The release of the financial results for the first half of 2005 has been changed in accordance with the significant event of march 6th, 2006. This change has not impacted the Profit attributable to the parent company.

RED ELÉCTRICA DE ESPAÑA

October 25th, 2005

CONSOLIDATED PROFIT FOR THE FIRST NINE MONTHS OF 2005

The indicators from the first nine months of the year have been marked by:

- The inclusion of the accounts of Inalta, the company which controls the assets formerly owned by Iberdrola, in the financial statements of the Red Eléctrica Group, effective from 15 February 2005. The integration was carried out after the acquisition of the remaining 75% of Redalta, owner of 100% of the shares of Inalta, on 30 June 2005.

- The sale of 100% of the shares of Red Eléctrica Telecomunicaciones, S.A.U. (albura) to T-Online Internacional, A.G on 30 June 2005.

- The agreement for the sale and purchase of transmission assets with Unión Fenosa, effective from 1 January 2005, which generated a capital gain before taxes of Euros 19.4 million.

- The incorporation of the assets of Viesgo effective from 1 January 2005, once the corresponding administrative authorisations were obtained at the end of September.

Consolidated investments amount to Euros 585.1 million, including the Euros 247.0 million for 75% of Redalta shares.

The gross operating profit (EBITDA) has risen by 19.7% and the net operating profit (EBIT) has increased by 17.5%, mainly due to the incorporation of Inalta.

The profit for the year after taxes totalled Euros 127.2 million, compared to Euros 102.7 million from the same period in 2004, representing an increase of 23.8%.

PRINCIPAL INDICATORS

Consolidated profits IFRS (thousands of Euros)	3Q 2005	3Q 2004	Var. (%)
Turnover	634,622	525,378	20.8
Gross Operating Profit (EBITDA)	438,459	366,186	19.7
Net Operating Profit (EBIT)	265,578	226,080	17.5
Profit before taxes on continued operations	209,284	176,555	18.5
Profit for the year on continued operations	140,942	116,234	21.3
Profit attributable to the parent company	127,159	102,702	23.8
Cash-flow after tax	306,371	256,676	19.4

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CONSOLIDATED PROFITS FROM THE FIRST NINE MONTHS OF 2005

Turnover is Euros 634.6 million in the first nine months of 2005, up 20.8% on the same period in 2004 and fundamentally due to:

- inclusion of income associated with the transmission assets of Inalta for seven and a half months, totalling Euros 76.0 million,
- increase in transmission activity income resulting essentially from the installations brought into service by Red Eléctrica in 2004 and the acquisitions of assets from Viesgo and Unión Fenosa, partially offset by the sale of assets to the latter.

Income generated on engineering and construction work carried out for third parties has decreased compared to the same period in the prior year.

Consolidated operating expenses total Euros 199.4 million, up 23.7% on the Euros 161.2 million recorded for the first nine months of 2004, and include:

- Other operating expenses and supplies, which have increased to Euros 144.8 million, up 34.2% on the same period in 2004. This increase has been mainly due to the incorporation of maintenance expenses for the Inalta assets and expenses associated with integration of the assets acquired from the electricity companies.

- Personnel expenses of Euros 54.5 million, an increase of 2.3% compared to the same period from 2004.

  The Group's average headcount has risen by 11.2% to 1,340 employees at 30 September 2005. This increase is mainly due to the incorporation of personnel in the Parent Company for integration of the transmission assets acquired and new services rendered for the system operation of the peninsula and the islands.

  The Group's final headcount totals 1,388 employees, compared to 1,286 employees at 31 December 2004.

Gross consolidated operating profit (EBITDA) is Euros 438.5 million, up 19.7% on the same period in 2004.

Amortisation and depreciation charges amount to Euros 172.9 million compared to Euros 140.1 million for the same period in 2004. The variation is mainly due to:

- Increase due to the incorporation of depreciation charges related with the Inalta transmission network. This increase includes depreciation corresponding to the difference between the underlying net book value and the price paid for the shares of Redalta, which has been assigned to the tangible assets of Inalta and depreciated at the same rate as the installations acquired, and

- Increase associated with installations brought into service in the last 12 months and with the changes in useful lives at the beginning of 2005, and which has been partially offset by the completion of the useful lives for accounting purposes of certain installations and the decrease in depreciation charges following the sale of assets to Unión Fenosa.

Net consolidated operating profit (EBIT) totalled Euros 265.6 million, representing an increase of 17.5% compared to the first nine months of 2004.

Consolidated losses on financial operations total Euros -80.3 million, compared to Euros -54.5 million in the first nine months of 2004. Red Eléctrica has settled the debt contracted by Redalta in order to proceed with its refinancing, which has involved recording an expense of Euros 6.9 million relating to the loan arrangement costs. Red Eléctrica has also replaced Euros 350 million of the bridging loan, which was contracted to acquire the assets of Inalta, with long-term financing through the extension of the already existing credit facility.

Disposal of current assets has generated a profit of Euros 19.5 million related to the sale of assets to Unión Fenosa.

The **profit before taxes from continued operations** totalled Euros 212.9 million, up 20.6% on the same period in 2004.

The **profit after tax from continued operations** amounted to Euros 140.9 million, representing an increase of 21.3% compared to the same period in 2004. The tax rate was 32.6%, compared to 34.2% in the prior period, reduced mainly due to the exemption for the reinvestment included in the capital gain from the sale of assets.

The profit after tax from discontinued activities totals Euros -13.8 million and includes the losses of albura to 30 June 2005 and the capital gain from the sale of 100% of the shares of this company.

Profit after taxes amounted to Euros 127.2 million, up 23.8% on the Euros 102.7 million from the same period in 2004.

The **consolidated cash-flow after tax** amounted to Euros 306.4 million, representing growth of 19.4% compared to the same period in 2004 and 48.3% of turnover.

Consolidated investments amounted to Euros 585.1 million in the first nine months of 2005. Of these investments, Euros 247.0 million relate to the acquisition of 75% of the shares and participating loan of Redalta, Euros 257.9 million have been earmarked for the extension and improvement of the transmission network (Euros 51.2 million deriving from the agreement with Unión Fenosa), Euros 45.6 million for the acquisition of the transmission network from Viesgo and Euros 34.6 million for other investments. Euros 124.6 million have been written off for assets sold to Unión Fenosa.

The main projects underway in the transmission network are as follows:

- Strengthening of the transmission infrastructure in Andalusia and the south-east of Spain
- Development of the Northern Axis enabling growth in transmission capacity
- Strengthening of the infrastructure in the centre, north-east and northwest of Spain
- Development of infrastructures to support the Barcelona-Lleida stretch of the AVE
- An increase in the transmissions interconnections capacity of Morocco.

At 30 September 2005, **net financial debt** totals Euros 2,704.3 million, up Euros 858.4 million on the Euros 1,845.8 million recorded at 31 December 2004. This increase is due mainly to the acquisition of the transmission network of Inalta and the investments in the transmission network, partially offset by the sale of assets to Unión Fenosa.

The leverage ratio (net financial debt as a percentage of shareholders' equity plus net financial debt) is 73.9%. The structure of financial debt is as follows:

Thousands of Euros	Euros	Foreign Currency	Total
Short-term Investments	-934	-17	-951
Cash in hand and at banks	-4,778	-11,032	-15,810
Long-term debentures	849,751	-	849,751
Long-term loans	1,103,253	72,143	1,175,396
Promissory notes and short-term loans	691,387	4,497	695,884
Total Net Financial Debt	**2,638,679**	**65,591**	**2,704,270**

INTERNATIONAL BUSINESS

The contribution made by TDE to the principal indicators of the consolidated income statement at 30 September 2005 is turnover of Euros 14.1 million, EBITDA of Euros 9.6 million, Euros 5.7 million EBIT and profit after tax of Euros 4.4 million.

Dividends international business

In the first nine months of 2005, the directors of TDE (Bolivia) and Redesur (Peru) approved the distribution of dividends of Dollars 2.7 million and Dollars 0.8 million, respectively, which have already been settled.

SIGNIFICANT EVENTS

SALE-PURCHASE OF ASSETS WITH UNIÓN FENOSA

The transaction for the sale and purchase of assets between Red Eléctrica and Unión Fenosa was carried out during the third quarter, framed within the agreement announced on 17 December 2004. This agreement involves the reorganisation of the installations to achieve better control and maintenance. The transaction has been carried out to meet the increased demand in the market and to increase the security of the entire electrical system.

INCORPORATION OF VIESGO ASSETS

The transmission assets of Enel Viesgo have been incorporated during the third quarter, by virtue of the agreement reached between this company and Red Eléctrica. The transmission network has been sold for Euros 45.6 million and it has also been agreed that Viesgo will operate and maintain the network for a period of three years and for an amount of Euros 1.8 million. This incorporation of assets has been carried once the corresponding administrative authorisations were obtained.

NEW EUROS 900 MILLION CREDIT FACILITY

In the third quarter of 2005, Red Eléctrica de España has contracted a new credit facility for Euros 900 million and for 7 years, two more than the preceding facility.

The operation has facilitated repayment of the Company's former credit facility, for Euros 700 million and a term of five years, and partial refinancing of the recent acquisition of 75% of Redalta, the company that controlled the transmission assets of Iberdrola. The new facility represents a substantial saving compared to the cost of financing of the former.

The financing takes advantage of the favourable market situation at present and the solid credit position of the company, as indicated by the ratings awarded by Standard & Poor's (AA- long-term and A-1+ in the short term) and Moody's (A2). These circumstances have allowed financing conditions to be improved and for the cost of the debt to be reduced.

The entities BBVA, Barclays, Citigroup, ING Bank, ABN AMRO, BBK, BNP Paribas, Caixa Galicia, CALYON, Commerzbank, Fortis Bank, SCH and West LB participate in the credit facility, contracted on the basis of the club deal format. Of these, the greatest interest (bookrunner) is held by BBVA, Barclays, Citigroup and ING Bank. The payment agent is BBVA.

ISSUE OF DOLLARS 500 MILLION IN THE UNITED STATES PRIVATE PLACEMENT MARKET

In October, Red Eléctrica de España carried out an issue of Dollars 500 million in the United States private placement market (USPP). As result of this operation, Red Eléctrica diversified its sources of financing, opening the American market to issues from the company and allowing it to obtain terms of financing of up to 30 years.

The operation has been structured in four stages, of 10, 15, 20 and 30 years. Red Eléctrica has made the issue in Dollars at a fixed rate, which have been exchanged into Euros at a fixed rate, with an average term of 19 years and average cost of 4%.

RED ELECTRICA GROUP
Income Statement

	Thousands of Euros		%
	30/09/2005	**30/09/2004**	**2005/2004**
Net turnover	634.622	525.378	20,8
Other operating income	3.205	2.040	57,1
Materials consumed	(17.684)	(15.421)	14,7
Personnel expenses	(54.544)	(53.331)	2,3
Other operating expenses	(127.140)	(92.480)	37,5
Gross operating profit (EBITDA)	**438.459**	**366.186**	**19,7**
Depreciation and amortisation of non-current assets	(172.881)	(140.106)	23,4
Net operating profit (EBIT)	**265.578**	**226.080**	**17,5**
Financial income	3.638	1.940	87,5
Financial expenses	(83.704)	(56.750)	47,5
Exchange difference	(241)	275	-187,6
Net profit/(loss) on variations in value of financial instruments	36	(76)	-147,4
Net profit/(loss) due to impairment of assets	7	(79)	-108,9
Profits from equity-accounted companies	441	126	250,0
Profit/(loss) on disposal of non-current assets	19.527	153	-
Other income or expenses	4.002	4.886	-18,1
Profit before tax on continuing activities	**209.284**	**176.555**	**18,5**
Income tax expense	(68.342)	(60.321)	13,3
Profit for the year on continuing activities	**140.942**	**116.234**	**21,3**
Profit after tax on discontinued activities	(13.780)	(13.527)	1,9
Profit for the year	**127.162**	**102.707**	**23,8**
Minority interests	(3)	(5)	-40,0
Profit attributable to parent company	**127.159**	**102.702**	**23,8**

RED ELECTRICA GROUP
Balance Sheet

	Thousands of Euros		%
Activo	**30/09/2005**	**31/12/2004**	**2005/2004**
Property, plant and equipment	4.090.795	3.022.049	35,4
Investment properties	3.748	1.216	208,2
Goodwill	14.750	13.040	13,1
Intangible assets	8.020	8.844	-9,3
Non-current investments	2.113	17.453	-87,9
Equity-accounted investments	6.899	4.003	72,3
Deferred tax assets	33.145	25.878	28,1
Other non-current assets	2.893	7.360	-60,7
Activos no corrientes	**4.162.363**	**3.099.843**	**34,3**
Inventories	33.766	28.037	20,4
Trade and other receivables	279.012	230.638	21,0
Current investments	951	1.234	-22,9
Current tax assets	764	930	-17,8
Other current assets	46	19	-
Cash and cash equivalents	15.810	12.958	22,0
Assets classified as held for sale	-	103.471	-
Current assets	**330.349**	**377.287**	**-12,4**
Total Assets	**4.492.712**	**3.477.130**	**29,2**

	Thousands of Euros		%
Shareholders' equity and liabilities	**30/09/2005**	**31/12/2004**	**2005/2004**
Share capital	270.540	270.540	0,0
Reserves	264.546	264.546	0,0
Retained earnings	429.764	383.155	12,2
Own shares	(3.215)	(2.695)	19,3
Exchange differences	1.751	(4.560)	-138,4
Other valuation adjustments	(7.758)	(2.743)	182,8
Interim dividend settled in the year	-	(32.093)	-
Minority interests	65	55	18,2
Net equity	**955.693**	**876.205**	**9,1**
Issue of liabilities and other marketable securities	849.751	849.565	0,0
Loans	1.175.396	783.085	50,1
Deferred tax liabilities	159.601	57.461	177,8
Provisions	32.263	30.329	6,4
Other non-current liabilities	278.365	256.076	8,7
Non-current liabilities	**2.495.376**	**1.976.516**	**26,3**
Issue of liabilities and other marketable securities	2.371	58.020	-95,9
Loans	705.440	189.246	272,8
Trade and other payables	110.986	100.786	10,1
Other current financial liabilities	17.981	3.010	497,4
Provisions	1.220	1.000	22,0
Current tax liabilities	61.648	25.172	144,9
Other current liabilities	141.997	140.995	0,7
Liabilities associated with assets classified for sale	-	106.180	-100,0
Current liabilities	**1.041.643**	**624.409**	**66,8**
Total shareholders' equity and liabilities	**4.492.712**	**3.477.130**	**29,2**