



RED ELÉCTRICA DE ESPAÑA

CONSOLIDATED RESULTS FOR THE FIRST NINE MONTHS OF 2002

Consolidated profits after tax amounted to Euros 76.7 million for the first nine months of 2002, an increase of 5.6% from Euros 72.6 million reported in the same period of 2001.

The increase in consolidated profit after tax is driven by the 15.9% growth in adjusted consolidated turnover (net of energy purchases) as compared to the first nine months of 2001. This growth is based on the rise in the income from transmission in Spain, as well as accrued income due to the integration of the Company TDE and income from engineering and construction work.

The growth in adjusted consolidated turnover absorbed the start up expenses of the Company's subsidiaries, which resulted in an increase of 4.8% in consolidated EBITDA for the first nine months of 2002.

KEY INDICATORS

Consolidated Results

Thousands of Euros	9M 2002 ^(*)	9M 2001	Var. (%)
Adjusted Turnover (Net of energy purchases)	329,828	284,575	15.9
Gross Operating profit (EBITDA)	206,804	197,286	4.8
Net Operating Profit (EBIT)	121,248	118,659	2.2
Profit on Ordinary Activities	109,058	107,295	1.6
Profit after Tax	76,686	72,639	5.6

() Includes the results for the third quarter 2002 of Transportadora de Electricidad de Bolivia (TDE), which has been fully consolidated.*

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CONSOLIDATED RESULTS FOR THE FIRST NINE MONTHS OF 2002

Results per Business	First Nine Months 2002			
	Electricity ^(*)	Albura	Consolidation Adjustments	Consolidated
Thousands of Euros				
Gross Operating Profit (EBITDA)	222,874	-16,131	61	206,804
Net Operating Profit (EBIT)	142,347	-21,160	61	121,248
Profit on Ordinary Activities	130,914	-21,917	61	109,058
Profit after Tax	76,835	-14,285	14,136	76,686

(*) Includes international electricity business results

During the first nine months of 2002, consolidated adjusted turnover (net of energy purchases) amounted to Euros 329.8 million, which represents a 15.9% increase over the same period in 2001. This increase is due mainly to the rise in domestic and international income from transmission as a result of the integration of Transportadora de Electricidad, and the advance in burying the San Sebastián de los Reyes-Morata-Loeches line, as part of the Barajas Airport Plan. In addition, this increase is due to the rise in income from telecommunication services to third parties and from system operation.

Consolidated operating expenses (net of energy purchases) reached Euros 128.3 million, an increase of 39.9% over the first nine months of 2001. This result is primarily attributable to the rise in expenses associated with the start up of the Company's subsidiaries, expenses accrued on the advance of the line mentioned above, and expenses incurred during the third quarter of 2002 to incorporate TDE.

Consolidated personnel expenses amounted Euros 46.1 million, an increase of 6.3% over the first nine months of 2001. As of 30 September 2002, the total headcount was 1,171 employees, a growth of 17.8% over the same period of 2001. This growth is mainly attributable to the incorporation of employees from TDE, whose headcount as of 30 September 2002 was 106. The average headcount of Red Eléctrica de España for the first nine months of 2002 was 931 employees, a 1.9% decrease as compared to the average headcount for the same period in 2001.

Consolidated operating profit (EBITDA) reached Euros 206.8 million, an increased of 4.8% as compared to the first nine months of 2001. Red Eléctrica de España, S.A. has recorded a growth of 8.8% in EBITDA.

Consolidated net operating profit (EBIT) amounted to Euros 121.2 million, a 2.2% growth over the first nine months of 2001.

Depreciation expenses grew 8.1% driven by 245 km of high voltage lines, 37 400 kV positions and 11 220 kV positions commissioned in 2001, the integration of TDE depreciation and the telecommunication installations commissioned. Depreciation expenses of information technology systems and software decreased as a consequence of the outsourcing of corporate IT services.



Consolidated financial losses amounted to Euros –11.8 million. Consolidated expenses, excluding the cancellation of a swap operation to hedge bonds from 1997, amounted to Euros 17.9 million, an increase of 11,6% over the first nine months of 2001. This increase is due to higher leverage, resulting from the investments made in the transmission network and investments abroad.

The goodwill generated on the acquisition of TDE reached Euros 484 thousand and will be amortised over a period of 10 years.

Consolidated profit on ordinary activities amounted to Euros 109.1 million in the first nine months of 2002, an increase of 1.6% over the same period in 2001.

Consolidated extraordinary income reached Euros 4.7 million from Euros 4.4 million in the first nine months of 2001. This result was mainly attributable to deferred income taken to profit and loss.

During the first nine months of 2002, consolidated profit after tax increased 5.6% to Euros 76.7 million, from Euros 72.6 million in the same period of 2001. The effective tax rate was 32.6%, which is lower than the effective tax rate of the same period in 2001 due to deductions for investments abroad.

Consolidated cash flow after tax amounted to Euros 163.2 million, an increase of 12.2% over the same period in 2001. This represented a 32.3% of consolidated turnover and 49.5% of consolidated adjusted turnover (net of energy purchases).

For the first nine months of 2002, consolidated investments amounted to Euros 265.9 million, a 68.0% growth over the same period in 2001. Of these investments, 48.9% was related to strengthen and improve the transmission network, 34.5% to the acquisition of TDE, 15.1% to the telecommunication activity and the remaining 1.5% to other investments.

At 30 September 2002, net financial debt amounted to Euros 711.1 million, an increase of Euros 52.2 million over 30 June 2002. The leverage ratio (net financial debt over shareholders' equity) was 0.87. This increase is mainly due to higher investments in the transmission network and the acquisition of TDE. As of 30 September 2002, the Company's net financial debt is as follows:

Thousands of Euros	Domestic currency	Foreign currency	Total
Short term investments	-8,008	-2,222	-10,230
Cash and banks	-1,470	-2,438	-3,908
Long term Debenture loans	95,966	-	95,966
Short term debenture loans	30,352	-	30,352
Long term loans	229,052	71,639	300,691
Promissory notes and short term loans	216,397	81,786	298,183
Total net financial debt	562,289	148,765	711,054



SIGNIFICANT EVENTS

ELECTRICITY BUSINESS

Investments in the Transmission Network

Investments in the transmission network amounted to Euros 128.4 million for the first nine months of 2002, a 63.0% growth over the same period in 2001.

During the first nine months of 2002, the Company commissioned the Anchuelo-Línea Trillo-Loeches, Trillo-Calatayud, Calatayud-Magallón, Boimente-Línea and Alumunio-Puentes lines, one circuit for the Castejón-La Serna line, and the Boimente, Rueda de Jalón, Trillo, Anchuelo, Gurrea and Santurzi substations, which represents approximately 448 km of circuit and 32 positions.

The following projects are particularly significant:

- The new Madrid-Aragón axis, which will strengthen electric energy transmission among central, north and north eastern areas of Spain and will serve a number of substations for the high-speed train Madrid-Barcelona.
- Investments to develop the Northern Axis and to reinforce the transmission network in Navarra.
- The reinforcement of the infrastructure in Aragón, Murcia, Andalusia, Galicia, and Cataluña to meet new demand for the existing network.

INTERNATIONAL BUSINESS

During the third quarter of 2002, Red Eléctrica Internacional acquired a further 0.51% interest in the Bolivian company Transportadora de Electricidad, S.A. This interest, together with the 99.43% interest acquired from Red Eléctrica de Bolivia in June 2002, brings the stake held by Red Eléctrica Internacional in TDE to 99.94%.

The contribution of TDE to the key indicators of the consolidated statement of profit and loss as of 30 September 2002 was Euros 5,558 thousand to turnover, Euros 3,553 thousand to EBITDA, Euros 1,956 thousand to EBIT and Euros 1,387 thousand to profit after tax.

TDE is the owner and operator of the national interconnection system in Bolivia and has approximately 2,000 kilometres of lines and 19 substations with a transformation capacity of 433 MVA.

Red Eléctrica Internacional continues to evaluate new opportunities for investment and consulting projects.

TELECOMMUNICATIONS BUSINESS

During the first nine months of 2002, the deceleration of the growth rate in the IP solution services market, a consequence of the current situation of the telecommunications industry, has had a direct effect on the sales of Albura. The Company's net sales amounted to Euros 19.7 million for the first nine months of 2002.

During the third quarter of 2002, Albura has continued to adapt its investments to the current market situation. The Company's investments reached Euros 7.2 million for the third quarter 2002. These investments were mainly attributable to the development of the



telecommunication network and the installation of the related DWDM equipment. In addition, the Company's continued the development of the IP/MPLS multi-service network.

Red Eléctrica de España updated its Business Plan, which will be presented to the financial markets on November 8th 2002.



GRUPO RED ELÉCTRICA

Consolidated Statement of Profit and Loss

	Thousands of Euros		%
	30.09.2002	30.09.2001	
Net sales	505,572	440,022	14.9
Other income	4,747	4,447	6.7
Change in stocks of finished goods and work in progress	-	-	-
Total Value of Production	510,319	444,469	14.8
Net purchases	-203,505	-167,544	21.5
Changes in stocks of goods for resale, raw materials and other supplies	4,632	5,235	-11.5
External and operating expenses	-58,572	-41,531	41.0
Adjusted Added Value	252,874	240,629	5.1
Other expenses and income	-	-	-
Personnel expenses	-46,070	-43,343	6.3
Gross Operating Profit	206,804	197,286	4.8
Amortisation and depreciation	-85,000	-78,627	8.1
Reversion fund	-	-	-
Change in provisions for current assets	-556	-	-
Net Operating Profit	121,248	118,659	2.2
Financial income	888	1,399	-36.5
Financial expense	-16,779	-16,099	4.2
Interest and exchange gains capitalised	4,097	3,096	32.3
Amortisation and financial provisions	-	-	-
Conversion gains (losses)	-	-	-
Share of profits in equity accounted companies	88	240	-63.3
Amortisation of goodwill on consolidation	-484	-	-
Reversal of negative consolidation differences	-	-	-
Profit on Ordinary Activities	109,058	107,295	1.6
Profit (Loss) on tangible and intangible assets and treasury stock	-240	-69	247.8
Changes in provisions for tangible and intangible assets and treasury stock	-565	-372	51.9
Return on own shares and bonds	-371	-103	260.2
Prior year's results	1,135	229	395.6
Other extraordinary profit	4,758	4,731	0.6
Profit Before Tax	113,775	111,711	1.8
Income tax and other taxes	-37,089	-39,072	-5.1
Profit for the Period	76,686	72,639	5.6

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.



GRUPO RED ELÉCTRICA

Consolidated Balance Sheet

Assets	Thousands of Euros		%
	30.09.2002	31.12.2001	2002/2001
Uncalled share capital contributions	-	-	-
Start-up costs	1,861	1,299	43.3
Intangible assets	7,178	4,976	44.3
Rights over leased assets	-	-	-
Other intangible assets	7,178	4,976	44.3
Tangible assets	1,644,749	1,431,250	14.9
Investments	25,391	26,239	-3.2
Long-term own shares	7,740	2,764	180.0
Long-term trade debtors	8,638	17,524	-50.7
Total fixed assets	1,695,557	1,484,052	14.3
Goodwill on consolidation	18,904	-	-
Deferred expenses	29,369	31,741	-7.5
Unpaid calls on share capital	-	-	-
Stocks	9,596	4,903	95.7
Debtors	227,673	136,516	66.8
Short-term investments	10,230	22,683	-54.9
Short-term own shares	-	-	-
Cash and banks	3,908	542	621.0
Prepaid expenses	29,276	11,420	156.4
Total Current Assets	280,683	176,064	59.4
Total Assets	2,024,513	1,691,857	19.7
Shareholders' Equity and Liabilities			
Share capital	270,540	270,540	0.0
Parent company reserves	478,614	436,978	9.5
Consolidated companies reserves	-12,233	218	-
Conversion Difference	1,229	1,579	-22.2
Profit (loss) attributable to parent company	76,686	91,071	-15.8
Interim dividends	-	-24,299	-
Total shareholders' equity	814,836	776,087	5.0
Minority interests	43	-	-
Negative consolidation difference	-	-	-
Deferred income	201,735	191,762	5.2
Provisions for liabilities and charges	21,375	19,698	8.5
Bond issued and other marketable securities	95,966	126,318	-24.0
Loans	300,691	124,921	140.7
Long-term trade creditors	-	-	-
Other long-term creditors	44,602	45,358	-1.7
Long-term creditors	441,259	296,597	48.8
Bond issued and other marketable securities	31,425	2,846	-
Loans	303,610	168,266	80.4
Trade creditors	70,709	104,504	-32.3
Other short-term creditors	130,562	101,204	29.0
Accruals	8,959	30,893	-71.0
Current liabilities	545,265	407,713	33.7
Provisions for current liabilities and charges	-	-	-
Shareholders' equity and liabilities	2,024,513	1,691,857	19.7

NOTE:

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GRUPO RED ELÉCTRICA

Statement of Profit and Loss

	Thousands of Euros		%
	30.09.2002	30.09.2001	
Net sales	507,538	450,006	12.8
Other income	5,672	4,574	24.0
Change in stocks of finished goods and work in progress	-	-	-
Total Value of Production	513,210	454,580	12.9
Net purchases	-201,842	-167,050	20.8
Changes in stocks of goods for resale, raw materials and other supplies	4,632	5,254	-11.8
External and operating expenses	-55,014	-49,170	11.9
Adjusted Added Value	260,986	243,614	7.1
Other expenses and income	-	-	-
Personnel expenses	-40,192	-40,763	-1.4
Gross Operating Profit	220,794	202,851	8.8
Amortisation and depreciation	-78,281	-76,889	1.8
Reversion fund	-	-	-
Change in provisions for current assets	-556	-	-
Net Operating Profit	141,957	125,962	12.7
Financial income	638	915	-30.3
Financial expense	-14,684	-16,067	-8.6
Interest and exchange gains capitalised	4,097	3,096	32.3
Amortisation and financial provisions	-	-	-
Profit on Ordinary Activities	132,008	113,906	15.9
Profit (Loss) on tangible and intangible assets and treasury stock	-240	-69	247.8
Changes in provisions for tangible and intangible assets and treasury stock	-14,640	-7,122	105.6
Return on own shares and bonds	-371	-103	260.2
Prior year's results	670	229	192.6
Other extraordinary profit	4,749	4,730	0.4
Profit Before Tax	122,176	111,571	9.5
Income tax and other taxes	-46,735	-39,072	19.6
Profit for the Period	75,441	72,499	4.1

NOTE:

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RED ELÉCTRICA DE ESPAÑA, S.A.

Balance Sheet

Assets	Thousands of Euros		%
	30.09.2002	31.12.2001	2002/2001
Uncalled share capital contributions	-	-	-
Start-up costs	-	-	-
Intangible assets	3,529	4,885	-27.8
Rights over leased assets	-	-	-
Other intangible assets	3,529	4,885	-27.8
Tangible assets	1,444,842	1,370,565	5.4
Investments	198,595	123,723	60.5
Long-term own shares	7,740	2,764	180.0
Long-term trade debtors	-	5,815	-100.0
Fixed assets	1,654,706	1,507,752	9.7
Goodwill on consolidation	7,332	8,972	-18.3
Unpaid calls on share capital	-	-	-
Stocks	9,447	4,903	92.7
Debtors	222,867	145,507	53.2
Short-term investments	966	14,269	-93.2
Short-term own shares	-	-	-
Cash and banks	342	279	22.6
Prepaid expenses	28,696	10,884	163.7
Current Assets	262,318	175,842	49.2
Assets	1,924,356	1,692,566	13.7
Shareholders' Equity and Liabilities			
Share Capital	270,540	270,540	0.0
Reserves	465,157	436,258	6.6
Prior year's results	-	-	-
Profit for the period	75,441	90,785	-16.9
Interim dividends	-	-24,299	-
Shareholders' equity	811,138	773,284	4.9
Deferred income	197,361	190,785	3.4
Provisions for liabilities and charges	19,481	19,698	-1.1
Bond issued and other marketable securities	95,966	126,318	-24.0
Loans	235,654	124,921	88.6
Long-term trade creditors	-	-	-
Other long-term creditors	139,672	90,358	54.6
Long-term creditors	471,292	341,597	38.0
Bond issued and other marketable securities	31,425	2,846	-
Loans	193,633	167,098	15.9
Group and associated companies	27,658	5,056	447.0
Trade creditors	67,528	50,333	34.2
Other short-term creditors	96,746	111,930	-13.6
Accruals	8,094	29,939	-73.0
Current liabilities	425,084	367,202	15.8
Provision for current liabilities and charges	-	-	-
Shareholders' equity and liabilities	1,924,356	1,692,566	13.7

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