



RED ELÉCTRICA DE ESPAÑA

CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2002

During the first quarter of 2002, consolidated profit after tax reached Euros 27.5 million, an increased of 2.2% from Euros 26.9 million reported during the first quarter of 2001.

The growth in consolidated profit after tax is driven by an 8.8% increased in consolidated adjusted sales (net of energy purchases), which has permitted the absorption of expenses related to the start up of the Company's subsidiaries.

KEY FIGURES

Consolidated Results

Thousands of Euros	1Q02	Proforma 1Q01 *	Real 1Q01	Proforma Var. (%)	Real Var. (%)
Adjusted net sales (Net of energy purchases)	102,049	93,811	87,599	8.8	16.5
Gross operating profit (EBITDA)	71,940	70,704	64,492	1.7	11.5
Net operating profit (EBIT)	44,010	44,903	38,691	-2.0	13.7
Profit on ordinary activities	40,381	40,838	34,626	-1.1	16.6
Profit after tax	27,451	26,853	22,815	2.2	20.3

** The Parent Company of the Group, Red Eléctrica de España, S.A., has changed the criterion for accrual of income from the transmission activity from monthly accrual of income in line with operating expenses to accrual on a straight line basis throughout the year.*

The proforma consolidated statement of profit and loss for the first quarter of 2001 is included for comparative purposes. The change in criterion only affects income from the transmission activity for the first months of 2001, and does not have any effect on the second, third and fourth quarters of 2001.



CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2002

Results by Business	First Quarter 2002			
	Thousands of Euros	Electricity *	Albura	Consolidation Adjustments
Gross operating profit (EBITDA)	75,705	-3,826	61	71,940
Net operating profit (EBIT)	49,246	-5,297	61	44,010
Profit on ordinary activities	45,643	-5,323	61	40,381
Profit after tax	27,172	-3,460	3,739	27,451

* Including international electricity business results.

During the first quarter of 2002, **consolidated adjusted net sales** (net of energy purchases) amounted to Euros 102.0 million, representing an increase of 8.8% over the first quarter of 2001. This increase is mainly due to the rise in income from transmission and system operation and the growth in income from telecommunication services to third parties.

Consolidated operating expenses (net of energy purchases) grew 30.1% to Euros 32.0 million as compared to the first quarter of 2001. This result was attributable to higher expenses associated with the start up of the Company's subsidiaries and the expenses relate to the outsourcing of corporate IT activities. These expenses will be offset by the decrease in the amortization expense of hardware and software.

Consolidated personnel expenses decreased by 0.3% to Euros 14.4 million over the first quarter of 2001. On 31 March 2002, the number of employees at consolidated level was 1,048 as compared to 1,017 over the previous year. At an individual company level, Red Eléctrica de España had a headcount of 933, a decrease of 3.7% over the first quarter of 2001.

Gross operating profit (EBITDA) totaled Euros 71.9 million, resulting in an increase of 1.7% relative to the first quarter of 2001. Red Eléctrica de España, S.A. recorded an increase of 6.0% in EBITDA.

Consolidated net operating profit (EBIT) decreased by 2.0% to Euros 44.0 million as compared to the first quarter of 2001. This decrease is mainly due to a 6.6% increase in amortisation and depreciation at consolidated level as a result of new electrical and telecommunication installations commissioned.

During the first quarter of 2002, consolidated financial losses, excluding the capitalisation of financial expenses, amounted to 4.9 million, representing a decline of 2.2% as compared to the first quarter of 2001. This decrease reflects the drop in interest rates as compared to the same period in 2001, which has offset the increase in debt resulting from higher investments made by Company.

Consolidated profit on ordinary activities reached Euros 40.4 million, a decrease of 1.1% from the first quarter of 2001.



Consolidated extraordinary income amounted Euros 1.5 million for the first quarter of 2002, as compared to Euros 0.3 million for the first quarter of 2001. This result was attributable to deferred income taken to profit and loss.

Consolidated profit after tax rose 2.2% to Euros 27.5 million from Euros 26.9 million in the first quarter of 2001. The average annual effective tax rate was 34.5% for the first quarter of 2002, as compared to 34.8% for the first quarter of 2001.

During the first quarter of 2002, **consolidated cash flow after tax** amounted to Euros 55.2 million, an increase of 6.0% over the first quarter of the previous year, which represents 34.3% of consolidated net sales and 54.1% of consolidated adjusted net sales (net of energy purchases).

Consolidated investments during the first quarter of 2002 reached Euros 47.6 million, a increase of 64.1% over the first quarter of 2001. Of these investments, 73.8% were relate to expand and improve the transmission network, 23.9% to telecommunications activity and the remaining 2.3% to other investments.

On 31 March 2002, **net financial debt** totalled Euros 519.7 million, a growth of 33.0% relative to 31 December 2001. The leverage ratio (net financial debt over shareholders' equity) was 0.65. The structure of net financial debt is as follows:

Thousands of Euros	Euros	Foreign Currency	Total
Short-term investments	-10,578	0	-10,578
Cash in hand and at banks	-1,804	0	-1,804
Debentures loans	126,318	0	126,318
Long-term loans	135,485	6,575	142,060
Promissory notes and short-term loans	262,387	1,315	263,702
Total Net Financial Debt	511,808	7,890	519,698

SIGNIFICANT EVENTS

ELECTRICITY BUSINESS

Investment in the Transmission Network

The investment in the transmission network during the first quarter of 2002 amounted to Euros 35.2 million, representing an increase of 123.8% over the same period in 2001.

The following projects are particularly significant:

- The new Madrid-Aragón axis to strengthen electric energy transmission among central, northern, and north-eastern Spain and to serve a number of high-speed train substations connecting Madrid to Barcelona.
- Investments to develop the Northern Axis and extend the transmission network in Navarra.
- Reinforcement of the infrastructure in the areas of Aragón, Murcia, Andalusia, and Galicia to meet new demand.



TELECOMMUNICATIONS BUSINESS

Albura's net sales of amounted to Euros 6.2 million in the first quarter of 2002.

During the first quarter of 2002, Albura has confirmed new orders, primarily for capacity services, of Euros 4.4 million. In addition, Albura has created a horizontal ADSL market to minimize the entry barriers of ISPs and operators. Albura currently offers operators ADSL services covering all Spain, which have been favourably received by the market.

Over the next months, the Company plans to launch high value-added services and products for Voice, IP, and ADSL.

Albura is also developing an indirect sales channel to complement its current commercial capacity. As a part of this strategy, the Company is developing three commercial lines: collaboration agreements with suppliers and companies, commercial agents, and distributors.

During the first quarter of 2002, Albura's investment amounted to Euros 15.6 million. This investment was mainly attributable to develop the telecommunication network and to install the corresponding DWDM equipment. Finally, significant progress has been made on developing the multiservice IP/MPLS network.

INTERNATIONAL BUSINESS

Red Eléctrica Internacional and Unión Fenosa have reached a final agreement on the purchase of the interest held by Unión Fenosa, through its international subsidiary, in Transportadora de Electricidad, S.A. (TDE), in Bolivia. TDE is the owner and operator of the high-voltage electricity network in Bolivia and has approximately 2,000 km of lines and 19 substations.

Red Eléctrica Internacional continues to focus on search for and analyse other consultancy projects and international investment opportunities, such as the privatisation of ETECEN and ETESUR, the transmission companies for central and southern Peru.



GRUPO RED ELÉCTRICA
Consolidated Statement of Profit and Loss

Appendix I
Proforma

	Thousands of Euros		%
	31.03.2002	Proforma 31.03.2001	
Net sales	161,119	142,191	13.3
Other income	1,424	1,122	26.9
Change in stocks of finished goods and work in progress	-	-	-
Total Value of Production	162,543	143,313	13.4
Net purchases	-67,776	-54,235	25.0
Changes in stocks of goods for resale, raw materials and other supplies	6,458	4,636	39.3
External and operating expenses	-14,872	-8,559	73.8
Adjusted Added Value	86,353	85,155	1.4
Other expenses and income	-	-	-
Personnel expenses	-14,413	-14,451	-0.3
Gross Operating Profit	71,940	70,704	1.7
Amortisation and depreciation	-27,505	-25,801	6.6
Reversion fund	-	-	-
Change in provisions for current assets	-425	-	-
Net Operating Profit	44,010	44,903	-2.0
Financial income	246	471	-47.8
Financial expense	-5,191	-5,528	-6.1
Interest and exchange gains capitalised	1,246	882	41.3
Amortisation and financial provisions	-	-	-
Conversion gains (losses)	-	-	-
Share of profits in equity accounted companies	70	110	-36.4
Amortisation of goodwill on consolidation	-	-	-
Reversal of negative consolidation differences	-	-	-
Profit on Ordinary Activities	40,381	40,838	-1.1
Profit (Loss) on tangible and intangible assets and treasury stock	-20	11	-281.8
Changes in provisions for tangible and intangible assets and treasury stock	-86	-849	-89.9
Return on own shares and bonds	236	74	-
Prior year's results	134	262	-48.9
Other extraordinary profit	1,281	842	52.1
Profit Before Tax	41,926	41,178	1.8
Income tax and other taxes	-14,475	-14,325	1.0
Profit for the Period	27,451	26,853	2.2

NOTE:

The Proforma Consolidated Statement of Profit and Loss for the first quarter of 2001 is included for the purposes of comparison.

Items in this statement are classified according to the reports submitted to the National Securities Market Commission (CNMV) and the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges.



GRUPO RED ELÉCTRICA
Consolidated Statement of Profit and Loss

Appendix II

	Thousands of Euros		%
	31.03.2002	31.03.2001	2002/2001
Net sales	161,119	142,191	13.3
Other income	1,424	1,122	26.9
Change in stocks of finished goods and work in progress	-	-	-
Total Value of Production	162,543	143,313	13.4
Net purchases	-67,776	-54,235	25.0
Changes in stocks of goods for resale, raw materials and other supplies	6,458	4,636	39.3
External and operating expenses	-14,872	-8,559	73.8
Adjusted Added Value	86,353	85,155	1.4
Other expenses and income	-	-	-
Personnel expenses	-14,413	-14,451	-0.3
Gross Operating Profit	71,940	70,704	1.7
Amortisation and depreciation	-27,505	-25,801	6.6
Reversion fund	-	-	-
Change in provisions for current assets	-425	-	-
Net Operating Profit	44,010	44,903	-2.0
Financial income	246	471	-47.8
Financial expense	-5,191	-5,528	-6.1
Interest and exchange gains capitalised	1,246	882	41.3
Amortisation and financial provisions	-	-	-
Conversion gains (losses)	-	-	-
Share of profits in equity accounted companies	70	110	-36.4
Amortisation of goodwill on consolidation	-	-	-
Reversal of negative consolidation differences	-	-	-
Profit on Ordinary Activities	40,381	40,838	-1.1
Profit (Loss) on tangible and intangible assets and treasury stock	-20	11	-281.8
Changes in provisions for tangible and intangible assets and treasury stock	-86	-849	-89.9
Return on own shares and bonds	236	74	-
Prior year's results	134	262	-48.9
Other extraordinary profit	1,281	842	52.1
Profit Before Tax	41,926	41,178	1.8
Income tax and other taxes	-14,475	-14,325	1.0
Profit for the Period	27,451	26,853	2.2

NOTE:

The Proforma Consolidated Statement of Profit and Loss for the first quarter of 2001 is included for the purposes of comparison as Appendix I.

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GRUPO RED ELÉCTRICA
Consolidated Balance Sheet

Appendix III

Assets	Thousands of Euros		%
	31.03.2002	31.12.2001	2002/2001
Uncalled share capital contributions	-	-	-
Start-up costs	1,202	1,299	-7.5
Intangible assets	5,042	4,976	1.3
Rights over leased assets	-	-	-
Other intangible assets	5,042	4,976	1.3
Tangible assets	1,451,262	1,431,250	1.4
Investments	26,095	26,239	-0.5
Long-term own shares	3,490	2,764	26.3
Long-term trade debtors	17,663	17,524	0.8
Total fixed assets	1,504,754	1,484,052	1.4
Goodwill on consolidation	-	-	-
Deferred expenses	31,005	31,741	-2.3
Unpaid calls on share capital	-	-	-
Stocks	11,347	4,903	131.4
Debtors	177,374	136,516	29.9
Short-term investments	10,578	22,683	-53.4
Short-term own shares	-	-	-
Cash and banks	1,804	542	232.8
Prepaid expenses	82,105	11,420	619.0
Total Current Assets	283,208	176,064	60.9
Total Assets	1,818,967	1,691,857	7.5

Shareholders' Equity and Liabilities

Share capital	270,540	270,540	0.0
Parent company reserves	540,336	436,978	23.7
Consolidated companies reserves	-12,016	218	-
Conversion Difference	1,647	1,579	4.3
Profit (loss) attributable to parent company	27,451	91,071	-69.9
Interim dividends	-24,299	-24,299	0.0
Total shareholders' equity	803,659	776,087	3.6
Minority interests	-	-	-
Negative consolidation difference	-	-	-
Deferred income	193,422	191,762	0.9
Provisions for liabilities and charges	19,861	19,698	0.8
Bond issued and other marketable securities	126,318	126,318	0.0
Loans	142,060	124,921	13.7
Long-term trade creditors	-	-	-
Other long-term creditors	44,935	45,358	-0.9
Long-term creditors	313,313	296,597	5.6
Bond issued and other marketable securities	4,507	2,846	58.4
Loans	269,474	168,266	60.1
Trade creditors	53,116	104,504	-49.2
Other short-term creditors	137,750	101,204	36.1
Accruals	23,865	30,893	-22.7
Current liabilities	488,712	407,713	19.9
Provisions for current liabilities and charges	-	-	-
Shareholders' equity and liabilities	1,818,967	1,691,857	7.5

NOTE:

Items in this statement are classified according to the reports submitted to the National Securities Market Commission (CNMV) and the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges.


RED ELÉCTRICA DE ESPAÑA, S.A.
Statement of Profit and Loss
Appendix IV
Proforma

	Thousands of Euros		%
	31.03.2002	Proforma 31.03.2001	
Net sales	163,841	144,737	13.2
Other income	1,627	1,254	29.7
Change in stocks of finished goods and work in progress	-	-	-
Total Value of Production	165,468	145,991	13.3
Net purchases	-67,284	-54,209	24.1
Changes in stocks of goods for resale, raw materials and other supplies	6,458	4,636	39.3
External and operating expenses	-15,593	-10,970	42.1
Adjusted Added Value	89,049	85,448	4.2
Other expenses and income	-	-	-
Personnel expenses	-12,968	-13,676	-5.2
Gross Operating Profit	76,081	71,772	6.0
Amortisation and depreciation	-26,006	-25,719	1.1
Reversion fund	-	-	-
Change in provisions for current assets	-425	-	-
Net Operating Profit	49,650	46,053	7.8
Financial income	169	338	-50.0
Financial expense	-5,157	-5,528	-6.7
Interest and exchange gains capitalised	1,246	882	41.3
Amortisation and financial provisions	-	-	-
Profit on Ordinary Activities	45,908	41,745	10.0
Profit (Loss) on tangible and intangible assets and treasury stock	-20	11	-281.8
Changes in provisions for tangible and intangible assets and treasury stock	-3,764	-1,852	103.2
Return on own shares and bonds	236	74	218.9
Prior year's results	134	262	-48.9
Other extraordinary profit	1,281	842	52.1
Profit Before Tax	43,775	41,082	6.6
Income tax and other taxes	-16,455	-14,325	14.9
Profit for the Period	27,320	26,757	2.1

NOTE:

The Proforma Statement of Profit and Loss for the first quarter of 2001 is included for the purposes of comparison.

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RED ELÉCTRICA DE ESPAÑA, S.A.
Statement of Profit and Loss

Appendix V

	Thousands of Euros		%
	31.03.2002	31.03.2001	2002/2001
Net sales	163,841	138,525	18.3
Other income	1,627	1,254	29.7
Change in stocks of finished goods and work in progress	-	-	-
Total Value of Production	165,468	139,779	18.4
Net purchases	-67,284	-54,209	24.1
Changes in stocks of goods for resale, raw materials and other supplies	6,458	4,636	39.3
External and operating expenses	-15,593	-10,970	42.1
Adjusted Added Value	89,049	79,236	12.4
Other expenses and income	-	-	-
Personnel expenses	-12,968	-13,676	-5.2
Gross Operating Profit	76,081	65,560	16.0
Amortisation and depreciation	-26,006	-25,719	1.1
Reversion fund	-	-	-
Change in provisions for current assets	-425	-	-
Net Operating Profit	49,650	39,841	24.6
Financial income	169	338	-50.0
Financial expense	-5,157	-5,528	-6.7
Interest and exchange gains capitalised	1,246	882	41.3
Amortisation and financial provisions	-	-	-
Profit on Ordinary Activities	45,908	35,533	29.2
Profit (Loss) on tangible and intangible assets and treasury stock	-20	11	-281.8
Changes in provisions for tangible and intangible assets and treasury stock	-3,764	-1,852	103.2
Return on own shares and bonds	236	74	218.9
Prior year's results	134	262	-48.9
Other extraordinary profit	1,281	842	52.1
Profit Before Tax	43,775	34,870	25.5
Income tax and other taxes	-16,455	-12,151	35.4
Profit for the Period	27,320	22,719	20.3

NOTE:

The Proforma Statement of Profit and Loss for the first quarter of 2001 is included for the purposes of comparison as Appendix IV.

Items in this statement are classified according to the reports submitted to the National Securities Market Commission (CNMV) and the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges.


RED ELÉCTRICA DE ESPAÑA, S.A.
Balance Sheet

Appendix VI

Assets	Miles de euros		%
	31.03.2002	31.12.2001	2002/2001
Uncalled share capital contributions	-	-	-
Start-up costs	-	-	-
Intangible assets	4,361	4,885	-10.7
Rights over leased assets	-	-	-
Other intangible assets	4,361	4,885	-10.7
Tangible assets	1,384,878	1,370,565	1.0
Investments	119,547	123,723	-3.4
Long-term own shares	3,490	2,764	26.3
Long-term trade debtors	5,815	5,815	0.0
Fixed assets	1,518,091	1,507,752	0.7
Goodwill on consolidation	8,428	8,972	-6.1
Unpaid calls on share capital	-	-	-
Stocks	11,268	4,903	129.8
Debtors	196,302	145,507	34.9
Short-term investments	2,876	14,269	-79.8
Short-term own shares	-	-	-
Cash and banks	551	279	97.5
Prepaid expenses	81,724	10,884	650.9
Current Assets	292,721	175,842	66.5
Assets	1,819,240	1,692,566	7.5

Shareholders' Equity and Liabilities

Share Capital	270,540	270,540	0.0
Reserves	436,099	436,258	0.0
Prior year's results	90,785	-	-
Profit for the period	27,320	90,785	-69.9
Interim dividends	-24,299	-24,299	0.0
Shareholders' equity	800,445	773,284	3.5
Deferred income	200,360	190,785	5.0
Provisions for liabilities and charges	19,861	19,698	0.8
Bond issued and other marketable securities	126,318	126,318	0.0
Loans	142,060	124,921	13.7
Long-term trade creditors	-	-	-
Other long-term creditors	89,935	90,358	-0.5
Long-term creditors	358,313	341,597	4.9
Bond issued and other marketable securities	4,507	2,846	58.4
Loans	263,712	167,098	57.8
Group and associated companies	11,673	5,056	-
Trade creditors	46,521	50,333	-7.6
Other short-term creditors	90,829	111,930	-18.9
Accruals	23,019	29,939	-23.1
Current liabilities	440,261	367,202	19.9
Provision for current liabilities and charges	-	-	-
Shareholders' equity and liabilities	1,819,240	1,692,566	7.5

NOTE:

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