier caso, tanto para los supuestos de representación voluntaria como para los de representación legal, no se podrá tener en la Junta más que un representante.

El Consejo de Administración podrá exigir en la convocatoria de la Junta General que las delegaciones de representación de los accionistas deban obrar en poder de la sociedad con una antelación de al menos 48 horas respecto de la fecha de celebración de la Junta General en primera convocatoria, indicando el nombre del representante.

Artículo 29º.- Presidencia y Mesa de la Junta.

La Junta será presidida por el Presidente del Consejo de Administración, y, en defecto de éste, por el Vicepresidente que corresponda de conformidad con lo establecido en el artículo 45 de los Estatutos y, a falta de ambos, por el Consejero que elija la Junta.

El Presidente estará asistido por un Secretario, que será el del Consejo de Administración y, en su defecto, por el Vicesecretario, si lo hubiere, y, en otro caso, por la persona que designe la Junta.

La Mesa de la Junta estará constituida por el Consejo de Administración.

Artículo 30º.- Lista de asistentes.

Antes de entrar en el orden del día se formará la lista de los asistentes, expresando el carácter o representación de cada uno de ellos y el número de acciones, propias o ajenas, con que concurran.

La lista de asistentes podrá formarse también mediante fichero o incorporarse a soporte informático. En estos casos se consignará en la propia acta el medio

utilizado, y se extenderá en la cubierta precintada del fichero o del soporte la oportuna diligencia de identificación, firmada por el Secretario, con el visto bueno del Presidente.

Al final de la lista, se determinará el número de accionistas, presentes o representados, así como el importe del capital del que sean titulares, especificando el que corresponda a los accionistas con derecho a voto.

Corresponderá al Presidente la designación, si lo estima necesario, de dos o más accionistas escrutadores que asistirán a la Mesa en la formación de la lista de asistentes y, en su caso, en el cómputo de las votaciones.

En el acto de la Junta General cualquier accionista con derecho de asistencia podrá consultar la lista de asistentes, sin que ello demore o aplace el normal desarrollo de la Junta una vez que su Presidente la haya declarado legalmente constituida, no estando obligada la Mesa de la Junta ni a leer la referida lista ni a facilitar copia de la misma en el acto de la Junta.

Artículo 31º.- Deliberación y adopción de acuerdos.

Abierta la sesión, se dará lectura por el Secretario a los puntos que integran el orden del día y se procederá a deliberar sobre ellos, interviniendo en primer lugar el Presidente y las personas que él designe a tal fin.

Una vez se hayan producido estas intervenciones, el Presidente concederá la palabra a los accionistas que lo soliciten, dirigiendo y manteniendo el debate dentro de los límites del orden del día y poniendo fin al mismo cuando el asunto haya quedado, a su juicio, suficientemente debatido.

Por último, se someterán a votación las diferentes propuestas de acuerdo.

Los acuerdos habrán de adoptarse con el voto favorable de la mayoría del capital con derecho a voto presente o representado en la Junta, sin perjuicio de los quórum reforzados de constitución y de votación que se establezcan en la Ley y en los presentes Estatutos.

Se entenderá que vota a favor de las propuestas de acuerdo todo accionista, presente o representado, que no manifieste expresamente su abstención o voto en contra. La aprobación por mayoría quedará acreditada con la simple constatación de los votos en contra o abstenciones que hubiere.

Artículo 32º.- Limitación de los derechos de voto.

Los accionistas tendrán derecho a un voto por cada acción que posean o representen, salvo las acciones sin voto, que se regirán por lo dispuesto en el artículo 8 de estos

Estatutos. Como excepción a lo dispuesto en el inciso anterior, ningún accionista, en relación con las acciones de que sea titular, podrá ejercitar un número de votos superior al que corresponda al 10% del total del capital social con derecho a voto existente en cada momento y ello aunque las acciones de que sea titular superen ese porcentaje del 10%.

Para el cómputo del número máximo de votos que pueda emitir cada accionista y a los efectos de lo anteriormente establecido, deberán incluirse las acciones de que cada uno de ellos sea titular, no incluyéndose las que correspondan a otros titulares que hubieran delegado en aquel accionista su voto, sin perjuicio de aplicar asimismo individualmente a cada uno de los accionistas que deleguen el mismo porcentaje del 10 por 100 de votos correspondiente a las acciones de que sean titulares.

También será de aplicación la limitación establecida en los párrafos anteriores al número de votos que, como máximo, podrán emitir -sea conjuntamente, sea por separado- dos o más sociedades accionistas pertenecientes a un mismo grupo de entidades. Esta limitación se aplicará igualmente al número de votos que, como máximo, pueda emitir una persona física accionista y la entidad o entidades, también accionistas, que aquella persona física controle, tanto sean emitidos conjunta como separadamente.

A los efectos señalados en el párrafo anterior, para considerar la existencia de un grupo de entidades, se estará a lo dispuesto en el art. 4 de la vigente Ley del Mercado de Valores de 28 de julio de 1988 y se entenderá que una persona física controla a una o varias entidades cuando, en las relaciones entre esa persona física y la sociedad o sociedades de referencia, se de alguna de las circunstancias de control que el art. 4 de la citada Ley exige de una entidad dominante respecto de sus entidades dominadas.

Asimismo y a los efectos del presente artículo, se equiparará a la relación de control del art. 4 de la Ley del Mercado de Valores, la relación de cualquier accionista persona física o jurídica con personas o entidades interpuestas, fiduciarias o equivalentes que sean a su vez accionistas de la sociedad, así como con fondos, instituciones de inversión o entidades similares que sean también accionistas de la sociedad, o con otros accionistas a través de acuerdos de sindicación de votos, cuando el ejercicio del derecho de voto de las acciones titularidad de estas personas o entidades esté determinado directa o indirectamente por el accionista en cuestión.

El Presidente del Consejo de Administración podrá requerir a cualquier accionista en los días anteriores a la fecha de celebración de la Junta General en primera convocatoria, a efectos de que comunique en el plazo máximo de 48 horas a la sociedad a través de su Presidente, las acciones de que sea directamente titular y aquellas titularidad de otras personas o entidades controladas directa o indirectamente

por el accionista en cuestión, pudiendo el Presidente hacer en la Junta General las observaciones que considere pertinentes en el momento de constitución de la Junta para garantizar el cumplimiento de estos Estatutos en relación con el ejercicio del derecho de voto por los accionistas.

Las acciones que pertenezcan a un mismo titular, a un grupo de entidades o a una persona física o jurídica y a las entidades que dicha persona física o jurídica controle serán computables íntegramente entre las acciones concurrentes a la Junta para obtener el quórum de capital necesario para la válida constitución. Pero en el momento de las votaciones se aplicará a las mismas el límite del número de votos del 10 por 100 establecido en el presente artículo.

La modificación del presente artículo requerirá en la Junta General correspondiente, el voto favorable de más del 50 por 100 del capital suscrito con derecho a voto, tanto en primera como en segunda convocatoria.

Artículo 33º.- Derecho de información.

Los accionistas podrán solicitar por escrito, con anterioridad a la reunión de la Junta o verbalmente durante la misma, los informes o aclaraciones que estimen precisos, acerca de los asuntos comprendidos en el orden del día. Los administradores estarán obligados a proporcionárselos, salvo en los casos en que, a juicio del Presidente, la publicidad de los datos solicitados perjudique los intereses sociales. Esta excepción no procederá cuando la solicitud esté apoyada por accionistas que representen, al menos, la cuarta parte del capital.

Asimismo, a partir de la convocatoria de la Junta General Ordinaria, cualquier accionista podrá obtener de la sociedad, de forma inmediata y gratuita en el domicilio social, los documentos que han de ser sometidos a la aprobación de la misma y el informe de los auditores de cuentas.

Artículo 34º.- Acta de la Junta.

El acta de la Junta podrá ser aprobada por la propia Junta a continuación de haberse celebrado ésta y, en su defecto, dentro del plazo de 15 días, por el Presidente de la Junta y dos Interventores, uno en representación de la mayoría y otro por la minoría.

El acta aprobada en cualquiera de esta dos formas tendrá fuerza ejecutiva a partir de la fecha de su aprobación.

Artículo 35º.- Impugnación de acuerdos sociales.

Los acuerdos adoptados por las Juntas generales podrán ser impugnados en los casos y mediante los procedimientos establecidos en la legislación vigente.

Artículo 36°.- Consejo de Administración. Funciones Generales.

1. Es competencia del Consejo el gobierno y administración de la sociedad. Corresponden al Consejo las siguientes funciones generales:
 - a) Establecer la estrategia corporativa y las directrices de la gestión.
 - b) Supervisar la actuación de la Alta Dirección, exigir cuentas de sus decisiones y hacer una evaluación de su gestión.
 - c) Velar por la transparencia de las relaciones de la sociedad con terceros.
2. El Consejo, en ejecución de lo dispuesto en el art. 2 de estos Estatutos, fijará la estrategia general del Grupo Empresarial constituido con las participaciones de otras sociedades.
3. El Consejo, al amparo del art. 141 de la Ley de Sociedades Anónimas, regulará su propio funcionamiento, dictando su Reglamento, que será vinculante para los miembros de dicho Consejo.

Artículo 37°.- Número y clases de Consejeros.

El Consejo de Administración estará integrado por nueve miembros como mínimo y quince como máximo.

Existirán los siguientes tipos de Consejeros:

- a) Los que estén vinculados, profesionalmente y, de modo permanente, a la sociedad.
- b) Los que su vinculación con la sociedad se circunscriba a la condición de miembro del Consejo, y
- c) Los que su pertenencia al Consejo de Administración derive de la participación patrimonial en el capital de la sociedad.

Los Consejeros a que se refiere el apartado b) anterior serán mayoría respecto del total de Consejeros que, en cada momento, formen el Consejo, siempre que lo permita el número de Consejeros elegidos en ejercicio del derecho de los accionistas a tener representación en el Consejo, proporcional a su participación en el capital social.

Corresponde a la Junta General tanto el nombramiento como la separación de los Consejeros. El cargo de Consejero es renunciable, revocable y reelegible.

Artículo 38°.- Duración.

La duración de los cargos de Consejeros será de cuatro años, pudiendo ser reelegidos por períodos de igual duración salvo los Consejeros a que se refiere el apartado b) del art. anterior los cuales sólo podrán ser reelegidos por un segundo mandato.

A efectos del cómputo del plazo de duración del mandato de los Consejeros, se ha de entender que el año comienza y termina el día que se celebre la Junta General Ordinaria, o el último día posible en que hubiera debido celebrarse.

Si durante el plazo para el que fueron nombrados los administradores se produjesen vacantes, el Consejo podrá designar, entre los accionistas, las personas que hayan de ocuparlas hasta que se reúna la primera Junta General.

Artículo 39°.- Representación de la sociedad.

El poder de representación de la sociedad, en juicio o fuera de él, corresponde al Consejo de Administración. La representación se extenderá a todos los actos comprendidos dentro del objeto social establecido en los presentes Estatutos.

Artículo 40°.- Retribución.

La remuneración de los administradores se compone de los siguientes conceptos: asignación fija mensual, dieta por asistencia a los órganos de administración y participación en beneficios. La remuneración, global y anual, para todo el Consejo y por los conceptos anteriores, será el 1 por mil de los beneficios netos de la sociedad, aprobados por la Junta General. La remuneración anterior tiene, en todo caso, el carácter de máxima, correspondiendo al propio Consejo la distribución de su importe, entre los conceptos anteriores y entre los administradores en la forma, momento y proporción que libremente determine.

De conformidad con lo dispuesto en el art. 130 de la Ley de Sociedades Anónimas, la remuneración por el concepto participación en beneficios, sólo podrán percibirla los administradores después de estar cubiertas las atenciones de la reserva legal y de la estatutaria y de haberse reconocido a los accionistas un dividendo mínimo del 4 por ciento.

Artículo 41°.- Responsabilidad.

Los administradores desempeñarán su cargo con la diligencia de un ordenado empresario y representante leal. Deberán guardar secreto acerca de las informaciones de carácter confidencial, aun después de cesar en sus funciones.

Artículo 42º.- Incompatibilidades.

1. El Reglamento del Consejo establecerá un régimen de limitaciones e incompatibilidades de los Consejeros, siendo de aplicación, en todo caso, las siguientes:

- a) La edad para ostentar la condición de Consejero, que no podrá exceder de 70 años. La edad para ostentar el cargo de Consejero Delegado no podrá exceder de 65 años, sin perjuicio de poder seguir este último ostentando la condición de Consejero.
- b) El desempeño de cargos o funciones de representación, dirección o asesoramiento en empresas competidoras o el desempeño de esos mismos cargos o funciones en sociedades que ostenten una posición de dominio o control en empresas competidoras.

La pertenencia simultánea a más de cinco Consejos de Administración, no computándose, a estos efectos los Consejos de Administración de las distintas sociedades participadas, referidas en el art. 36.2 de los Estatutos, los Consejos de Administración del Grupo o entidad accionista a la que represente el Consejero, y los Órganos de Administración de aquellas sociedades en las que la participación patrimonial, personal o familiar del Consejero, le concede derecho a formar parte de los mismos.

2. El Reglamento del Consejo, en desarrollo de lo dispuesto en el art. 132 de la Ley de Sociedades Anónimas, regulará el régimen de incompatibilidades de aquellas personas que, por pertenecer a entidades que sean clientes o proveedores habituales de bienes y servicios a la sociedad, puedan tener intereses opuestos a la misma.

Artículo 43º.- Convocatoria y lugar de celebración.

El Consejo se reunirá cuantas veces lo convoque el Presidente o quien haga sus veces, a iniciativa suya o cuando lo soliciten la mayoría de los Consejeros. En la convocatoria constará el orden del día, fijado por el Presidente.

Las reuniones tendrán lugar, de ordinario, en el domicilio social, pero podrán también celebrarse en otro lugar que determine el Presidente.

Sin perjuicio de lo indicado anteriormente, salvo que la Ley lo impida, podrán adoptarse acuerdos sin sesión y por escrito, ajustándose a los requisitos y formalidades establecidas en el Reglamento del Registro Mercantil.

Artículo 44°.- Constitución del Consejo.

El Consejo de Administración quedará válidamente constituido cuando concurren a la reunión, presentes o representados, la mitad más uno de los componentes de dicho Consejo en el ejercicio de sus cargos.

La representación deberá conferirse por escrito y con carácter especial para cada Consejo, no pudiendo ostentar cada Consejero más de tres representaciones, con excepción del Presidente, que no tendrá ese límite, aunque no podrá representar a la mayoría del Consejo.

Por decisión del Presidente del Consejo de Administración, podrán asistir a las reuniones de éste los Directores Generales y Gerentes de la sociedad, así como cualquier otra persona que aquél juzgue conveniente.

Artículo 45°.- Cargos del Consejo.

Son cargos en el Consejo de Administración: el Presidente, Vicepresidente o Vicepresidentes, el Consejero Delegado y el Secretario.

1) Al Presidente, además de las funciones asignadas por la Ley y los Estatutos, le corresponde impulsar la acción de gobierno de la sociedad y del conjunto de sociedades participadas, dirigir el funcionamiento del Consejo, procurando que los miembros del mismo dispongan de la adecuada información así como la representación de la sociedad, en especial ante las distintas Administraciones Públicas, Instituciones del Mercado de Valores, Organismos, Sociedades y Asociaciones del Sector Eléctrico y de los demás Sectores económicos en los que desarrolle su actividad la compañía.

Corresponde al Presidente ostentar la Presidencia del Consejo y cualesquiera de los órganos sociales contemplados en estos Estatutos.

2) A falta del Presidente, le sustituirá el Vicepresidente de más edad, y en defecto de todos los Vicepresidentes, el Consejero que sea designado para sustituirles interinamente.

3) El Consejo designará, a propuesta del Presidente, un Consejero Delegado, al que le corresponderá dirigir la gestión de la Compañía, de acuerdo con los criterios fijados por el Consejo. Como máximo responsable de la gestión empresarial ejercerá la potestad de mando sobre todos los servicios de la sociedad y estará al frente de la Alta Dirección de la misma. Corresponde, asimismo, al Consejero Delegado ejecutar la estrategia general del Grupo Empresarial constituido con las participaciones en otras sociedades, así como el seguimiento de la misma, sin perjuicio de las competencias que correspondan, individualmente, a cada una de las sociedades participadas.

- 4) Con independencia de los derechos y obligaciones señalados en estos Estatutos en su condición de Consejeros, el Reglamento del Consejo desarrollará el régimen legal particular, correspondiente al Presidente y Consejero Delegado, por razón de su vinculación permanente y profesional a la Sociedad.

Sólo serán elegibles para el cargo de Presidente y Vicepresidente, las personas físicas que ostenten la condición de Consejero durante al menos tres años con anterioridad al nombramiento, si bien este requisito no será exigible cuando la designación se lleve a cabo por el Consejo de Administración con el voto favorable de, al menos, tres cuartas partes de sus miembros. Asimismo, la reelección como Consejero de quienes ostenten los cargos de Presidente y Vicepresidente implicará la continuidad en dichos cargos.

Compete asimismo al Consejo la elección del Secretario y, en su caso, de Vicesecretario, que podrán o no ser Consejeros; en caso de vacante o ausencia o si no concurriesen aquéllos, les sustituirá el Consejero de menor edad de entre los asistentes a la reunión.

Artículo 46º.- Deliberación y adopción de acuerdos.

Abierta la sesión, se dará lectura por el Secretario a los puntos que integran el orden del día, procediéndose a su debate y correspondiente votación.

El Consejo deliberará sobre las cuestiones contenidas en el orden del día y también sobre todas aquellas que el Presidente o la mayoría de los Vocales, presentes o representados, propongan, aunque no estuvieran incluidos en el mismo.

Los acuerdos se adoptarán por mayoría absoluta de los Consejeros, presentes o representados, concurrentes a la sesión. En caso de empate tendrá voto de calidad el Presidente o quien haga sus veces en la reunión. Lo previsto en el presente apartado se entenderá sin perjuicio de aquellos acuerdos para cuya adopción se exija una mayoría cualificada de Consejeros por los presentes Estatutos o la legislación vigente.

La votación por escrito y sin sesión sólo será admitida cuando ningún Consejero se oponga a este procedimiento.

Los acuerdos del Consejo de Administración se consignarán en acta, que se extenderá o transcribirá en el libro de actas correspondiente, con expresión de las circunstancias prevenidas por la legislación vigente.

Las actas se aprobarán por el propio Consejo de Administración, al final de la reunión o en la siguiente. También se considerarán aprobadas cuando, dentro de los cinco días siguientes a la recepción del proyecto de acta, ningún Consejero hubiese formulado

reparos. El Consejo podrá facultar al Presidente y a un Consejero para que, conjuntamente, aprueben el acta de la reunión.

Las actas, una vez aprobadas, serán firmadas por el Secretario del Consejo o de la sesión, con el visto bueno de quien hubiera actuado en ella como Presidente.

Artículo 47°.- Delegación de facultades.

El Consejo de Administración podrá delegar en la Comisión Ejecutiva, en el Consejero Delegado y en las distintas Comisiones del Consejo, con carácter temporal o permanente, todas o parte de sus facultades, excepto aquellas que, legalmente o por acuerdo de la Junta General, fueren de su exclusiva competencia.

La delegación permanente de facultades del Consejo de Administración en la Comisión Ejecutiva y en el Consejero Delegado y la designación de los administradores que hayan de ocupar tales cargos, requerirán para su validez el voto favorable de las dos terceras partes de los componentes del Consejo y no producirán efecto alguno hasta su inscripción en el Registro Mercantil.

La Comisión Ejecutiva y el Consejero Delegado darán cuenta al Consejo de Administración de las principales decisiones adoptadas en el ejercicio de las facultades delegadas.

Artículo 48°.- Composición de la Comisión Ejecutiva.

La Comisión Ejecutiva estará integrada por un mínimo de cinco Consejeros y un máximo de siete, incluido el Presidente.

Presidirá la Comisión Ejecutiva el Presidente del Consejo de Administración y actuará de Secretario el que lo sea del Consejo. El régimen de sustituciones de estos cargos es el previsto para el Consejo de Administración.

Artículo 49°.- Atribuciones del Consejo.

Son facultades del Consejo de Administración:

1. Organizar y dirigir la marcha de la sociedad.
2. Nombrar y separar los cargos del Consejo.
3. La delegación permanente o temporal de facultades en la Comisión Ejecutiva o en el Consejero Delegado, y en las Comisiones Delegadas del Consejo.
4. Aceptar las dimisiones de los miembros que lo componen.

5. Acordar los actos y contratos que sean necesarios o convenientes para la realización del objeto social, sin exceptuar los que versen sobre adquisición o enajenación de inmuebles, constitución de derechos reales, incluso el de hipoteca y el especial de arrendamiento, y resolver sobre toda clase de negocios y operaciones permitidas a la sociedad por sus Estatutos.
6. Librar, aceptar, cobrar, pagar, endosar, protestar, descontar, garantizar y negociar letras de cambio, comerciales o financieras, pagarés, cheques, talones y demás documentos de giro o cambio. Realizar, fijando sus condiciones, endosos y descuentos de resguardos, de efectos de comercio de cualquier otra clase, así como de los mandamientos y órdenes de pago sobre el Tesoro Público, Bancos, Cajas de Depósito y otras Entidades donde la sociedad tenga valores, efectos, metálico o cualquier otra clase de bienes.
7. Realizar toda clase de pagos, disponiendo lo necesario para el debido cumplimiento de todas las obligaciones de la sociedad y exigir los recibos, cartas de pago y resguardos oportunos.
8. Reclamar, cobrar y percibir cuanto por cualquier concepto deba ser abonado o pagado a la sociedad, en metálico, en efectos o en cualquier otro tipo de prestación, por los particulares, Entidades bancarias y de otra clase, por el Estado, Comunidades Autónomas, Provincia, Municipio y, en general, por cualquier otro Ente público o privado. Dar y exigir recibos y cartas de pago, fijar y finiquitar saldos. Determinar la forma de pago de las cantidades debidas a la sociedad, conceder prórrogas, fijar plazos y su importe.

Aceptar de los deudores toda clase de garantías, personales y reales, incluso hipotecarias, mobiliarias e inmobiliarias, prendas con o sin desplazamiento, con los pactos, cláusulas y condiciones que estime oportuno, y cancelarlas una vez recibidos los importes o créditos garantizados. Aceptar de los deudores adjudicaciones de bienes inmuebles en pago de las deudas o de parte de ellas y valorar dichos bienes. Adoptar sobre los bienes de los deudores cuantas medidas judiciales o extrajudiciales considere necesarias o convenientes para la defensa de los derechos e intereses de la sociedad poderdante.

9. Autorizar las operaciones de afianzamiento y prestación de avales a cargo de la sociedad.
10. Acordar las operaciones de crédito o préstamos que puedan convenir a la sociedad.
11. Determinar lo necesario para la emisión de obligaciones con arreglo a lo que hubiese acordado la Junta General.
12. Convocar las Juntas Generales Ordinarias y Extraordinarias y ejecutar sus acuerdos.

13. Formular y presentar anualmente a la Junta General Ordinaria las cuentas anuales, el informe de gestión y la propuesta de aplicación del resultado del ejercicio.
14. Acordar la distribución de cantidades a cuenta de dividendos, previo cumplimiento de los requisitos y condiciones establecidos en la Ley.
15. Conferir poderes generales a personas determinadas e igualmente apoderar a personas determinadas, para actos concretos o para su actuación en ramas o sectores del negocio social.
16. Acordar lo que juzgue conveniente sobre el ejercicio de los derechos y acciones que a la sociedad correspondan ante los Juzgados y Tribunales ordinarios o especiales y ante las oficinas, autoridades o Corporaciones del Estado, Provincia, Comunidad Autónoma o Municipio, así como respecto a la interposición de recursos ordinarios o extraordinarios, nombrando representantes, Procuradores o Letrados que, a estos efectos, lleven la representación y defensa de la sociedad, confiriéndoles, en la forma que fuera necesario, las facultades generales o especiales oportunas, incluso para avenirse y desistir en conciliaciones, expedientes, pleitos, reclamaciones, recursos o actuaciones de cualquier clase y en cualquier estado del procedimiento, para pedir la suspensión de éste y para todo lo que fuera menester, incluso transigir judicialmente con toda amplitud.
17. Resolver las dudas que se susciten sobre la interpretación de los Estatutos y suplir sus omisiones.
18. Las consignadas de una manera especial en artículos determinados de los Estatutos o en la legislación vigente.
19. La presente determinación de atribuciones del Consejo es solamente enunciativa y no limita, en manera alguna, las amplias facultades que le competen para dirigir y administrar los negocios e intereses de la sociedad en todo cuanto no esté especialmente reservado a la competencia de la Junta General de Accionistas.

Sin perjuicio de las facultades anteriores, el Reglamento del Consejo desarrollará las funciones y facultades que correspondan al Consejo, en ejercicio de su actuación a que se refiere el número 2 del art. 36 de estos Estatutos.

Artículo 50º.- Impugnación de los acuerdos del Consejo de Administración.

Los administradores y los accionistas que representen un 5 por 100 del capital social podrán impugnar los acuerdos nulos y anulables de los órganos colegiados de administración, con arreglo a los plazos y al procedimiento que la Ley establece.

TÍTULO VI

CUENTAS ANUALES

Artículo 51°.- Cuentas anuales.

El ejercicio económico comenzará el 1 de enero y terminará el 31 de diciembre de cada año.

Las cuentas anuales, formando una unidad, comprenderán el balance, la cuenta de pérdidas y ganancias y la memoria. Dichos documentos deberán ser redactados de forma que ofrezcan una imagen fiel del patrimonio, de la situación financiera y de los resultados de la sociedad, de conformidad con las disposiciones legales.

Artículo 52°.- Contenido de las cuentas anuales.

El balance comprenderá, con la debida separación, los bienes y derechos que constituyen el activo de la empresa y las obligaciones que forman el pasivo de la misma, especificando los fondos propios. La estructura del balance se ajustará a la establecida en la Ley de Sociedades Anónimas y demás disposiciones legales de aplicación.

La cuenta de pérdidas y ganancias comprenderá, también con la debida separación, los ingresos y gastos del ejercicio y, por diferencia, el resultado de la misma. Distinguirá los resultados ordinarios propios de la explotación, de los que no lo sean o de los que se originen en circunstancias de carácter extraordinario. La cuenta de pérdidas y ganancias deberá ajustarse a la estructura prevista en la Ley de Sociedades Anónimas y demás disposiciones legales de aplicación.

La memoria completará, ampliará y comentará la información contenida en el balance y en la cuenta de pérdidas y ganancias. La memoria contendrá las indicaciones previstas por la Ley de Sociedades Anónimas y demás disposiciones legales de aplicación.

Artículo 53°.- Informe de gestión.

El informe de gestión habrá de contener, al menos, la exposición fiel sobre la evolución de los negocios y la situación de la sociedad. El informe deberá incluir, igualmente, indicaciones sobre los acontecimientos importantes para la sociedad ocurridos después del cierre del ejercicio, la evolución previsible de aquella, las actividades en materia de investigación y desarrollo y las adquisiciones de acciones propias, de acuerdo con la Ley.

Artículo 54°.- Auditoría de cuentas.

Las cuentas anuales y el informe de gestión deberán ser revisados por los auditores de cuentas de conformidad con las disposiciones legales. Los auditores verificarán también la concordancia del informe de gestión con las cuentas anuales del ejercicio. Los auditores de cuentas dispondrán, como mínimo, de un plazo de un mes, a partir del momento en que les fueran entregadas las cuentas por los administradores, para presentar su informe.

Artículo 55°.- Nombramiento de auditores.

Las personas que deben ejercer la auditoría de las cuentas serán nombradas por la Junta General, antes de que finalice el ejercicio a auditar, por un período de tiempo que no podrá ser inferior a tres años, ni superior a nueve, pudiendo ser reelegidos por la Junta General anualmente una vez haya finalizado el período inicial. La Junta General podrá designar como auditores a una o varias personas físicas o jurídicas, que actuarán conjuntamente. Cuando los designados sean personas físicas, la Junta deberá nombrar tanto suplentes como auditores titulares.

Artículo 56°.- Formulación de las cuentas anuales.

El Consejo de Administración está obligado a formular, en el plazo máximo de tres meses, contados a partir del cierre del ejercicio social, las cuentas anuales, el informe de gestión y la propuesta de la aplicación del resultado, así como, en su caso, las cuentas y el informe de gestión consolidados. Las cuentas anuales y el informe de gestión deberán ser firmados por todos los Consejeros. Si faltare la firma de alguno de ellos, se señalará esta circunstancia, en cada uno de los documentos en que falte, con expresa indicación de la causa.

Artículo 57°.- Aprobación de las cuentas anuales.

Las cuentas anuales se aprobarán por la Junta General de accionistas, la cual resolverá sobre la aplicación del resultado del ejercicio, de acuerdo con el balance aprobado.

Artículo 58°.- Reserva legal.

En todo caso, una cifra igual al 10 por 100 del beneficio del ejercicio se destinará a la reserva legal, hasta que ésta alcance, al menos, el 20 por 100 del capital social. La reserva legal, mientras no supere el límite indicado, sólo podrá destinarse a la compensación de pérdidas, en el caso de que no existan otras reservas disponibles suficientes para este fin.

Artículo 59º.- Distribución de dividendos.

Una vez cubiertas las atenciones previstas por la Ley o los Estatutos, sólo podrán repartirse dividendos con cargo al beneficio del ejercicio, o a reservas de libre disposición, si el valor del patrimonio neto contable no es o, a consecuencia del reparto, no resulta ser inferior al capital social. Si existiesen pérdidas de ejercicios anteriores que hiciesen que ese valor del patrimonio neto de la sociedad fuese inferior a la cifra del capital social, el beneficio se destinará a la compensación de estas pérdidas.

La Junta General fijará, en el acuerdo de distribución de dividendos, el momento y la forma de pago. El dividendo será pagadero, salvo que otra cosa disponga el acuerdo de la Junta General, en el domicilio social a partir del día siguiente al del acuerdo.

Artículo 60º.- Cantidades a cuenta de dividendos.

La distribución entre los accionistas de cantidades a cuenta de dividendos sólo podrá acordarse por la Junta General o por el Consejo de Administración bajo las siguientes condiciones.

1. El Consejo de Administración formulará un estado contable, en el que se ponga de manifiesto que existe liquidez suficiente para la distribución. Este estado se incluirá, posteriormente, en la memoria.
2. La cantidad a distribuir no podrá exceder de la cuantía de los resultados obtenidos desde el fin del último ejercicio, deducidas las pérdidas procedentes de ejercicios anteriores y las cantidades con las que deban dotarse las reservas obligatorias, por ley o por disposición estatutaria, así como la estimación del impuesto a pagar sobre dichos resultados.

Artículo 61º.- Depósito de las cuentas anuales.

Dentro del mes siguiente a la aprobación de las cuentas anuales, se presentará, para su depósito en el Registro Mercantil del domicilio social, certificación de los acuerdos de la Junta General de aprobación de las cuentas anuales y de aplicación del resultado, a la que se adjuntará un ejemplar de cada una de dichas cuentas, así como del informe de gestión y del informe de los auditores.

TÍTULO VII

RESOLUCIÓN DE CONFLICTOS

Artículo 62º.- Resolución de conflictos.

Para todas las cuestiones litigiosas que puedan suscitarse entre la Sociedad y los accionistas, o los accionistas entre sí, por razón de los asuntos sociales, tanto la Sociedad como los accionistas, con renuncia a su propio fuero, se someten expresamente al fuero judicial del domicilio social de la Sociedad

DISPOSICIÓN TRANSITORIA

Las disposiciones contenidas en los presentes Estatutos, relativas a los Consejeros, serán de aplicación a todos los que actualmente ostentan dicha condición. A efectos del plazo establecido en el art. 38 de los Estatutos, los Consejeros actuales computarán el tiempo de duración de su mandato desde la fecha en que fueron designados o ratificado su nombramiento por la Junta General.

Exhibit 1.2



SECTIONS OF ASSOCIATION

**Text conformed to the agreements of
the Ordinary Shareholders' Meeting
held on 13 April 2000.**

APRIL, 2000

TABLE OF CONTENTS

	<u>Page</u>
SECTION I. FIRM NAME, PURPOSE, DURATION AND REGISTERED OFFICE	5
Section 1 Firm name	5
Section 2 Purpose	5
Section 3 Duration	5
Section 4 Domicile	6
SECTION II SHARE CAPITAL AND SHARES	7
Section 5 Share Capital.....	7
Section 6 Shares	7
Section 7 Shareholders' Rights	7
Section 8 Non-voting, redeemable and preferred shares	7
Section 9 Representation of shares. Shareholder Register	9
Section 10 Assignment of shares	10
SECTION III INCREASE AND REDUCTION OF SHARE CAPITAL	11
Section 11 Modes of increase	11
Section 12 Power conferred to the Directors to increase the share capital.....	11
Section 13 Cum pre-emptive rights	12
Section 14 Ex pre-emptive rights	12
Section 15 Reduction of Share capital	13
SECTION IV BONDS	14
Section 16 Bond issue	14
SECTION V STATUTORY BODIES IN THE COMPANY	15
Section 17 Statutory bodies	15
Section 18 Shareholders' Meeting	15
Section 19 Types of Meeting	15
Section 20 Ordinary Meeting	15
Section 21 Extraordinary Meeting	15

	<u>Page</u>
Section 22	Notice of the Meeting 16
Section 23	Power and obligation to call the Meeting 16
Section 24	General Meeting 16
Section 25	Constitution of the Meeting 17
Section 26	Special Agreements. Constitution 17
Section 27	Right of attendance 17
Section 28	Representation 18
Section 29	Chairmanship and Panel of the Shareholders' Meeting 18
Section 30	List of attendants 18
Section 31	Deliberation and adoption of acts 19
Section 32	Limits of voting rights 19
Section 33	Right to information 21
Section 34	Minutes of the Meeting 21
Section 35	Opposition of corporate agreements 21
Section 36	Board of Directors. General duties 22
Section 37	Number and types of Board members 22
Section 38	Term of office 23
Section 39	Representation of the company..... 23
Section 40	Remuneration 23
Section 41	Responsibility 23
Section 42	Incompatibilities 24
Section 43	Notice and place of Board meetings 24
Section 44	Constitution of the Board of Directors 25
Section 45	Officers of the Board of Directors 25
Section 46	Deliberation and adoption of acts 26
Section 47	Granting of powers 27
Section 48	Composition of the Executive Commission 27
Section 49	Duties of the Board of Directors 27
Section 50	Contestation of Board of Director agreements 29

	<u>Page</u>
SECTION VI ANNUAL ACCOUNTS	30
Section 51 Annual accounts	30
Section 52 Contents of the annual accounts	30
Section 53 Director's report	30
Section 54 Auditor's report	31
Section 55 Appointment of Auditors	31
Section 56 Preparation of the annual accounts	31
Section 57 Approval of the annual accounts	31
Section 58 Legal reserve	31
Section 59 Distribution of dividends	32
Section 60 Amounts distributed on account of dividends	32
Section 61 Deposit of the annual accounts	32
 SECTION VII CONFLICT RESOLUTION	 33
Section 62 Conflict resolution	33
 Transitory provision	 33

ARTICLES OF ASSOCIATION

ARTICLE I

FIRM NAME, PURPOSE, DURATION AND REGISTERED OFFICE

Section 1. Firm name

The company shall be named ENDESA, S.A. and it shall be governed by these Articles of Association, by the provisions of the Spanish Company law and by any other applicable laws.

Section 2. Purpose

1. The purpose of the company is:

- a) The electricity business including its different industrial and commercial areas of business.
- b) The exploitation of all types of primary energy resources.
- c) The provision of industrial services and, especially, telecommunications, water and gas services, in addition to those preparatory or complementary services of the business areas included in the purpose of the company.
- d) The management of the Group of Companies, incorporated by means of shareholdings in other companies.

2. Both domestically and internationally, the company will carry on those activities that integrate its purpose directly or through its shareholdings in other companies.

Section 3. Duration.

The duration of the company is indefinite and its operations began on the date on which its memorandum was issued.

Section 4. Registered office.

The registered office shall be located in Madrid, at calle de Príncipe de Vergara, number 187. The Board of Directors shall be empowered to change the domicile within the municipality of this city.

Likewise, the Board of Directors shall have the power to create, shutdown or transfer company branches, agencies, representative offices or any other offices of the company.

ARTICLE II

SHARE CAPITAL AND SHARES

Section 5. Share capital.

The company has a share capital of €1,270,502,540.40 that is fully subscribed and paid up.

Section 6. Shares.

The share capital of the company comprises 1,058,752,117 shares, each with a nominal value of €1.20 and that are represented by account entries and belong to the same denomination.

The 1,058,752,117 shares that comprise the share capital, represented by account entries, are considered to be securities and are governed by the provisions of the law that regulates the Stock Market.

Section 7. Shareholders' rights.

The legal holder of a share is a shareholder and as such, has the rights provided by Law and by these Articles of Association.

As provided by Law and save in the cases foreseen therein, a shareholder will at least have the following rights:

- a) The right to participate in the distribution of profits and in the distribution of the equity resulting from the winding-up of the company.
- b) The right to subscribe for preference shares or convertible bonds.
- c) The right to attend and vote at Shareholders' Meetings and to contest corporate acts.
- d) The right to be informed.

Section 8. Non-voting, redeemable and preferred shares.

1. The company may issue non-voting shares for a nominal amount not exceeding half of the paid-up share capital.

The holders of non-voting shares will have the right to receive a minimum annual dividend equal to 5% of the paid-up share capital for each non-voting share. Once the minimum dividend has been agreed, holders of non-voting shares will have the right to the same dividend that corresponds to the ordinary shares.

2. The company may issue redeemable shares upon request by the issuing company, by the holders of said shares or by both, for a nominal amount not exceeding a quarter of the share capital. The issuance agreement will establish the terms according to which the right to redeem may be exercised. If said right is exclusively attributable to the issuing company, it may not be exercised until after a period of three years as from the date of issue.

Redeemed shares must be paid for in full at the time of subscription.

These shares must be redeemed on account of profits or earned surplus or as a result of the new issue of shares agreed by the Shareholders' Meeting or, if the case, by the Board of Directors, with the aim of financing the redemption transaction. If these shares are redeemed on account of profits or surplus reserves, the company must create a reserve for the nominal value of the redeemed shares. In the event there is neither a sufficient amount of profits or earned surplus nor have new share been issued to finance the transaction, the shares may only be redeemed in compliance with the requirements established for share capital reduction by means of the return of contributions.

3. The company may issue shares that confer a privilege against ordinary shares, which shall not acquire any of the modes foreseen in Article 50.2 of the Spanish Companies Act, in compliance with the requisites foreseen for the amendment of Articles of Association.

In the event the privilege consists of the right to obtain a preferred dividend, the company will be obliged to agree on the distribution of the dividend if there are distributable profits. At the time when the shares are issued, the Shareholders' Meeting or the Board of Directors will decide if the holders of the preference shares have the right to the same dividend as the ordinary shares, once the preferred dividend has been agreed upon, and if necessary, will amend the articles of association consequently.

In the event there are no distributable profits or these do not suffice, the part of the unpaid preferred dividend will be accumulated or not, in accordance with the terms that the Shareholders' Meeting agrees at the time it decides on the issue of shares.

Under no circumstance may ordinary shares receive dividends on account of the profits of a financial year, as long as the relevant preferred dividend pertaining to the same financial year has not been paid for.

Section 9. Representation of shares. Shareholder Register

1. Shares will be represented by account entries and will be constituted as such in virtue of their registration in the relevant accounting record, which will show the references in the deed of issue and whether or not they have been fully paid up.

The right to legally act as shareholder is obtained by registration in the accounting record, which establishes the legal ownership and gives the registered holder the right to demand that the company acknowledges him as a shareholder. This right may be proven by means of the relevant certificates, issued by the entity responsible for the accounting records.

In the event the company makes a benefit in favour of the supposed shareholder, although the latter may not be the real owner of the share, he will be exempt from responsibility, provided the benefit was made in good faith and without gross negligence.

2. Without prejudice to the foregoing and in conformity with the terms of the First Additional Provision 6 of the Consolidation of the Spanish Companies Act, on the basis of the aforementioned accounting record and to guarantee and help the shareholder to exercise his rights as foreseen in these Articles of Association, the company may keep a shareholder register in the most technically appropriate way, including by computer. The register will contain information pertaining to each shareholder and the shares that he directly or indirectly owns through controlled entities in accordance with Article 4 of the Stock Exchange Act, or through interposed, trustee or equivalent persons or entities that at the same time are shareholders in the company. It will also contain information on funds, investment institutions or similar entities that are also shareholders in the company, such that the voting rights of said shares is directly or indirectly determined by the shareholder concerned.

To this end, the company may approach any shareholder through the Chairman of the Board of Directors, so that the shareholder concerned informs the company through the Chairman of the Board of Directors, of the shares that he directly owns and of those that he indirectly owns through the controlled or interposed persons or entities mentioned in the previous paragraph that act on his account, although they do so in their own name. To this end, the company may, through its Chairman, approach any person or entity that owns shares in the company, to verify if said person or entity is acting on behalf of another shareholder or if the person or entity's voting rights are determined by another shareholder and, if

necessary, to find out who the real owners of the shares are. Likewise, any shareholder may approach the company through the Chairman of the Board of Directors, in order to be informed of any rights he has as shareholder, arising from his registration in the shareholder register.

Section 10. Assignment of shares.

Shares may be assigned in accordance with the provisions of the laws in force and these Articles of Association. However, shares may not be assigned until the company and, if the case, the capital increase of the company has been registered in the Mercantile Register.

ARTICLE III

INCREASE OR REDUCTION OF SHARE CAPITAL

Section 11. Modes of increase.

The share capital may be increased by means of the issue of new shares or by increasing the nominal values of the shares that already exist.

In both cases, the countervalue of the capital increase may consist of making cash or non-cash contributions, including the netting of credits against the company or the transformation of reserves or benefits that were already part of the equity.

Section 12. Power conferred to the directors to increase the share capital.

In accordance with the requirements established for the amendment of the Articles of Association, the Shareholders' Meeting may empower the Board of Directors as described below.

- a) Once a specific amount has been agreed on for the capital increase, the Shareholders' Meeting may empower the Board of Directors to:
1. Execute the foregoing agreement, within a maximum period of one year, save in the case bonds are converted into shares.
 2. Fix the date on which the foregoing increase in the amount agreed on must be carried out.
 3. Establish the initiation and closing date of the subscription period.
 4. Issue shares in accordance with the increase.
 5. Declare the amounts subscribed in the capital increase.
 6. Demand the payment and disbursement of liability dividends.
 7. Amend Sections 5 and 6 of the Articles of Association related to the share capital, replacing them with the new figure after the increase, in accordance with the amounts actually subscribed and,
 8. In general, establish the terms of the capital increase in relation to everything not foreseen in the agreement of the Shareholders' Meeting.

b) The power to agree, once or several times, on the capital increase, up to a specific amount, when and for the amount decided, without the need for prior consultation with the Shareholders' Meeting. These increases may under no circumstance exceed the equivalent of half of the share capital at the time of authorization, and must be made by means of cash contributions, within a maximum period of five years as from the agreement of the Shareholders' Meeting.

In this case, once the increase has been agreed and executed, the Board of Directors will also have the power to redraft the Sections of the Articles of Association related to the share capital.

Section 13. Cum pre-emptive rights.

In capital increases with new issue of ordinary or preference shares, in accordance with the terms of the issue of these bonds and within the deadline established to this end by the company directors, which shall not be less than fifteen days as from the publication of the notice of the invitation to subscribe for new shares in the Official Gazette of the Mercantile Register, the old shareholders and holders of convertible bonds may exercise their right to subscribe for a number of shares in proportion to the nominal value of the shares they possess or of those that would correspond to the owners of convertible bonds, if they at this time exercised the right to convert them.

The rights to subscribe for preference shares may be assigned in the same conditions as those applicable to the shares. In the case of a capital increase on account of the reserves, the same rule will be applicable to the free right of assignment of the new shares.

Section 14. Ex pre-emptive rights.

In the event it is in the interest of the company, when deciding on the capital increase, the Shareholders' Meeting may agree to totally or partially remove the pre-emptive subscription right. For this agreement to be valid, it must comply with the requisites for the amendment of Articles of Association and must necessarily comply with the requirements foreseen to this end in the Spanish Companies Act.

Under no circumstance will there be pre-emptive subscription rights when the capital increase is due to the conversion of bonds into shares or is due to the take-over of another company or to part of the split assets of another company.

Section 15. Reduction of share capital.

Subsequent to fulfilling the requirements established by Law and, in accordance with them, the Shareholders' Meeting may reduce the share capital of the company and return of contributions, condone liability dividends, create or increase the legal reserve or voluntary reserves or re-establish the balance between capital and the company's equity that has been reduced due to losses.

Reduction of capital will be compulsory in the event the losses have decreased the company's equity to two-thirds of the share capital and a financial year has elapsed without the equity having been recovered.

ARTICLE IV

BONDS.

Section 16. Bond issue.

The company may issue numbered series of bonds or other securities to honour or create a debt, provided that the total amount of the issues do not exceed the paid-up share capital, plus the reserves that appear in the latest balance sheet approved and in the balance sheet regularization accounts.

The foregoing securities that the company issues will be subject to the system established for bonds in the Spanish Companies Act and applicable regulations in force.

ARTICLE V

STATUTORY BODIES OF THE COMPANY

Section 17. Statutory bodies.

The statutory bodies of the company are the Shareholders' Meeting, the Board of Directors, the Executive Commission and the different Commissions and Committees that the Board creates within it to study and approve certain matters that the Board determines.

The Board may create Advisory Councils with the purpose of making itself more efficient in the performance of its duties. The Regulations of the Board of Directors will establish the system that will govern Advisory Councils, although they will not be deemed to be statutory bodies of the company.

Section 18. Shareholders' Meeting.

All matters related to the competence of the Board of Directors shall be decided by majority vote of the shareholders that constitute the duly called Shareholders' Meeting.

All shareholders, including absent shareholders that have not participated in the meeting, will be subject to the acts of the Shareholders' Meeting.

Section 19. Types of Meetings.

The Shareholders' Meeting may be ordinary or extraordinary.

Section 20. Ordinary Meetings.

Subsequent to the duly given notice, the Ordinary Meeting shall meet within the first six months of each financial year, with the purpose of assessing the management of the company, approving, if necessary, the accounts of the previous year and to decide on the distribution of profits.

Section 21. Extraordinary Meeting.

Any meeting not foreseen in the previous section shall be deemed to be an Extraordinary Meeting.

Section 22. Notice of the Meeting.

The Board of Directors must give notice of the Shareholders' Meeting by publication in the Official Gazette of the Mercantile Register and in one of the most widely read newspapers in the province, at least fifteen days prior to the date on which it is to be held, save in the cases of merger or split-up, in which case the notice must be given one month in advance.

The notice will state the date of the meeting at the first notice and all matters to be discussed. Likewise, the notice may state, if necessary, the date on which the meeting is called at second notice.

There must be a difference of at least 24 hours between the first and the second meeting.

In the event, due notice given, the Shareholders' Meeting is not held at first notice, nor is a second date foreseen in the notice, this second date must be announced with the same requirement of publication as with the first notice, within the 15 days following the date on which the Meeting was not held and 8 days prior to the date of the next meeting.

Section 23. Power and obligation to call the meeting.

The directors may call an Extraordinary Shareholders' Meeting whenever they deem it to be in the interest of the company.

Likewise, they may call the meeting when a number of shareholders that represent at least 5% of the share capital so request, stating the matters to be discussed at the Meeting. In this case, notice must be given for the Shareholders' Meeting to be held within the thirty days following the date on which the directors have been given duly attested notice to call the meeting. The directors will prepare the agenda and must include the matters by reason of which the meeting is called.

Without prejudice to the foregoing, in the event the Chairman of the Board of Directors or whosoever substitutes him considers a situation to be great importance for the company, he may proceed to call an Extraordinary Meeting to analyse the situation that has arisen and, if necessary, to adopt the relevant acts.

Section 24. General Meeting.

Notwithstanding the provisions of the previous sections, the Shareholders' Meeting will be deemed to be called and will be validly constituted to discuss any matter,

provided all the share capital is present and the attendants unanimously accept to hold a Shareholders' Meeting. A General Meeting may be held anywhere.

Section 25. Constitution of the Shareholders' Meeting.

A Shareholders' Meeting will be validly constituted at first notice, when the shareholders, present or represented, hold at least 25% of the subscribed share entitled to vote.

The constitution of a Shareholders' Meeting at second notice will be valid whatever the share capital represented.

Section 26. Special Agreements. Constitution.

In order for the Ordinary or Extraordinary Shareholders' Meeting to validly agree on the issue of bonds, the increase or reduction of capital, the transformation, merger or split-up of the company and, in general, any other amendment to the Articles of Association, at first notice shareholders representing at least 50% of the subscribed capital with voting rights must be present. At second notice 25% of the capital must be represented.

When at least 50% of the subscribed share capital with voting rights is present, the agreements referred to in the previous point may only be adopted validly when two-thirds of the capital present or represented at the Meeting issues a vote in favour.

The provisions of this section shall be understood to be without prejudice to the reinforced constitution of or voting quorums established by Law or in these Articles of Association.

Section 27. Right of attendance.

Those shareholders that individually, or in groups with others, hold a minimum of 50 shares, may attend the Shareholders' Meeting, provided that the shares are registered in the relevant accounting record five days before the meeting is held and the shareholders obtain the relevant attendance cards up to two days prior to the date of the Shareholders' Meeting. The company will issue the attendance cards bearing the shareholder's name either directly or through the entities that keep the accounting records. The shareholder may use the card as a power of representation for the relevant Shareholders' Meeting, without prejudice to the legitimation certificates issued in accordance with the accounting record entries issued by the responsible or associate entity.

Members of the Board of Directors must attend the Shareholders' Meetings.

The Chairman may authorize any person he deems appropriate to attend a meeting, although the Shareholders' Meeting has the power to revoke said authorization.

Section 28. Representation.

All shareholders with attendance rights may be represented at the Shareholders' Meeting by proxy. The latter may not represent a package of shares exceeding 3% of the share capital. The proxy must be granted in writing and specifically for each Shareholders' Meeting, as well as comply with all other relevant legal provisions.

The power of representation by proxy shall be construed without prejudice to the provisions of the Law for cases related to representation by a family member and the granting of general powers.

In any case, a shareholder may not have more than one representative at a Shareholders' Meeting, neither in the case of voluntary representation, nor in the case of legal representation.

The Board of Directors may demand in the notice of the Shareholders' Meeting that shareholder proxies be submitted to the company at least 48 hours prior to the holding of the Shareholders' Meeting at first notice, indicating the representative's number.

Section 29. Chairmanship and Panel of the Shareholders' Meeting.

The Shareholders' Meeting will be presided by the Chairman of the Board of Directors and, in his absence, by the relevant Vice Chairman in accordance with the provisions of Section 45 of the Articles of Association and, in the absence of both, by the Managing Director chosen by the Shareholders' Meeting.

The Chairman will be aided by a Secretary, who will be the Secretary of the Board of Directors and, in his absence, by the Assistant Secretary, if there is one, and, in any other case, by the person appointed by the Shareholders' Meeting.

The Board of Directors will constitute the Panel of the Shareholders' Meeting.

Section 30. List of Attendants.

Prior to commencing the agenda, a list of attendants will be prepared, which will include the nature or proxy of each attendant and the number of shares, own or belonging to another, that they are representing.

The list of attendants may also be prepared by file or computer. In the foregoing cases the medium used will be stated in the minutes and it will be duly identified on

the sealed cover of the file or relevant medium and will be signed by the Secretary, with the Chairman's approval.

The number of shareholders, present or represented, will be stated at the end of the list, as well as the amount of capital they own, with specification of the capital belonging to shareholders with voting right.

If he deems it necessary, the Chairman will appoint two or more scrutineer shareholders, who will sit on the panel to assist in the preparation of the list and, if necessary, to count the votes.

During the Shareholders' Meeting, any shareholder with attendance right may consult the list of attendants, without it delaying or slackening the normal progress of the Meeting once the Chairman has declared it to be legally constituted. The Panel will neither be under the obligation to read the foregoing list nor to provide a copy of it in the course of the Meeting.

Section 31. Deliberation and adoption of acts.

Once the session has been opened, the Secretary will proceed to read the points on the agenda and to discuss them. The Chairman and persons he appoints to this end shall be the first to speak.

Once they have spoken, the Chairman will call upon the shareholders who so request, to speak, while he directs and maintains the debate within the limit of the agenda, ending it when, in his opinion, the matter has been sufficiently debated.

Lastly, votes will be cast for the different agreement proposals.

Acts will be adopted with the favourable vote of the majority of the share capital with voting right that is present or represented at the Meeting, without prejudice to the reinforced constitution of and voting quorums established by Law and in these Articles of Association.

All shareholders, present or represented, who do not expressly manifest their abstention or negative vote, will be deemed to be in favour of the agreement proposals. Approval by the majority will be proven by simply stating the negative votes or abstentions, if any.

Section 32. Limits of voting rights.

Shareholders will have one voting right for each share that they own or represent, save the non-voting shares, which will be governed by the provisions of Section 8 of these Articles of Association. As an exception to the provisions of the previous sentence, in relation to the shares that a shareholders owns, he may not exercise a greater number of votes than 10% of the company's total share capital with voting

right at each time, even when the shares that he owns exceed 10% of the share capital.

To count the maximum number of votes that each shareholder may cast and for the purpose of the foregoing provisions, the shares that each one of them owns must be included. However the shares owned by other persons whom the foregoing shareholders present may be representing and voting for, will be excluded from the foregoing calculation but will be subject to the application of the 10% limit on the votes that each represented shareholder owns.

The limit established in the previous paragraphs will also be applicable to the number of votes that, at the most, two or more shareholding companies belonging to the same group of companies may cast, whether jointly or separately. This limit will likewise be applicable to the number of votes that, at the most, a shareholder that is a natural person and the entity or entities that are also a shareholder and that are controlled by the natural person, may cast, whether jointly or separately.

For the purposes mentioned in the foregoing paragraph, in order to consider the existence of a group of entities, reference will be made to the provisions of section 4 of the Stock Exchange Act of 28 July 1998. It will be deemed that a natural person controls one or several entities when one of the control circumstances that section 4 of said Act requires of a parent company with respect to its subsidiaries, occurs in the relations between the aforementioned person and the company or companies referred to.

Likewise, and for the purpose of this Section, the relation of any shareholder who is a natural or legal entity with interposed, trustees or the equivalent entities, which in turn are shareholders of the company, as well as its relations with funds, investments institutions or similar entities that are also shareholders of the company, or with other shareholders through the unionization of votes, will be equalized to the control relation of section 4 of the Stock Exchange Act when the exercise of the voting right of the shares held by these entities is directly or indirectly determined by the shareholder concerned.

In the days before the Shareholders' Meeting is held at first notice, the Chairman of the Board of Directors may summon any shareholder to inform the company through its Chairman within a maximum period of 48 hours, of the shares that he directly owns and of the shares owned by third parties that the shareholder concerned directly or indirectly controls. The Chairman may comment as he deems appropriate at the Shareholders' Meeting, at the time of constitution of the Meeting, in order to guarantee the compliance with these Articles of Association in relation to the exercise of voting rights by shareholders.

Shares belonging to the same holder, to a group of entities or to a natural person or legal entity and to the entities that said natural person or legal entity controls, will be

computable in their entirety between the shares that attend the Meeting to obtain the necessary capital for valid constitution. However, for voting purposes, the voting limit of 10% established in this Section will be applicable to the shares.

To amend this Section, a vote in favour exceeding 50% of the subscribed capital with voting right will be required at the relevant Shareholders' Meeting both at first and second notice.

Section 33. Right to information.

In writing, prior to, or verbally, during the Shareholders' Meeting, shareholders may request reports or clarifications that they consider necessary, in relation to the matters dealt with in the agenda. The directors shall be obliged to provide said information, save when, in the Chairman's opinion, the publicity of the information requested may be detrimental to the interests of the company. This exception shall not be applicable when shareholders that represent at least a quarter of the share capital back the request.

Likewise, as from the notice of the Ordinary Shareholders' Meeting, any shareholder may obtain the documents that must be submitted to the Shareholders' Meeting for approval as well as the Report of the Auditors from the company's registered office, immediately and free of charge.

Section 34. Minutes of the Shareholders' Meeting.

The minutes of the Shareholders' Meeting may be approved by the Shareholders' Meeting itself or otherwise, within a period of fifteen days, by the Chairman of the Meeting and two Auditors, one representing the majority and the other the minority.

The minutes approved in any of these two ways will be enforceable as from the date on which they are approved.

Section 35. Contestation of corporate acts.

Acts adopted by the Shareholders' Meeting may be contested in the cases and in accordance with the procedures established by the laws in force.

Section 36. Board of Directors. General Functions.

1. The Board of Directors is responsible for the government and management of the company. The Board of Directors has the following general functions:
 - a) To establish the corporate strategy and management guidelines.
 - b) To supervise the action of the Top Management, demand explanations for their decisions and assess the performance of their managerial tasks.
 - c) To guarantee the transparency of the company's relations with third parties.
2. In compliance with the provisions of section 2 of these Articles of Association, the Board of Directors will lay down the general strategy of the Group of Companies incorporated by means of shareholdings in other companies.
3. In compliance with section 141 of the Companies Act, the Board of Directors will regulate its own operation, laying down its Regulations, which will be binding for the members of said Board of Directors.

Section 37. Number and types of Board Members.

The Board of Directors will comprise at least nine and at most fifteen members.

There will be two types of Board Members:

- a) Those that are bound professionally and permanently to the company.
- b) Those that are bound to the company by virtue of their condition of Board Member and,
- c) Those who are Members of the Board of Directors by virtue of their shareholding in the share capital of the company.

The Board Members made reference to in point b) above, will be the majority with respect to the total Board Members that at each time form the Board, provided that the number of Board Members chosen through the exercise of the shareholders' right to be represented on the Board of Directors, in proportion to their share of the share capital, so allows.

The Board of Directors is responsible for the appointment and removal of Board Members. A Board Member may resign, be removed or re-elected.

Section 38. Term of office.

Board Members shall hold their office for a period of four years, after which they may be re-elected for periods of an equal term, save in the case of the Board Members made reference to in point b) of the previous section, in whose case they may only be re-elected for a second term.

For the purpose of calculating the term of office of the Board Members, it must be understood that a year begins and ends on the day on which the Ordinary Shareholders' Meeting is held, or on the last possible day on which it should have been held.

In the event of vacancies during the term for which Board Members are appointed, the Board of Directors may designate persons from among the shareholders, who will occupy the vacancies until the first Shareholders' Meeting.

Section 39. Representation of the company.

The Board of Directors will represent the company in or outside court, as well as in any acts included within the purpose of the company as established in these Articles of Association.

Section 40. Remuneration.

The remuneration of the Directors will comprise the following items: fixed monthly salary, expenses for attendance of Board meetings and participation in profits. The overall annual salary of the entire Board and for the foregoing items will be one thousandth of the company's net profits, approved by the Shareholders' Meeting. In any case, the foregoing remuneration is maxim and the Board of Directors shall be responsible for dividing it in accordance with the aforementioned items and distributing it among the Directors when, as and how it freely determines.

In compliance with the provisions of section 130 of the Spanish Companies Act, the Directors may only receive remuneration as participation in profits after the requirements of the legal and statutory reserve have been met and after the shareholders have been given a minimum dividend of 4%.

Section 41. Responsibility.

The Directors will perform their duties with the diligence of an organized businessperson and loyal representative. They shall maintain the secrecy of information deemed confidential, even after their term of office has lapsed.

Section 42. Incompatibilities.

1. The Board Regulations will establish a system of limits and incompatibilities for the Board Members, of which the following will be applicable in any case:
 - a) A Board Member may not be aged over 70 years. A Managing Director may not be aged over 65 years, although he may continue to hold the post of Board Member subsequently.
 - b) The performance of the duties of representative, manager or advisor in companies of the competence or in parent companies or in those that control competing companies.

Simultaneous membership on more than five Boards of Directors, excluding the Boards of Directors of the different investee undertakings referred to in section 36.2 of the Articles of Association, the Boards of Directors of the Group or shareholding company that the Board Member represents and the Statutory Bodies of the companies in which the Board Member's participation through his interests, personal or family, give him the right to be a member.

2. In compliance with the provisions of section 132 of the Companies Act, the Board Regulations shall govern the system of incompatibilities of those persons that, belonging to companies that are customers or that regularly supply goods and services to the company, may have interests that are contrary to those of the company.

Section 43. Notice and place of meeting.

The Board of Directors will meet as often as the Chairman calls a meeting, at his discretion or when the majority of the Board Members so request. The notice of the meeting will contain the agenda, which will be fixed by the Chairman.

Meetings will generally take place at the registered office, however they may also be held elsewhere as the Chairman determines.

Without prejudice to the foregoing, save if the Law establishes otherwise, the Board may adopt action out of session and in writing, in accordance with the requisites and formalities established in the Regulations of the Mercantile Register.

Section 44. Constitution of the Board of Directors.

The Board of Directors Meeting will be validly constituted when half plus one of the Board Members exercising their duties, are present or represented.

Proxies must be granted in writing and specifically for each Board Meeting. No Board Member may hold more than three proxies, save the Chairman, to whom this limit shall not be applicable, although he may not represent the majority of the Board of Directors.

By decision of the Chairman of the Board of Directors, the General Managers and Managers of the company, as well as any other persons that he so judges, may attend Board meetings.

Section 45. Officers of the Board of Directors.

The Board of Directors shall include the following officers: a Chairman, Vice Chairman or Vice Chairmen, a Managing Director and a Secretary.

- 1) In addition to the duties assigned to him by Law and in the Articles of Association, the Chairman shall be responsible for the general and active management of the company and its investee undertakings, and shall direct the Board of Directors, seeing to it that the Board members are duly informed, in addition to representing the company especially before the Public Authorities, Stock Exchange Institutions, Bodies, Companies and Associations of the Electricity Sector and of other economic sectors in which the company carries on its activities.

The Chairman will preside all Board meetings and any meetings of the statutory bodies regarded in these Articles of Association.

- 2) In the absence of the Chairman, he will be substituted by the oldest Vice Chairman and, in the absence of all the Vice Chairmen, by the Board Member appointed to substitute him provisionally.
- 3) By proposal of the Chairman, the Board of Directors will appoint a Managing Director, who will be responsible for managing the Company in accordance with the criteria established by the Board of Directors. As the highest responsible person for the management of the company, he will be in command of all the company's services and will head the Top Management. Likewise, he will be responsible for carrying out and overseeing the general strategy of the Group of Companies incorporated by means of shareholdings in other companies, without prejudice to the individual competence of each one of the investee undertakings.

- 4) Regardless of the rights and obligations of Board Members mentioned in these Articles of Association, the Board Regulations will establish the specific legal system that will govern the actions of the Chairman and Managing Director, in virtue of their permanent and professional binding relationship with the Company.

Only those persons who have been Board Members for at least three years prior to the appointment will be eligible for the office of Chairman or Vice Chairman, although this requirement will not be demanded in the event the Board of Directors makes the appointment with votes in favour of at least three quarters of its members. Equally, the re-election as Board Members of the persons who hold the office of Chairman and Vice Chairman, will mean their continuity in said posts.

The Board of Directors will also be responsible for the appointment of the Secretary and, in necessary, of the Assistant Secretary, who may or may not be Board Members. In the case of vacancy or absence, the youngest Board Member of those attending the meeting will substitute them.

Section 46. Deliberation and adoption of acts.

Once a session is opened, the Secretary will read the points comprising the agenda and will proceed with the debate and voting.

The Board will deliberate on the matters listed in the agenda and also on all those matters that the Chairman or majority of the Members present or represented, propose, although they are not included in the agenda.

Acts will be adopted by absolute majority of the Board Members present or represented, who attend the meeting. In the event there is an equal number of votes, the Chairman or whosoever substitutes him at the meeting, will cast the decisive vote. The provisions of this section shall be applicable without prejudice to those acts for which a qualified majority of the Board Members is required in accordance with these Articles of Association or the laws in force.

Written votes cast outside a session will only be accepted in the event no Board Member opposes the procedure.

The acts of the Board of Directors will be laid down in the minutes of the meeting, which will be written in the relevant Minute Book, in accordance with the requirements of the laws in force.

The Board of Directors will itself approve the minutes upon conclusion of the meeting or at the following meeting. The minutes will also be deemed to be approved when within the five days following receipt of draft copy of the minutes, no Board Member makes objections. The Board of Directors may empower the Chairman and a Board Member to jointly approve the minutes of a meeting.

Once approved, the minutes will be signed by the Secretary of the Board or of the session, with the approval of whoever acts as Chairman at the meeting.

Section 47. Granting of powers.

The Board of Directors may provisionally or permanently delegate all or part of its powers to the Executive Commission, to the Managing Director and to the different Board Commissions, except those that legally or by agreement of the Shareholders' Meeting, are exclusively its competence.

For the permanent delegation of the Board of Director's powers to the Executive Commission and to the Managing Director and the appointment of officers that will occupy these posts to be valid, the vote in favour of two thirds of the members of the Board and its registration in the Mercantile Register will be required.

The Executive Commission and the Managing Director will inform the Board of Directors of the main acts adopted during the exercise of the powers conferred on them.

Section 48. Composition of the Executive Commission.

The Executive Commission will consist of a minimum of five and a maximum of seven Board Members, including the Chairman.

The Chairman of the Board of Directors will preside the Executive Commission and the Secretary of the Board of Directors will act as such in the Executive Commission. The system of substitutions of these posts is that foreseen for the Board of Directors.

Section 49. Duties of the Board of Directors.

The Board of Directors shall be responsible for:

1. Organizing and managing the company's activities.
2. Appointing and removing Board Members.
3. The provisional or permanent delegation of powers to the Executive Commission or to the Managing Director, and to Delegated Board Commissions.
4. Accepting the resignations of its members.
5. Agreeing on the action and contracts necessary and appropriate for the performance of the purpose of the company, including those related to the acquisition, transfer of real property, constitution of transfer duty, including mortgages and especially leases, and to make decisions in relation to all types of

businesses and transactions permitted to the company in accordance with its Articles of Association.

6. To issue, accept, collect, pay, endorse, protest, discount, guarantee and negotiate bills of exchange, trade or financial bills, promissory notes, cheques and other drafts or bills. Establishing its conditions, to endorse and make discounts on receipts, on trade bills of any type, as well as on warrants and orders for payment on the National Treasury, Banks, Deposit Banks and other Entities where the company has securities, bills, cash or any other type of asset.
7. To make all types of payments, taking the necessary steps to assure that all the company's obligations are fulfilled and to demand receipts, letters of payment and relevant collateral.
8. To claim, collect and receive any amount in cash, bills or any type of service, owed to the company by individuals, Banks and other entities, by the State, Autonomous Communities, Provinces, Municipalities and, in general by any other public or private entity. To give and demand receipts and letters of payment; to fix and settle accounts; to determine the means of payment of amounts owed to the company; to grant extensions, establish deadlines and fix amounts.

To accept all types of guarantees, personal and real, including mortgages, movables and real assets, pledges with or without shift, with the agreements, clauses and terms that it considers appropriate, and to cancel them once the amounts or credits guaranteed have been received. To accept awards of real assets from debtors, in payment of debts or part of them and to appraise said assets. To take the relevant legal measures in and out of court that it considers necessary or appropriate, in relation to the assets, so as to defend the rights and interests of the company.

9. To authorize guarantee transactions and to provide guarantees on account of the company.
10. To handle credit or loan transactions that may be in the company's interest.
11. To take the necessary steps for the issue of bonds in accordance with the resolution of the Shareholders' Meeting.
12. To give notice of the Ordinary and Extraordinary Shareholders' Meetings and to execute agreements.
13. To annually prepare and submit the annual accounts, Director's report and proposal for the distribution of profits for the year to the Ordinary Shareholders' Meeting.

14. Subsequent to complying with the requirements and terms established by Law, to agree on the amounts to be distributed on account of dividends.
15. To confer powers on specific persons and equally, to empower certain persons for specific acts or to act in branches or sectors of the corporate business.
16. To reach the agreements it deems appropriate in relation to the exercise of the rights and action of the company before the ordinary or special courts and tribunals, and before public offices, authorities or bodies of the State, Province, Autonomous Community or Municipality, as well as in relation to the filing of ordinary or extraordinary appeals, appointing representatives, Procurators or Lawyers that, to this end, represent and defend the company. As deemed appropriate, the Board will grant the latter general or special powers, including the power to reach agreements or abandon conciliations, suits, claims, appeals or action of any type and at any stage of the proceedings, to request the suspension of the latter and, for whatever necessary, including to legally make compositions to any extent.
17. To resolve doubts that arise regarding the construction of the Articles of Association and to make up for omissions.
18. The powers specifically conferred on it in certain Section of the Articles of Association or by the laws in force.
19. This determination of the duties of the Board of Directors is merely enunciative and does not in any way limit the extensive powers that it has to direct and manage the businesses and interests of the company in relation to everything that is not especially reserved to the competence of the Shareholders' Meeting.

Without prejudice to the foregoing powers, the Board Regulations will establish the functions and powers of the Board of Directors during the performance of its duties to which reference is made in number 2 of section 36 of these Articles of Association.

Section 50. Contestation of Board of Director agreements.

The Directors and Shareholders that represent 5% of the share capital may contest the void and voidable agreements of the Board of Directors and its administration bodies, in accordance with the deadlines and procedure established by Law.

ARTICLE VI

ANNUAL ACCOUNTS

Section 51. Annual Accounts.

The financial year will begin on 1 January and will end on 31 December of each year.

Forming a unit, the annual accounts will include the balance sheet, profit and loss account and the annual report. These documents must be drafted in such a way that they give a true and fair view the company's worth, financial situation and results, as provided by Law.

Section 52. Contents of the Annual Accounts.

The balance sheet will include the properties and rights that make up the company's assets and the obligations that make up its liabilities, which must be duly separated, with specification of the capital and reserves. The balance sheet will be structured as provided in the Spanish Companies Act and other applicable legal provisions.

The profit and loss account will include the income and expense of the year and, by difference, the profit for the year, also all duly separated. It will differentiate between profit from ordinary activities and from other activities, or profits that are the result of extraordinary circumstances. The profit and loss account must be structured as provided in the Spanish Companies Act and other applicable legal provisions.

The annual report will complete, expand and comment on the information contained in the balance sheet and profit and loss account. It will contain the indications foreseen in the Spanish Companies Act and other applicable legal provisions.

Section 53. Director's Report.

The Director's Report must at least contain a true and fair view on the development of the business and situation of the company. It must also include indications on the most important events for the company that occurred subsequent to the close of the year, the expected development of the company, research and development activities and the acquisition of own shares, in compliance with the Law.

Section 54. Audit of Accounts.

As provided by Law, Auditors must revise the annual accounts and Director's report. The Auditors will also check whether the Director's report agrees with the annual accounts for the year. The Auditors will have a minimum deadline of one month as from the date on which the accounts were submitted to them, in which to submit their report.

Section 55. Appointment of Auditors.

The Auditors of the accounts must be appointed by the Shareholders' Meeting before the end of the year to be audited, for a period of not less than three years or more than nine years. The Shareholders' Meeting may re-elect the Auditors annually once the initial period has lapsed. The Shareholders' Meeting may appoint one or several natural persons or legal entities to act jointly. When the appointed auditors are natural persons, the Shareholders' Meeting must appoint as many substitutes as there are titular auditors.

Section 56. Preparation of the Annual Accounts.

Within a maximum period of three months as from the year-end closing date, the Board of Directors shall be obliged to prepare the annual accounts Director's report and the proposal for the appropriation of profits, as well as, if applicable, the consolidated accounts and Director's report. All the Board Members must sign the annual accounts and Director's report. In the case of lack of the signature of one Board Member, this circumstance must be indicated on each one of the documents from which it is missing, with express indication of the cause.

Section 57. Approval of the Annual Accounts.

The Shareholders' Meeting will approve the annual accounts and will decide on the appropriation of profits for the year, in accordance with the balance sheet approved.

Section 58. Legal Reserve.

In any case, an amount equal to 10% of the profit for the year will be deposited into the legal reserve, until the latter reaches at least 20% of the share capital. As long as it does not exceed the amount indicated, the legal reserve may only be used to offset losses, in the event there are no other reserves available to this end.

Section 59. Distribution of Dividends.

Once the requirements established by Law or by the Articles of Association have been met, dividends may only be distributed on account of the profits of the year, or on account of the free reserves, if the net accounting worth is not, or as a result of the distribution, is more than the share capital. In the event of losses in prior years that make the value of the net worth of the company less than the amount of the share capital, the profits will be used to offset these losses.

The Shareholders' Meeting will determine the time and form of payment in the distribution of dividends agreement. Save if otherwise agreed by the Shareholders' Meeting, the dividend will be payable at the company's registered office as from the day following that of the agreement.

Section 60. Amounts distributed on account of dividends.

Only the Shareholders' Meeting or the Board of Directors may agree on the distribution of amounts among shareholders on account of dividends, under the following conditions.

1. The Board of Directors will prepare a balance sheet in which it proves that there is sufficient liquidity for the appropriation. This balance sheet will subsequently be included in the annual report.
2. The amount to be appropriated may not exceed the amount of the results obtained since the last financial year, minus losses of prior years and the amount that must go into the compulsory reserves established by law and by the Articles of Association, as well as the estimation of tax to be paid on these results.

Section 61. Deposit of annual accounts.

Within the month following the approval of the annual accounts, the certification of the agreements of the Shareholders' Meeting and of the distribution of profits, to which a copy of each one of the foregoing accounts will be attached, in addition to the Director's report and the Report of the Auditors, must be deposited at the Mercantile Register of the Company's registered office.

ARTICLE VII

CONFLICT RESOLUTION

Section 62. Conflict Resolution.

For all disputes that may arise between the Company and the shareholders, or between the shareholders themselves, which are related to corporate matters, both the Company and the shareholders submit to the jurisdiction of the Company's registered office and waive their right to the jurisdiction to which they would otherwise submit.

TRANSITORY PROVISION

The provisions of these Articles of Association in relation to the Board Members, will be applicable to all persons that currently hold that post. For the purpose of the deadline established in section 38 of the Articles of Association, current Board Members will count the duration of their term as from the date on which the Shareholders' Meeting appointed or ratified them.

Exhibit 8.1

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Endesa Distribucion, S.A.	MADRID - SPAIN
Compañía Sevillana de Electricidad I, S.A. (SEVILLANA I)	SEVILLA - SPAIN
Electricidad de Puerto Real, S.A. (EPRESA)	CADIZ - SPAIN
Suministradora Electrica de Cadiz, S.A.	CÁDIZ - SPAIN
Electra de Viesgo I, S.A. (VIESGO I)	SANTANDER - SPAIN
Barras Electricas Galaico-Asturianas, S.A. (BEGASA)	OVIEDO - SPAIN
Barras Electricas Generacion, S.L.	LUGO - SPAIN
Electricas Reunidas de Zaragoza I, S.A. (ERZ I)	ZARAGOZA - SPAIN
Fecsa - Enher I, S.A.	BARCELONA - SPAIN
Hidroelectrica de l'Emporda, S.L. (HEASA)	GIRONA - SPAIN
Electrica de La Franja, S.L.	BARCELONA - SPAIN
Transportes y Distribuc. Electricas, S.A. (TYDESA)	GIRONA - SPAIN
Gas y Electricidad I, S.A. (GESA I)	PALMA DE MALLORCA - SPAIN
Termoelectrica del Ebro, S.A. (ELECIBRO)	ZARAGOZA - SPAIN
Union Electrica de Canarias I, S.A. (UNELCO I)	LAS PALMAS DE GRAN CANARIA - SPAIN
Endesa Generacion, S.A.	MADRID - SPAIN
Aragonesa de Actividades Energeticas, S.A. (AAESA)	TERUEL - SPAIN
Carboex, S.A.	MADRID - SPAIN
Carboex International LTD. (CIL)	NASSAU - BAHAMA ISLANDS
Carboex First Investment (CFIL)	BAHAMA ISLANDS
CARBOPOR	LISBOA - PORTUGAL
Arch Coal Inc. (ACI)	SAINT LOUIS - USA
Empresa Carbonifera del Sur, S.A. (ENCASUR)	MADRID - SPAIN
Negocios Les, S.A.	BARCELONA - SPAIN
Minas y Ferrocarril de Utrillas, S.A.	BARCELONA - SPAIN
Carbones de Berga, S.A.	BARCELONA - SPAIN
Endesa Puertos, S.L.	MADRID - SPAIN

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Energias de Aragon II, S.L. (EASA II)	ZARAGOZA - SPAIN
Gas y Electricidad II, S.A. (GESA II)	PALMA DE MALLORCA - SPAIN
Union Electrica de Canarias II, S.A. (UNELCO II)	LAS PALMAS DE GRAN CANARIA - SPAIN
Central Termica Litoral Almeria, A.I.E.	ALMERIA - SPAIN
Central Termica Los Barrios, A.I.E.	CADIZ - SPAIN
Asociacion Nuclear Asco-Vandellos II, A.I.E.	BARCELONA - SPAIN
Hispano-Francesa de Energia Nuclear (HIFRENSA)	BARCELONA - SPAIN
Nuclenor, S.A.	SANTANDER - SPAIN
Central Nuclear Trillo I, A.I.E.	MADRID - SPAIN
Elcogas, S.A.	MADRID - SPAIN
Central Nuclear Almaraz, A.I.E.	MADRID - SPAIN
Anllares, A.I.E.	MADRID - SPAIN
Endesa Diversificacion, S.A.	
Nuevas Iniciativas Electricas del Sur, S.A. (NUINELEC)	SEVILLA - SPAIN
Hidroelectrica de Catalunya, S.L.	BARCELONA - SPAIN
Suministro de Luz y Fuerza, C.B.	GIRONA - SPAIN
Electrica de Jafre, S.A.	GIRONA - SPAIN
Productora Eléctrica Urgelense, S.A. (PEUSA)	LLEIDA - SPAIN
Eléctrica de Lijar, S.L.	CADIZ - SPAIN
Paterna del Rio, U.T.E.	SEVILLA - SPAIN
Distribuidora Eléctrica del Puerto de la Cruz, S.A.	SANTA CRUZ DE TENERIFE - SPAIN
Endesa Energia, S.A.	MADRID - SPAIN
Endesa Trading, S.A.	MADRID - SPAIN
Endesa Power Trading Ltd.	LONDON - UNITED KINGDOM
SIEPAC	MADRID - SPAIN
Inversora Electrica del Pacifico	COLOMBIA
Amsterdam Power Exchange	AMSTERDAM - THE NETHERLANDS
Gielda Energii, S.A.	POLAND

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Red Electrica de España, S.A. (REE)	MADRID - SPAIN
Cía. Operadora del Mercado Eléctrico Español, S.A. (COMEESA)	MADRID - SPAIN
Endesa Gas, S.A.U.	ZARAGOZA - SPAIN
Gas Alicante, S.A.U.	ALICANTE - SPAIN
Gesa Gas, S.A.U.	PALMA DE MALLORCA - SPAIN
Meridional de Gas, S.A.U. (MEGASA)	GRANADA - SPAIN
Gasificadora Regional Canaria, S.A.	LAS PALMAS DE GRAN CANARIA - SPAIN
Compañía Transportista de Gas Canarias, S.A.	LAS PALMAS DE GRAN CANARIA - SPAIN
Gas Aragón, S.A.	ZARAGOZA - SPAIN
NQF Gas SGPS, S.A.	OPORTO - PORTUGAL
Enagas, S.A.	OPORTO - PORTUGAL
Setgas, S.A.	SETUBAL-PORTUGAL
Portgas, S.A.	OPORTO - PORTUGAL
Distribuidora Regional del Gas, S.A.	VALLADOLID - SPAIN
Distrib. y Comerc.Gas Extremadura, S.A. (DICOEXSA)	BADAJOS - SPAIN
Kromschroeder, S.A.	BARCELONA - SPAIN
Endesa Cogeneracion y Renovables, S.A. (ECYR)	SEVILLA - SPAIN
Agrupacion Internacional de Servicios Energeticos, S.A. (AISE)	SEVILLA - SPAIN
Fermicaise, S.A.	MEXICO
Gresaise, S.A.	MEXICO
Italaise, S.A.	MEXICO
Micase	MEXICO
Bioaise	CARTAGENA-COLOMBIA
Propaise	CARTAGENA-COLOMBIA
Almussafes Servicios Energeticos, S.L.	BARCELONA - SPAIN
Hidroelectrica del Santa Magdalena, S.A.	BARCELONA - SPAIN
Promociones y Proyectos Modolell, S.A.	LLEIDA - SPAIN
Parque Eolico A Carba, S.A.	LUGO - SPAIN

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Parque Eolico Caños de Meca, S.A.U.	SEVILLA - SPAIN
Parque Eolico de Bustelo, S.A.	LUGO Y A CORUÑA - SPAIN
Saltos del Nansa I, S.A.	SANTANDER - SPAIN
Saltos y Centrales de Catalunya, S.A.	BARCELONA - SPAIN
Unelco Cogeneraciones Sanitarias del Archipiélago, S.A.	LAS PALMAS DE GRAN CANARIA - SPAIN
Parque Eolico de Enix, A.I.E.	SEVILLA - SPAIN
Iprodesa, U.T.E.	BARCELONA - SPAIN
Parque Eolico Finca de Mogan, S.A.	LAS PALMAS DE GRAN CANARIA - SPAIN
Eolicas de Agaete, S.L.	LAS PALMAS DE GRAN CANARIA - SPAIN
Explotaciones Eolicas de Escucha, S.A.	LAS PALMAS DE GRAN CANARIA - SPAIN
Granollers Tractament Termic Eficient	BARCELONA - SPAIN
Parque Eolico de Aragon, A.I.E.	ZARAGOZA - SPAIN
Rubi Tractament Termic Eficient	BARCELONA - SPAIN
Parque Eolico de Santa Lucia, S.A.	LAS PALMAS DE GRAN CANARIA - SPAIN
Coreysa Cogeneracion, S.A.	SEVILLA - SPAIN
Eolicos de Tirajana, A.I.E.	LAS PALMAS DE GRAN CANARIA - SPAIN
PEESA	MADRID - SPAIN
Agrupación Rubi, S.A.	BARCELONA - SPAIN
Eolicas de Fuencaliente, S.A.	LAS PALMAS DE GRAN CANARIA - SPAIN
Parque Eolico Punta de Teno, S.A.	LAS PALMAS DE GRAN CANARIA - SPAIN
Ecyr Greentech, U.T.E.	BARCELONA - SPAIN
Greenecyrtec, U.T.E.	BARCELONA - SPAIN
Progreen Costa, S.L.	ZARAGOZA - SPAIN
Progreen Fuente Alamo, S.A.	MURCIA - SPAIN
Progreen Torrente, S.A.	ZARAGOZA - SPAIN
Progreen Villanueva, S.A.	ZARAGOZA - SPAIN
Progreentech, U.T.E.	BARCELONA - SPAIN
Prosamer Cogeneracion, S.L.	VALENCIA - SPAIN

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Agrupacion de Granollers, S.A.	BARCELONA - SPAIN
Cogeneracion de Tenerife, S.A. (COTESA)	TENERIFE - SPAIN
Energias Alternativas del Sur, S.L.	LAS PALMAS DE GRAN CANARIA - SPAIN
Energias de La Mancha, S.A. (ENEMANSA)	CIUDAD REAL - SPAIN
Energias Renovables Leonesas, S.A. (ERLESA)	MADRID - SPAIN
Eolicas de Tenerife, A.I.E.	TENERIFE - SPAIN
Ercasa Cogeneracion, S.A.	ZARAGOZA - SPAIN
Ersa-Collarada, A.I.E.	ZARAGOZA - SPAIN
Explotaciones Eolicas de Aldehuelas, S.L.	OVIEDO - SPAIN
Generacion Mazagon, S.A. (GEMASA)	HUELVA - SPAIN
Generadora de Energia Termoelectrica, S.A. (GETESA)	CADIZ - SPAIN
Iberia Aprovechamientos Eolicos, S.A.	ZARAGOZA - SPAIN
Intever, S.A.	MADRID - SPAIN
Iprogen Cogeneracion, A.I.E.	CIUDAD REAL - SPAIN
Jimena Energia, S.A. (JIENER)	GRANADA - SPAIN
Onuber, S.L.	HUELVA - SPAIN
Parque Eolico A Capelada, A.I.E.	LA CORUÑA - SPAIN
Parque Eolico de Barbanza, S.A.	LA CORUÑA - SPAIN
Parque Eolico de Cabo Vilano, A.I.E.	LA CORUÑA - SPAIN
Parques Eolicos del Norte, S.A.	LA CORUÑA - SPAIN
Prodasal, A.I.E.	VALENCIA - SPAIN
Prodegal, A.I.E.	MADRID - SPAIN
Proyecto Coreysa Cogeneración, U.T.E.	SEVILLA - SPAIN
Proyecto Jabugo Cogeneración, U.T.E.	HUELVA - SPAIN
Proyecto Santo Rostro Cogeneración, U.T.E.	SEVILLA - SPAIN
Salto de San Rafael	MADRID - SPAIN
Sociedad Eolica Los Lances	CADIZ - SPAIN
Andaluza de Cogeneracion, S.A.	JAEN - SPAIN

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Central Hidroelectrica Casillas, S.A.	SEVILLA - SPAIN
Foixterm, A.I.E.	BARCELONA - SPAIN
Parque Eolico Sierra del Madero, S.A.	SORIA - SPAIN
Sociedad Eolica de Andalucia, S.A. (SEASA)	SEVILLA - SPAIN
Eolica Valle del Ebro, S.A.	ZARAGOZA - SPAIN
Anoia d'Energia, S.A.	BARCELONA - SPAIN
Cogeneracion de Andujar, S.A.	JAEN - SPAIN
Santo Rostro Cogeneracion, S.A.	SEVILLA - SPAIN
Termotec Energia, A.I.E.	VALENCIA - SPAIN
Asanefi, A.I.E.	BARCELONA - SPAIN
Eolica del Moncayo, S.A.	SORIA - SPAIN
Erfei, A.I.E.	TARRAGONA - SPAIN
Cogeneracio J. Vilaseca, A.I.E.	BARCELONA - SPAIN
Energia de La Loma, S.A.	JAEN - SPAIN
Eolicas de Lanzarote, S.L.	LANZAROTE - SPAIN
Eolicos de Fuerteventura, A.I.E.	FUERTEVENTURA - SPAIN
Erca Cinco Villas-1, S.L.	ZARAGOZA - SPAIN
Minicentrales La Pequera, S.L.	HUESCA - SPAIN
Tirme, S.A.	PALMA DE MALLORCA
Vapeltar, A.I.E.	BARCELONA - SPAIN
Yedesa Cogeneracion, S.A.	ALMERIA - SPAIN
Compañia Eolica Tierras Altas, S.A.	SORIA - SPAIN
Ercetesa, S.A.	ZARAGOZA - SPAIN
Oxagesa, A.I.E.	TERUEL - SPAIN
Terdon Cogeneracion, S.L.	ZARAGOZA - SPAIN
Toledo P. V., A.E.I.E.	MADRID - SPAIN
Central hidroelectrica Gúejar Sierra, S.A.	SEVILLA - SPAIN
Erecosalz, S.L.	ZARAGOZA - SPAIN

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Cogeneracion del Prat, S.A.	BARCELONA - SPAIN
Cogeneracio Torregrossa, S.A.	LLEIDA - SPAIN
Cogeneracion de Navia, S.A.	SANTANDER - SPAIN
Cogeneracion Eurohueco, A.I.E.	BARCELONA - SPAIN
Conuben, S.L.	HUELVA - SPAIN
Empresa Provincial de Energia, S.A.	HUESCA - SPAIN
Forsean, S.L.	HUELVA - SPAIN
Hidroescoron, S.L.	ZARAGOZA - SPAIN
Productora de Energias, S.A. (PESA)	BARCELONA - SPAIN
Sistemas Energeticos La Muela, S.A.	ZARAGOZA - SPAIN
Cogeneracion Ufic, S.A.	BARCELONA - SPAIN
Colomer de Cogeneracio, A.I.E.	BARCELONA - SPAIN
Sati Cogeneracio, A.I.E.	BARCELONA - SPAIN
Sistemas Energeticos Mas Garullo, S.A.	ZARAGOZA - SPAIN
Cogeneracio del Pla, S.A.	LLEIDA - SPAIN
Energetica de Rossello, A.I.E.	BARCELONA - SPAIN
Ereco San Mateo, S.L.	HUESCA - SPAIN
Garofeica, S.A.	BARCELONA - SPAIN
Rofeica d'Energia, S.A.	BARCELONA - SPAIN
Urgell Energia, S.A.	LLEIDA - SPAIN
Calizas Elycar, S.L.	HUESCA - SPAIN
Corporacion Eolica Zaragoza, S.L.	ZARAGOZA - SPAIN
Ecoenergia de Can Mata, A.I.E.	MURCIA - SPAIN
Foraneto, S.L.	BARCELONA - SPAIN
Hidroelectrica del Piedra, S.L.	ZARAGOZA - SPAIN
Inquevap, A.I.E.	HUESCA - SPAIN
Proyectos Energeticos MB, S.A.	BARCELONA - SPAIN
Vapor y Electricidad El Tejar, S.L. (VETEJAR)	CORDOBA - SPAIN

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Alobe Moinsa, U.T.E.	MADRID - SPAIN
Cogeneracion El Salto, S.L.	ZARAGOZA - SPAIN
Cogeneracion Lipsa, S.L. (COLIPSA)	BARCELONA - SPAIN
Ermetosa, U.T.E.	HUESCA - SPAIN
Sotavento Galicia	LA CORUÑA - SPAIN
Idae Campoebro Industrial, U.T.E.	MADRID - SPAIN
Minicentral Acequia Cinco Villas	ZARAGOZA - SPAIN
Minicentrales Bardenas, A.I.E.	ZARAGOZA - SPAIN
Tirmadrid	MADRID - SPAIN
Allarluz, S.A.	
Aneriqa, A.I.E.	TARRAGONA - SPAIN
Asane, A.I.E.	BARCELONA - SPAIN
Cobane, A.I.E.	TARRAGONA - SPAIN
Hisane, A.I.E.	TARRAGONA - SPAIN
Idae Opel, U.T.E.	MADRID - SPAIN
Sistemas Energeticos Mañon Ortigueira, S.A.	LA CORUÑA - SPAIN
Electrometalurgica del Ebro, S.A.	BARCELONA - SPAIN
Eolicas de Canarias, S.L.	LAS PALMAS DE GRAN CANARIA - SPAIN
KW Tarifa	CADIZ - SPAIN
A. E. Ciutat Sanitaria Vall d'Hebron, A.I.E.	BARCELONA - SPAIN
Gersa	CADIZ - SPAIN
Precosa	CADIZ - SPAIN
Aurecan	HUELVA - SPAIN
Recursos Energeticos Locales, S.A. (RELSA)	BARCELONA - SPAIN
Electro Mariola, A.I.E.	MADRID - SPAIN
Cogeneracion del Ter, S.L.	BARCELONA - SPAIN
Relcamp, A.I.E.	BARCELONA - SPAIN
Energias de Graus, S.L.	BARCELONA - SPAIN

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Relsa-Seat-Parengen, U.T.E.	MADRID - SPAIN
Antrel, A.I.E.	GIRONA - SPAIN
Cogeneracion Aymerel, A.I.E.	BARCELONA - SPAIN
Cogeneracion Tenerel - Mollet, A.I.E.	BARCELONA - SPAIN
Confirel, A.I.E.	GIRONA - SPAIN
Gallo Energia, S.L.	BARCELONA - SPAIN
Hidroelectrica del Serrado, S.L.	BARCELONA - SPAIN
Hidrorel, U.T.E.	BARCELONA - SPAIN
Tyborel, A.I.E.	GIRONA - SPAIN
Hidricas de Viseu, S.A. (HIDRIVIS)	PORTUGAL
Corelcat, A.I.E.	LLEIDA - SPAIN
Electrovapor, A.I.E.	MADRID - SPAIN
Inacrel, A.I.E.	BARCELONA - SPAIN
Sedarel, A.I.E.	
Forel, S.L.	BARCELONA - SPAIN
Virgen de la Vella, A.I.E.	HUESCA - SPAIN
Printerel, A.I.E.	BARCELONA - SPAIN
Fibrarel, A.I.E.	BARCELONA - SPAIN
Hidrobeira Limitada, S.L.	PORTUGAL
Colasem, A.I.E.	BARCELONA - SPAIN
Cogeneracion Hostalrich, A.I.E.	GIRONA - SPAIN
Renelclar, A.I.E.	BARCELONA - SPAIN
Rencat, A.I.E.	BARCELONA - SPAIN
Covitrel, A.I.E.	TARRAGONA - SPAIN
Port Ecorel, A.I.E.	BARCELONA - SPAIN
Prencyc, A.I.E.	BARCELONA - SPAIN
Relsa-Seat-Idae, U.T.E.	MADRID - SPAIN
T.P. Sociedade Termica Portuguesa, S.A. (TERMIPOR)	PORTUGAL

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Campos Recursos Energeticos	PORTUGAL
Companhia Termica Lusitana	PORTUGAL
Companhia Termica Lusol	PORTUGAL
Companhia Termica Oliveira Ferreira	PORTUGAL
Companhia Termica Sao Jorge do Selho	PORTUGAL
Enercor-Produção de Energia	PORTUGAL
Companhia Termica do Beato	PORTUGAL
Companhia Termica do Hectare	PORTUGAL
Companhia Termica do Serrado	PORTUGAL
Companhia Termica Mundo Textil	PORTUGAL
Companhia Termica Ribeira Velha	PORTUGAL
Sortenix Produção de Energia	PORTUGAL
Companhia Termica Ponte da Pedra	PORTUGAL
Cogeneracion Tolosana, A.I.E.	GUIPUZCOA - SPAIN
Puignerel, A.I.E.	BARCELONA - SPAIN
Releco Santiago, A.I.E.	HUESCA - SPAIN
Groberel	GIRONA - SPAIN
Fibrel, A.I.E.	GIRONA - SPAIN
Tractaments i Revaloriz.. de Residuos del Maresme, S.A. (TVRM)	BARCELONA - SPAIN
Endesa Diversificacion, S.A.	
Aguas de Herrera, S.L.	SEVILLA - SPAIN
Aguas de La Janda, S.L.	CADIZ - SPAIN
Gestión de Aguas del Norte, S.A.	LAS PALMAS DE GRAN CANARIA - SPAIN
Desalinizadora Arica Limitada	ARICA - CHILE
Puerto Serrano, U.T.E.	SEVILLA - SPAIN
Sercanarias, S.A.	LAS PALMAS DE GRAN CANARIA - SPAIN
Gestión de Aguas de Aragón, S.A.	ZARAGOZA - SPAIN
Aguas de Zaragoza, U.T.E.	ZARAGOZA - SPAIN

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Sierra Elvira, U.T.E.	SEVILLA - SPAIN
Castril, U.T.E.	SEVILLA - SPAIN
Tecnologia Canaria del Agua, S.A.	LAS PALMAS DE GRAN CANARIA - SPAIN
Empresa Mixta de Aguas de Las Palmas, S.A. (EMALSA)	LAS PALMAS DE GRAN CANARIA - SPAIN
Emasagra, U.T.E.	SEVILLA - SPAIN
Aguas Vega Sierra Elvira, S.A.	SEVILLA - SPAIN
Emasagra	SEVILLA - SPAIN
Desaladora de la Costa del Sol, S.A. (DECOSOL)	MALAGA - SPAIN
Servicios Integrales del Agua, S.A. (INTERAGUA)	MADRID - SPAIN
Sociedad General de Aguas de Barcelona, S.A. (AGBAR)	BARCELONA - SPAIN
Proyecto Almeria Mediterraneo, S.A.	ALMERIA - SPAIN
Endesa Net Factory, S.L.	MADRID - SPAIN
Endesa Web Hogar, S.A.	MADRID - SPAIN
Mundivia, S.A.	SANTANDER - SPAIN
Endesa Marketplace, S.A.	MADRID - SPAIN
Sadiel, S.A., Sdad. Andaluza Desarrollo Informatica y Electronica	SEVILLA - SPAIN
Net Telecomunicaciones, A.I.E.	
Diseño de Sistemas de Silicio, S.L. (DS2)	CASTELLÓN - SPAIN
Myalertcom, S.A.	MADRID - SPAIN
Endesa Diversificacion, S.A.	
Endesa Telecomunicaciones, S.A.	MADRID - SPAIN
Endesa Ingenieria de Telecomunicaciones I, S.L. (ENDITEL I)	SEVILLA - SPAIN
Servicable, U.T.E.	BARCELONA - SPAIN
Servimovil, U.T.E.	BARCELONA - SPAIN
Cable CiTC, U.T.E.	BARCELONA - SPAIN
Sevillana de Cable, S.A.	SEVILLA - SPAIN
Teletrunk Andalucia	SEVILLA - SPAIN
Smartcom Pcs	SANTIAGO - CHILE

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Netco Redes, S.A.	MADRID - SPAIN
Cobra-Profesa, U.T.E.	BARCELONA - SPAIN
Nuinsa - Caymasa, U.T.E.	SEVILLA - SPAIN
Profesa-Moncobra, U.T.E.	BARCELONA - SPAIN
Profesa-Moncobra Zona II, U.T.E.	BARCELONA - SPAIN
AUNA Operadores de Telecomunicaciones, S.A.	BARCELONA - SPAIN
Aragon de Cable, S.A. (ABLE)	ZARAGOZA - SPAIN
Cable i Televisio de Catalunya, S.A. (MENTA)	BARCELONA - SPAIN
Cabletelca, S.A. (CANARIAS TELECOM)	TENERIFE - SPAIN
Retevision I, S.A.	BARCELONA - SPAIN
Torre de Collserola, S.A.	BARCELONA - SPAIN
Madridtel Comunicaciones, S.A. (MADRITEL)	MADRID - SPAIN
Supercable Almeria Telecomunicaciones, S.A.	SEVILLA - SPAIN
Retevision Interactiva, S.A. (ERESMAS)	MADRID - SPAIN
Supercable de Sevilla, S.A.	SEVILLA - SPAIN
Retevision Movil, S.A. (AMENA)	BARCELONA - SPAIN
Supercable de Andalucia, S.A.	SEVILLA - SPAIN
Onda Digital, S.A. (QUIERO TV)	MADRID - SPAIN
Hispasat	MADRID - SPAIN
Retena y Reterioja (TENARIA)	ZARAGOZA - SPAIN
Med Telecom	ALICANTE - SPAIN
Multimedia de Cable, S.A.	BARCELONA - SPAIN
Euskaltel, S.A.	VIZCAYA - SPAIN
Sistelcom, S.A.	MADRID - SPAIN
Sistelcom Telemensaje, S.A.	MADRID - SPAIN
Serviport Las Palmas, S.L.	LAS PALMAS DE GRAN CANARIA - SPAIN
Retecal	VALLADOLID - SPAIN

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Made Torres y Herrajes, S.A.	VALLADOLID - SPAIN
S.R.M.	MADRID - SPAIN
Endesa Generacion, S. A.	
Endesa Distribucion, S.A.	
Agrupacion Acefhat, A.I.E.	BARCELONA - SPAIN
Endesa Servicios, S.L.	MADRID - SPAIN
Instituto de la Calidad, S.A.	SEVILLA - SPAIN
International Endesa, B.V. (IEBV)	AMSTERDAM - THE NETHERLANDS
Endesa Diversificacion, S.A.	MADRID - SPAIN
Made Tecnologias, S.A.	MADRID - SPAIN
Made-Isolux, U.T.E. (ERICSSON)	MADRID - SPAIN
Made-Isolux, U.T.E. (NOKIA)	MADRID - SPAIN
Made-Isolux, U.T.E. (SIEMENS)	MADRID - SPAIN
Made-Isolux, U.T.E. (AMENA)	MADRID - SPAIN
Yituo-Made, U.T.E.	CHINA
Eólicas de Canarias, S.L.	CANARY ISLANDS - SPAIN
Nueva Divisa, S.L.	MADRID - SPAIN
Nueva ERD Diversificacion Aragonesa, S.L.	ZARAGOZA - SPAIN
Nueva Gedisa, S.L.	MADRID - SPAIN
Lignitos, S.A.	PALMA DE MALLORCA - SPAIN
Aquicultura Balear, S.A.	PALMA DE MALLORCA - SPAIN
Nueva Nuinsa, S.L.	SEVILLA - SPAIN
Nuevas Iniciativas de I+D, S.A. (NUI+D)	SEVILLA - SPAIN
Nuinsa - Semi, U.T.E. (NUSE)	SEVILLA - SPAIN
GHESA, Ingeniería y Tecnología, S.A. (GHESA)	MADRID - SPAIN
Partecsa Isla Mágica	SEVILLA - SPAIN
Nueva Profesa-Redesa, S.L.	BARCELONA - SPAIN
Aparcamientos Redaux, S.A.	BARCELONA - SPAIN

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Green Flag, S.L.	BARCELONA - SPAIN
Punttel Comunicaciones, S.A.	BARCELONA - SPAIN
Catalana d'Iniciatives C.R.	BARCELONA - SPAIN
Nexus Capital, S.A.	BARCELONA - SPAIN
Senda Ambiental, S.A.	BARCELONA - SPAIN
Ecosenda Gestion Ambiental, S.L.	BARCELONA - SPAIN
Recrisa	BARCELONA - SPAIN
Reciclados y Servicios del Mediterraneo, S.L.	ALICANTE - SPAIN
Serpil, U.T.E.	BARCELONA - SPAIN
Tractaments ecologics	BARCELONA - SPAIN
Montmelo, U.T.E.	BARCELONA - SPAIN
Santoña, U.T.E.	SANTANDER - SPAIN
Sicoris, U.T.E.	BARCELONA - SPAIN
Vertresa-RWE-Senda, U.T.E.	MADRID - SPAIN
Unelco Diversificacion, S.L.	LAS PALMAS DE GRAN CANARIA - SPAIN
Unelco Servicios, S.A.	LAS PALMAS DE GRAN CANARIA - SPAIN
Desaladora de Carboneras, U.T.E.	ALMERIA - SPAIN
Apamea 2000, S.L.	MADRID - SPAIN
Nubia 2000, S.L.	MADRID - SPAIN
Nueva Compañía de Distribucion Electrica 1, S.L.	MADRID - SPAIN
Nueva Compañía de Distribucion Electrica 2, S.L.	MADRID - SPAIN
Nueva Compañía de Distribucion Electrica 3, S.L.	MADRID - SPAIN
Nueva Compañía de Distribucion Electrica 4, S.L.	MADRID - SPAIN
Nueva Compañía de Distribucion Electrica 5, S.L.	MADRID - SPAIN
Nueva Compañía de Generacion Electrica 1, S.L.	MADRID - SPAIN
Nueva Compañía de Generacion Electrica 2, S.L.	MADRID - SPAIN
Nueva Compañía de Generacion Electrica 3, S.L.	MADRID - SPAIN
Nueva Compañía de Generacion Electrica 4, S.L.	MADRID - SPAIN

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Nueva Compañía de Generacion Electrica 5, S.L.	MADRID - SPAIN
Sdad. Gestion de Activos de Generación Eléctrica, S.L.	MADRID - SPAIN
Sdad. Gestion de Activos de Distribución Eléctrica, S.L.	MADRID - SPAIN
Serafi, S.L.	MADRID - SPAIN
Caufec, S.A.	BARCELONA - SPAIN
Interbolsa, S.A.	MADRID - SPAIN
Investigaciones y Prospecciones Geotermicas, S.A. (INPROGESA)	BARCELONA - SPAIN
Corporacion Empresarial Extremeña	
Repsol YPF, S.A.	MADRID - SPAIN
Futuros de Citricos y Mercaderías de Valencia, S.A. (FC&M)	
Sociedad de Fomento Industrial de Extremadura (SOFIEX)	
Endesa Internacional, S.A.	MADRID - SPAIN
Enersis S.A.	SANTIAGO - CHILE
Distribuidora de Productos Electricos S.A. (DIPREL)	SANTIAGO - CHILE
Diprel Agencia Colombia	BOGOTÁ - COLOMBIA
Electric Investments	MEZZANINE - PANAMA
Enersis Energia de Colombia, S.A.	BOGOTÁ - COLOMBIA
Enersis International Ltda.	GRAND CAYMAN - CAYMAN ISLANDS
Enersis Investment S.A.	MEZZANINE - PANAMA
Interocean Developments Inc.	MEZZANINE - PANAMA
Synapsis Colombia S.A.	BOGOTÁ - COLOMBIA
Synapsis Peru, S.A.	LIMA - PERU
Compañía Americana de Multiservicios S.A. (CAM)	SANTIAGO - CHILE
CAM Peru	LIMA - PERU
Constructora el Gobernador Ltda.	SANTIAGO - CHILE
Enersis de Argentina S.A.	BUENOS AIRES - ARGENTINA
Inmobiliaria Manso de Velasco S.A.	SANTIAGO - CHILE
Sociedad Agricola El Gobernador Ltda.	SANTIAGO - CHILE

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Synapsis Argentina, S.A.	BUENOS AIRES - ARGENTINA
Synapsis Brasil S.A.	RIO DE JANEIRO - BRAZIL
Synapsis, S.A.	SANTIAGO - CHILE
CAM Argentina	BUENOS AIRES - ARGENTINA
CAM Colombia	BOGOTÁ - COLOMBIA
Empresa Electrica de Panama, S.A.	MEZZANINE - PANAMA
Luz de Rio Ltda.	RIO DE JANEIRO - BRAZIL
Compañía Electrica del Rio Maipo S.A.	SAN BERNARDO - CHILE
Corporacion Essex	MEZZANINE - PANAMA
Chilectra de Argentina	BUENOS AIRES - ARGENTINA
Chilectra International	GRAND CAYMAN - CAYMAN ISLANDS
Chilectra Panama	MEZZANINE - PANAMA
Chilectra S.A.	SANTIAGO - CHILE
Distrilight Ltda.	RIO DE JANEIRO - BRAZIL
Empresa Electrica de Colina	COLINA - CHILE
Estelmar Holding	MEZZANINE - PANAMA
Inversora Luz Andes	SANTIAGO - CHILE
Sociedad Panameña de Electricidad	MEZZANINE - PANAMA
Inversiones Distrilima, S.A. (DISTRILIMA)	LIMA - PERU
Inmobiliaria Centro Nuevo Ltda	SANTIAGO - CHILE
Inmobiliaria Constructora Edificio Santiago 2000	SANTIAGO - CHILE
Companhia de Electricidade do Rio de Janeiro S.A. (CERJ)	RIO DE JANEIRO - BRAZIL
Cerj Overseas	SAO PAULO - BRAZIL
Empresa Distribuidora Sur S.A. (EDESUR)	BUENOS AIRES - ARGENTINA
Companhia Energetica do Ceara, S.A. (COELCE).	FORTALEZA - BRAZIL
Codensa, S.A.	BOGOTÁ - COLOMBIA
Empresa de Distribuc. Elec. de Lima Norte, S.A. (EDELNOR)	LIMA - PERU
Sociedad Agricola de Cameros Ltda.	SANTIAGO - CHILE

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Construcciones y Proyectos Los Maitenes, S.A.	SANTIAGO - CHILE
Servicios de Agua Potable Barrancas, S.A.	SANTIAGO - CHILE
Sociedad Agricola Pastos Verdes Ltda.	SANTIAGO - CHILE
Distrilec Inversora S.A.	BUENOS AIRES - ARGENTINA
Sacme	BUENOS AIRES - ARGENTINA
Endesa Chile	SANTIAGO - CHILE
Capital de Energia S.A.	BOGOTÁ - COLOMBIA
Compañía Electrica Cono Sur, S.A.	PANAMA
Endesa Chile Overseas Co.	GEORGE TOWN - CAYMAN ISLANDS
Endesa de Colombia, S.A.	NEIVA - COLOMBIA
Inverandes, S.A.	ARGENTINA
Compañía Electrica Tarapaca, S.A.	SANTIAGO - CHILE
Endesa Argentina, S.A.	BUENOS AIRES - ARGENTINA
Endesa Brasil Participações Ltda.	RIO DE JANEIRO-BRAZIL
Inversiones Endesa Norte, S.A.	SANTIAGO - CHILE
Endesa Inversiones Generales, S.A. (ENIGESA)	SANTIAGO - CHILE
Tunel el Melon, S.A.	SANTIAGO - CHILE
Empresa de Ingenieria Ingendesa, S.A. (INGENDESA)	SANTIAGO - CHILE
Empresa Generadora de energia electrica, S.A. (EMGESA)	BOGOTÁ - COLOMBIA
Lajas Holding Inc.	PANAMA
Empresa Electrica Pehuenche, S.A.	SANTIAGO - CHILE
Empresa Electrica Pangué, S.A.	SANTIAGO - CHILE
Centrais Electricas Cachoeira Dourada, S.A.	GOIANIA - BRAZIL
Central Betania Overseas Corp.	PANAMA
Central Hidroelectrica de Betania, S.A.	NEIVA - COLOMBIA
Compañía Electrica San Isidro, S.A.	SANTIAGO - CHILE
Hidroinvest, S.A.	BUENOS AIRES - ARGENTINA
Autopista del Sol, S.A.	SANTIAGO - CHILE

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Infraestructura 2000, S.A.	SANTIAGO - CHILE
Inecsa Dos Mil, S.A.	SANTIAGO - CHILE
Autopista Los Libertadores, S.A.	SANTIAGO - CHILE
Generandes Peru, S.A.	LIMA - PERU
Central Termoelectrica Buenos Aires, S.A.	BUENOS AIRES - ARGENTINA
Central Costanera, S.A.	BUENOS AIRES - ARGENTINA
Administradora Proyecto Atacama, S.A.	SANTIAGO - CHILE
Atacama Finance Co.	GEORGE TOWN - CAYMAN ISLANDS
Energex Co.	GEORGE TOWN - CAYMAN ISLANDS
Gasoducto Atacama, Compañía Ltda.	SANTIAGO - CHILE
Gasoducto Cuenca Noroeste Ltda.	SANTIAGO - CHILE
Gasoducto Taltal Ltda.	SANTIAGO - CHILE
Inversiones Electricas Quillota, S.A.	SANTIAGO - CHILE
Noreste Pacifico Generacion de Energia Ltda. (NOPEL)	SANTIAGO - CHILE
Consorcio de Ingenieria B y R - Ingendesa Ltda.	SANTIAGO - CHILE
Hidroelectrica El Chocon, S.A.	BUENOS AIRES - ARGENTINA
Electrogas, S.A.	SANTIAGO - CHILE
Inversiones Electrogas, S.A.	SANTIAGO - CHILE
Edegel, S.A.	LIMA - PERU
Transmisora Electrica de Quillota Ltda. (TRANSQUILLOTA)	SANTIAGO - CHILE
Empresa de Energia de Bogota, S.A. (EEB)	BOGOTÁ - COLOMBIA
Endesa Internacional Energia LTD.	RIO DE JANEIRO - BRAZIL
Inversiones Cesa, S.L.	MADRID - SPAIN
Inversiones Colombia, S.L.	MADRID - SPAIN
Elesur, S.A.	SANTIAGO - CHILE
Chispa 1, S.A.	SANTIAGO - CHILE
Inversiones Segre, S.L.	BARCELONA - SPAIN
Luz de Bogota	BOGOTÁ - COLOMBIA

SUBSIDIARIES	JURISDICTION OF INCORPORATION
Compañía Peruana de Electricidad (CPE)	LIMA - PERU
Electrica de Cabo Blanco, S.A.	LIMA - PERU
Investluz	SAO PAULO - BRAZIL
Luz de Panama	PANAMA
Comercializadora de Energia del MERCOSUR, S.A. (CEMSA)	BUENOS AIRES - ARGENTINA
Companhia de Interconexao Energetica, S.A. (CIEN)	RIO DE JANEIRO - BRAZIL
Compañía de Transmision del MERCOSUR, S.A. (CTM)	BUENOS AIRES - ARGENTINA
Generalima, S.A.	LIMA - PERU
Sociedad Inversora Dock Sud, S.A. (DOCK SUD)	BUENOS AIRES - ARGENTINA
Empresa Electrica de Piura, S.A.	PERU
Coelce Overseas	FORTALEZA - BRAZIL
Pego Energia Electrica, S.A. (PEGOP)	ABRANTES - PORTUGAL
Etevensa	PERU
Electricidad de Argentina, S.A. (EARSA)	BUENOS AIRES - ARGENTINA
Empresa Distribuidora. y Comerc. del Norte, S.A. (EDENOR)	BUENOS AIRES - ARGENTINA
Consorcio Energetico Punta Cana-Macao (CEPM)	DOMINICAN REPUBLIC
Central Dock Sud	ARGENTINA
Tejo Energia, S.A.	ABRANTES - PORTUGAL
Carbopego, S.A.	ABRANTES - PORTUGAL
Soprolif, S.A.	FRANCE
Lyonnaise Des Eaux Casablanca	CASABLANCA-MOROCCO
Yacylec, S.A.	BUENOS AIRES - ARGENTINA