

RED
ELÉCTRICA
CORPORACIÓN

Financial results

January - March 2009

The profit for the first quarter of 2009 totalled €2.2 million, which is 13.7% up on 1Q 2008.

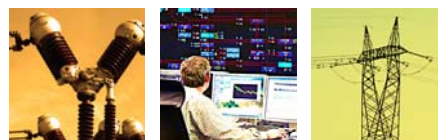
EBITDA amounted to €19.4 million, representing a rise of 7.1% on 1Q 2008.

The Red Eléctrica Group's investments totalled €107.0 million, 1.6% above the investments made in the same period of the previous year.

April, 30th of 2009

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1. Red Eléctrica: Financial Highlights

Income Statement

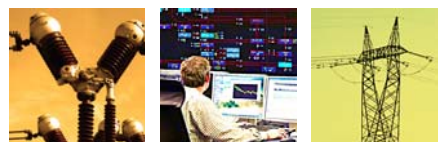
(in thousands of euros)	January - March		
	2009	2008	Δ %
Net Sales	291,983	277,595	5.2
Gross operating profit (EBITDA)	219,432	204,833	7.1
Net operating profit (EBIT)	156,376	144,117	8.5
Profit before taxes	131,305	115,347	13.8
Profit attributed to the parent company	92,235	81,134	13.7

Balance Sheet

(in thousands of euros)	March 2008	December 2008	Δ %
Total non-current assets	5,397,992	5,363,682	0.6
Equity	1,398,722	1,336,557	4.7
Net financial debt	3,176,982	2,928,542	8.5

Other financial figures

(in thousands of euros)	January - March		
	2009	2008	Δ %
Cash flow from operations	192,017	177,036	8.5
Capital expenditures	107,003	105,324	1.6
Dividends paid	60,403	52,208	15.7



2. Evolution of results

Sales in 1Q 2009 amounted to €292.0 million, having grown by 5.2% due basically to the larger asset base to be remunerated because of the installations that came into service in 2008, and the negative evolution of the inflation.

EBITDA totalled €219.4 million, representing a rise of 7.1% on the previous year, which is explained by the increase in sales and the following factors:

- **Costs of supplies and other operating costs** grew by 11.2% on 1Q 2008 and include costs associated with damage incurred during the first quarter, due mainly to strong winds in January. These costs are largely offset by insurance indemnities recognised in other operating revenue. Setting aside the expenses of the damages that are recovered through the insurance policies, the actual rise in these costs on the previous year would be 1.1%.
- **Staff expenses** were 8.4% higher than in the first quarter of 2008 due basically to the increase in the average workforce.

The Red Eléctrica Group has an **average workforce** of 1,609 at 31 March 2009, representing an increase of 9.7% on 1Q 2008, and a **final workforce** of 1,615 employees, which is 1.3% up on December 2008.

Operating expenses

(in thousands of euros)	January - March		
	2009	2008	Δ %
Supply cost and other operating expenses*	50,972	50,422	1.1
Staff costs	25,515	23,535	8.4
Operating expenses	76,487	73,957	3.4

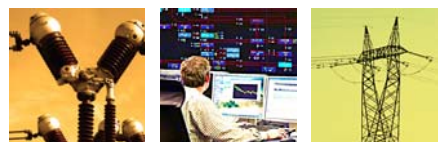
(*) Excluding the expenses related to the damages that are recovered through insurance policies.

Depreciation and amortisation charges for the period rose by 3.7% due basically to the transmission assets that were put into use.

EBIT rose by 8.5% with respect to the same period of 2008.

Net financial expense amounted to €-25.3 million as compared with €-28.9 million for 1Q 2008, due basically to lower financial expense (€-4 million) caused mainly by the reduction in interest rates. This was partially offset by an increase in average borrowings.

Finally, **profit for the period** grew 13.7% on the same period of 2008. The effective tax rate was 29.8%, in line with 1Q 2008.



3. Cash flow and balance sheet

Cash flow

(in thousands of euros)	January - March		
	2009	2008	Δ %
Profit before taxes	131,305	115,347	13.8
Income taxes paid	-	(42)	-
Amortization & depreciation of non-current assets	65,250	62,926	3.7
Other adjustments	(4,538)	(1,195)	-
Cash flow from operations after tax	192,017	177,036	8.5
Changes in working capital and other long-term assets and liabilities	(268,983)	(271,213)	(0.8)
Capital expenditures	(107,003)	(105,324)	1.6
Free cash flow	(183,969)	(199,501)	(7.8)
Dividends paid	(60,403)	(52,208)	15.7
Change in net financial debt	244,372	251,709	(2.9)

(*) The difference with the variation in the Net financial debt of page 2 relates to items entailing no movement in cash.

Operating cash flow after taxes amounted to €192.0 million, representing an increase of 8.5% on the same period of 2008, due basically to the rise in the pre-tax profit for the period.

Investments made by the Group in the first quarter of 2009 totalled €107.0 million, which is 1.6% up on 1Q 2008, relating mainly to the development of the domestic transmission grid (€102.6 million).

The **interim dividend** paid out in the first quarter of 2009 totalled €60.4 million or 0.4487 euros per share, which is 16% higher than the interim dividend paid out in 1Q 2008.

Net financial debt at 31 March 2009 stood at €3,177.0 million as compared with €2,928.5 million at 31 December 2008.

Net financial debt

(in thousands of euros)	National currency	Foreign currency	Total
Cash and cash equivalents	(3,178)	(11,416)	(14,594)
Long-term debenture loans	1,258,716	-	1,258,716
Long-term credits	1,588,501	54,738	1,643,239
Promissory notes and short-term credits	282,907	6,714	289,621
Total net financial debt	3,126,946	50,036	3,176,982



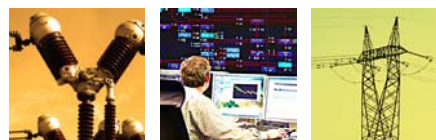
As regards interest rates, 73% of the Group's net debt is contracted at fixed rates and the remaining 27% at variable rates.

In 1Q 2009 the average cost of the Group's borrowings was 3.75% and the average balance was €3,145.5 million. In the same period of 2008, the average cost of borrowings was 4.34% and the average balance was €2,853.8.

At 31 March 2009, the Red Eléctrica Group's equity totalled €1,398.7 million, having grown by 4.7% on year-end 2008 due to the profit for the period, partially compensated by the valuation of the financial instruments.

4. Relevant events during the period

- **Interim dividend pay-out:** On 2 January 2009, an interim dividend of 0.4487 euros per share was paid out of 2008 profit, representing an increase of 16% on the previous year.
- **ICO loan of €150 million:** Red Eléctrica de España and the Official Credit Institute (Instituto de Crédito Oficial - ICO) entered into a loan agreement in March for the sum of €150 million, for a seven-year term, to finance the Company's investment plan.
- **Annual General Meeting:** In a meeting held on 26 March 2009, the Board of Directors agreed to call the Annual General Meeting for 20 May 2009, on first call, and 21 May 2009, on second call.



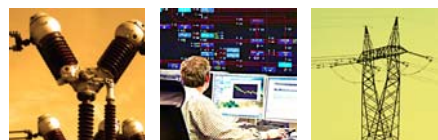
Red Eléctrica Group

Consolidated Income Statement

(in thousands of euros)	31/03/2009	31/03/2008	2009/2008
Net Sales	291,983	277,595	5.2%
Self constructed assets	3,280	530	-
Supply costs	(7,386)	(7,824)	(5.6%)
Other operating income	6,791	1,588	-
Staff costs	(25,515)	(23,535)	8.4%
Other operating expenses	(49,721)	(43,521)	14.2%
Gross operating profit	219,432	204,833	7.1%
Amortisation/depreciation of non-current assets	(65,250)	(62,926)	3.7%
Charges from subsidies on non-financial fixed assets	2,189	2,005	9.2%
Impairments and the effect of disposal of fixed assets	5	205	-
Net operating profit	156,376	144,117	8.5%
Financial income	123	334	-
Financial expenses	(25,177)	(29,170)	(13.7%)
Net profit/(loss) on changes in the fair value of financial instruments	(216)	(56)	-
Financial results	(25,270)	(28,892)	12.5%
Share of profit of associates accounted for using the equity method	199	122	-
Profit before tax	131,305	115,347	13.8%
Income tax expense	(39,071)	(34,214)	14.2%
Consolidated results for the period	92,234	81,133	13.7%
A) Consolidated results attributable to the dominant company	92,235	81,134	13.7%
B) Consolidated results attributable to the minority interests	(1)	(1)	-

Note relating to the Income Statement:

Financial Results for the first quarter of 2008 have been reclassified in accordance with the formats provided in Circular 1/2008 from the National Securities Market Commission (CNMV).



Red Eléctrica Group Consolidated Balance Sheet

Assets (in thousands of euros)	31/03/2009	31/12/2008
Total non-current assets	5,397,992	5,363,682
Total current assets	528,465	449,573
Total assets	5,926,457	5,813,255

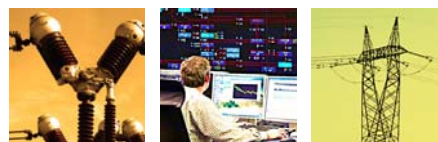
Liabilities (in thousands of euros)	31/03/2009	31/12/2008
Equity	1,398,722	1,336,557
Total non-current liabilities	3,456,477	3,407,010
Current liabilities	1,071,258	1,069,688
Total liabilities	5,926,457	5,813,255

Consolidated Cash Flow Statement

(in thousands of euros)	31/03/2009	31/03/2008
CASH FLOW FROM OPERATING ACTIVITIES	69,386	(22,307)
Profits before tax	131,305	115,347
Adjustment to the results	86,790	91,314
Changes in current capital	(135,722)	(211,754)
Other cash flows from operations	(12,987)	(17,214)
CASH FLOWS FROM INVESTMENT ACTIVITIES	(248,315)	(162,958)
Payments for investments	(254,176)	(168,772)
Collections from divestments	84	(133)
Other collections/(payments) from investment activities	5,777	5,947
CASH FLOWS FROM FINANCING ACTIVITIES	177,279	184,523
Changes in equity	(6,690)	(14,978)
Collections/(payments) from financial liability instruments	244,372	251,709
Dividends paid	(60,403)	(52,208)
Effect of foreign exchange fluctuation on cash and cash equivalents	379	(386)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT DURING THE PERIOD	(1,271)	(1,128)
Cash and equivalent at the beginning of the period	15,865	11,337
Cash and equivalent at the close of the period	14,594	10,209

Note relating to the cash flow statement:

Cash flows from operating activities for the first quarter of 2008 have been reclassified in accordance with the formats provided in Circular 1/2008 from the National Securities Market Commission (CNMV).



Financial calendar Upcoming events

Estimated dates

1H2009 results

24-31th July 2009

For further information:

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Red Eléctrica has the following credit ratings: AA- from S&P and A2 from Moody's.



Disclaimer

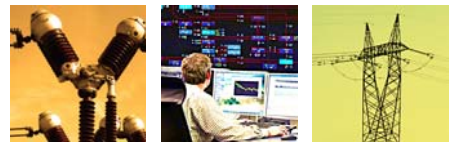
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ANNEX I Social Responsibility -2008 Achievements



Red Eléctrica has renewed for the third consecutive year, its inclusion in the Dow Jones Sustainability Indexes (DJSI), due to its social responsibility practices. In 2008 it scored 71 points out of 100, close to the best in the sector worldwide with a score of 83. However, REE has been expelled from the European DJSI STOXX Indexes after three consecutive years.



Red Eléctrica was selected for the results obtained in the area of sustainable development in the category SAM Silver in Sustainability Yearbook 2008. This distinction arises from achieving an outstanding result in the electricity sector as being one of the twelve top companies in the world.



Red Eléctrica was selected to participate in the FTSE4Good Corporate Social Responsibility index, which includes those companies worldwide with the greatest commitment in the corporate responsibility area.



Red Eléctrica was included in the new FTSE4Good IBEX index, the first corporate responsibility index in Spain, launched on 9 April 2008.



According to the analysis of the OEKOM, the German agency specialized in evaluations related to social responsibility; REE received the qualification as PRIME (B) in recognition of excellence in corporate sustainability and responsibility, what places REE as the second most responsible company within the public supply sector.



REE renewed certification under the SA8000 norm for corporate responsibility, which demonstrates that REE has developed an efficient and active corporate social responsibility management system.



REE has been included for the third consecutive year in the ranking of the 100 best companies with the highest reputation (merco EMPRESAS). REE holds the 61st position. REE for the second consecutive year improved its points scored position in merco PERSONAS and holds position number 26.



Red Eléctrica was the second best company most valued in the study "Culture, Policies and Practice of Responsibility of the companies in the IBEX 35".



For the third consecutive year REE obtained the best score among the companies that are listed in the IBEX 35 index in the annual ranking for "Corporate Social Responsibility in the annual reports of the IBEX 35 companies".



REE is part of the initiative "Caring for Climate: the business leadership platform", included within the World Pact, the objective of which is to capture civilian support in the leadership in the battle against climate change.



REE received the European Environmental Prize 2007-08, Spanish section, granted by the Fundación Entorno-BCSD España, for its Project of the Control Centre for Special Regimes (CECRE), in the category "Product for Sustainable Development".