

RED
ELÉCTRICA
CORPORACIÓN

Financial results

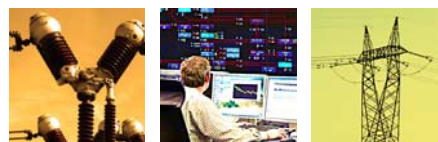
January - June 2009

Profits for the first half of 2009 amounted to €171.2 million, up 13% on the same period in 2008.

Total investments by the Red Eléctrica Group amounted to €270.3 million, up 4% on the same period in the previous year.

Index

1. Red Eléctrica: Financial highlights	2
2. Evolution of results	3
3. Cash flow and balance sheet	4
4. Relevant events during the quarter	5
Consolidated Income Statement .	6
Consolidated Balance Sheet ...	7
Consolidated Cash Flow Statement	8
Financial calendar	9
Annex	10



1. Red Eléctrica: Financial Highlights

Income Statement

(in thousands of euros)	January - June			April - June		
	2009	2008	Δ %	2009	2008	Δ %
Net Sales	583,270	559,269	4.3	291,287	281,674	3.4
Gross operating profit (EBITDA)	411,303	389,130	5.7	191,871	184,297	4.1
Net operating profit (EBIT)	285,017	267,140	6.7	128,641	123,023	4.6
Profit before taxes	241,625	213,878	13.0	110,320	98,531	12.0
Profit attributed to the parent company	171,207	151,417	13.1	78,972	70,283	12.4

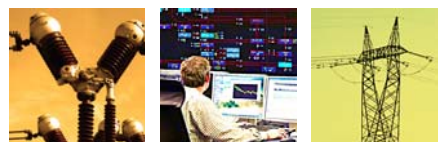
Balance Sheet

(in thousands of euros)	June 2009	December 2008	Δ %
Total non-current assets	5,459,698	5,363,682	1.8
Equity	1,354,887	1,336,557	1.4
Net financial debt (*)	2,989,858	2,928,542	2.1

(*) Includes exchange rate derivatives.

Other financial figures

(in thousands of euros)	January - June			April - June		
	2009	2008	Δ %	2009	2008	Δ %
Cash flow from operations	331,719	310,724	6.8	139,702	133,688	4.5
Capital expenditures	270,310	260,367	3.8	163,307	155,043	5.3
Dividends paid	60,403	52,208	15.7	-	-	-



2. Evolution of results

Turnover in the first half of 2009 amounted to €583.3 million, up 4.3% largely due to the increase in the asset base to be remunerated owing to the facilities started up in 2008, despite the negative evolution of the inflation.

EBITDA amounts to €411.3 million, up 5.7% on the same period in 2008, due to the increase in turnover and the development of operating expenses that have increased by 3.2%:

- **Supply costs and other operating expenses** have increased by 6.0%, compared with the same period in the previous year, and reflect costs associated with claims arising in the first half of the year, largely as a result of the strong winds in January. These costs are largely offset by insurance indemnities, included in other operating income. Setting aside this effect, the real increase in expenses would be 1.7% compared with the previous year.
- **Staff costs** have increased by 7.1% with respect to the same period in the previous year, largely due to growth of 9.1% in the average headcount, which at 30 June 2009 stands at 1,615 people.

Operating Expenses

(in thousands of euros)	January - June			April - June		
	2009	2008	Δ %	2009	2008	Δ %
Supply cost and other operating expenses	129,077	126,926	1.7	78,105	76,504	2.1
Staff costs	51,130	47,760	7.1	25,615	24,225	5.7
Operating expenses	180,207	174,686	3.2	103,720	100,729	3.0

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

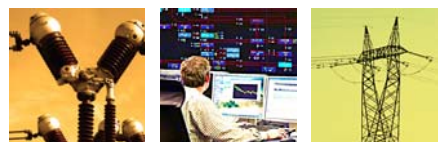
Depreciation for the year has increased by 3.6% largely due to facilities started up in 2008.

For this reason **EBIT** has increased by 6.7% compared with the same period in 2008.

Financial results amounted to €43.8 million compared with €53.5 million in the first half of 2008. Financial income amounted to €5.0 million and includes €4.4 million in respect of the dividend paid by REN. Financial expenses amounted to €48.2 million compared with €58.5 million in the first half of the previous year, mainly as a result of the cut in interest rates.

The effective tax rate has stood at 29.1%, in line with that in the first half of the previous year.

Lastly, **Profit for the year** increased by 13.1% compared with the same period in 2008.



3. Cash flow and balance sheet

Cash flow

(in thousands of euros)	January - June			April - June		
	2009	2008	Δ %	2008	2007	Δ %
Profit before taxes	241,625	213,878	13.0	110,320	98,531	12.0
Income taxes paid	(32,403)	(20,518)	57.9	(32,403)	(20,476)	58.2
Amortization & depreciation of non-current assets	130,753	126,233	3.6	65,503	63,307	3.5
Other adjustments	(8,256)	(8,869)	(6.9)	(3,718)	(7,674)	-
Cash flow from operations after tax	331,719	310,724	6.8	139,702	133,688	4.5
Changes in working capital and other long-term assets and liabilities	(62,836)	(139,072)	(54.8)	206,147	132,141	56.0
Capital expenditures	(270,310)	(260,367)	3.8	(163,307)	(155,043)	5.3
Free cash flow	(1,427)	(88,715)	(98.4)	182,542	110,786	64.8
Dividends paid	(60,403)	(52,208)	15.7	-	-	-
Change in net financial debt	61,830	140,923	(56.1)	(182,542)	(110,786)	(64.8)

(*) 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 tax increased by 6.8% compared with the same period in 2008, basically as a result of operating results for the year. This cash flow has been sufficient to finance practically all operating needs, including dividends, and has increased the debt by €61 million.

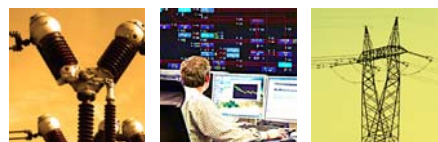
Investments carried out by the Group in the first half of 2009 amounted to €270.3 million, up 3.8% on those carried out in the same period in 2008. Investments in the first half of the year largely relate to the development of the national transmission grid and amounted to €256.7 million.

Dividends paid at 30 June 2009 amount to €60.4 million and are up 15.7% on the payment on account made in the same period in 2008.

Red Electrica Group's **Net financial debt** at 30 June 2009 amounts to €2,989.9 million, up 2.1% on the figure at the 2008 year end.

Net financial debt

(in thousands of euros)	National currency	Foreign currency	Total
Cash and cash equivalents	(60,283)	(7,778)	(68,061)
Long-term debenture loans	1,258,872	-	1,258,872
Long-term credits	1,625,898	51,061	1,676,959
Promissory notes and short-term credits	115,197	6,891	122,088
Total net financial debt	2,939,684	50,174	2,989,858



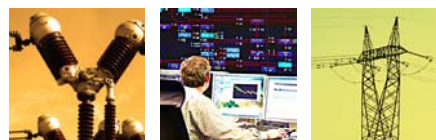
The debt structure has not presented significant variations in this period. The long-term debt accounts for 97%. With regard to interest rates, 77% percent of the Group's net debt is at a fixed rate while the remaining 23% is at a variable rate.

Similarly, in the first half of 2009, the average cost of the Group's financial debt stood at 3.62%, while the average balance amounted to €3,138.8 million. In the same period in 2008, the average cost of the debt stood at 4.35%, while the average balance amounted to €2,894.0 million.

At 30 June 2009, the Red Electrica Group's **Equity** amounted to €1,354.9 million, up 1.4% on the 2008 year end. This increase results from profits for the period and the valuation of hedging derivatives.

4. Relevant events during the period

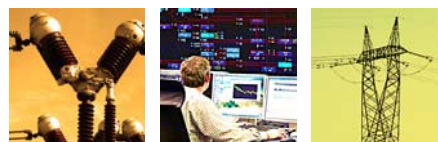
- **General Shareholders' Meeting:** On 21 May the General Shareholders' Meeting was held, during which the annual accounts of Red Electrica were approved together with the distribution of dividends and the management of the Board of Directors.
- **Rating:** The rating agency, Moody's, has maintained the credit rating of Red Eléctrica de España, S.A.U at A2 in its annual review. In its report, Moody's states that the Company has maintained stable ratios in line with previous years, although it is in a period of major investment.
- **Payment of dividends:** On 1 July €0.8310 was paid per share as a complementary dividend for 2008.



Red Eléctrica Group

Consolidated Income Statement

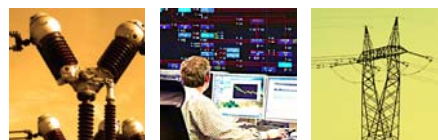
(in thousands of euros)	30/06/2009	30/06/2008	2009/2008
Net Sales	583,270	559,269	4.3%
Self constructed assets	6,957	2,440	-
Supply costs	(16,977)	(22,226)	(23.6%)
Other operating income	8,722	4,016	-
Staff costs	(51,130)	(47,760)	7.1%
Other operating expenses	(119,539)	(106,609)	12.1%
Gross operating profit	411,303	389,130	5.7%
Amortisation/depreciation of non-current assets	(130,753)	(126,233)	3.6%
Charges from subsidies on non-financial fixed assets	4,463	4,027	10.8%
Impairments and the effect of disposal of fixed assets	4	216	(98.1%)
Net operating profit	285,017	267,140	6.7%
Financial income	5,001	4,813	3.9%
Financial expenses	(48,238)	(58,511)	(17.6%)
Exchange differences	(599)	67	-
Net asset impairment profit/(loss)	-	93	-
Financial results	(43,836)	(53,538)	(18.1%)
Share of profit of associates accounted for using the equity method	444	276	60.9%
Profit before tax	241,625	213,878	13.0%
Income tax expense	(70,419)	(62,460)	12.7%
Consolidated results for the period	171,206	151,418	13.1%
A) Consolidated results attributable to the dominant company	171,207	151,417	13.1%
B) Consolidated results attributable to the minority interests	(1)	1	-



Red Eléctrica Group Consolidated Balance Sheet

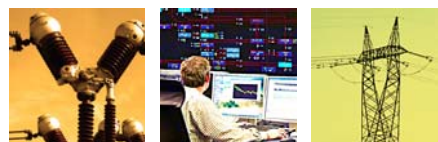
Assets (in thousands of euros)	30/06/2009	31/12/2008
Intangible assets	2,239	2,873
Tangible fixed assets	5,312,938	5,174,033
Property, plant and equipment	2,432	2,456
Investments accounted by the equity method	5,105	4,941
Non-current financial assets	86,781	128,370
Deferred tax assets	50,203	51,009
Total non-current assets	5,459,698	5,363,682
Non-current assets available for sale	601	601
Inventories	52,546	43,780
Trade and other receivables	345,254	389,154
Current financial assets	1,758	173
Cash and cash equivalent	68,061	15,865
Total current assets	468,220	449,573
Total assets	5,927,918	5,813,255

Liabilities (in thousands of euros)	30/06/2009	31/12/2008
Equity	1,356,412	1,298,396
Share capital	270,540	270,540
Other reserves	937,851	824,325
Treasury shares (-)	(23,186)	(22,185)
Results attributable to the dominant company	171,207	286,119
Advances against dividends	-	(60,403)
Valuation adjustments	(1,579)	38,100
Minority interests	54	61
Equity	1,354,887	1,336,557
Subsidies and other non-current advance collections	298,894	280,776
Provisions	45,706	45,830
Other financial liabilities	2,908,628	2,826,932
Deferred tax liabilities	147,965	163,284
Other non-current liabilities	87,967	90,188
Total non-current liabilities	3,489,160	3,407,010
Provisions	1,251	2,430
Current financial liabilities	782,184	775,413
Trade and other payables	300,436	291,845
Current liabilities	1,083,871	1,069,688
Total liabilities	5,927,918	5,813,255



Consolidated Cash Flow Statement

(in thousands of euros)	30/06/2009	30/06/2008
CASH FLOW FROM OPERATING ACTIVITIES	364,222	173,712
Profits before tax	241,625	213,878
Adjustment to the results-	167,726	179,747
Amortisation & depreciation of non-current assets	130,753	126,233
Other adjustments to the results (net)	36,973	53,514
Changes in current capital	11,107	(156,551)
Other cash flows from operations	(56,236)	(63,362)
Interest payments	(26,247)	(44,335)
Collection of dividends	4,603	5,419
Collections/(payments) of income taxes	(32,403)	(20,518)
Other collections/(payments) from operations	(2,189)	(3,928)
CASH FLOWS FROM INVESTMENT ACTIVITIES	(363,717)	(262,427)
Payments for investments	(386,559)	(273,979)
Tangible, intangible fixed assets and property investments	(386,357)	(273,927)
Other financial assets	(202)	(52)
Collections from divestments	189	24
Tangible, intangible fixed assets and property investments	-	(9)
Other financial assets	189	33
Other collections/(payments) from investment activities	22,653	11,528
CASH FLOWS FROM FINANCING ACTIVITIES	51,819	281,483
Changes in equity	(1,804)	(6,575)
Acquisition	(64,847)	(107,617)
Disposal	63,043	101,042
Collections/(payments) from financial liability instruments	114,026	340,266
Issue and disposal	668,573	1,056,242
Return and amortisation	(554,547)	(715,976)
Dividends paid	(60,403)	(52,208)
Effect of foreign exchange fluctuation on cash and cash equivalents	(128)	(22)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT DURING THE PERIOD	52,196	192,746
Cash and equivalent at the beginning of the period	15,865	11,337
Cash and equivalent at the close of the period	68,061	204,083



Financial calendar Upcoming events

Estimated dates

9M2009 results

October 2009

For further information:

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



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ANNEX I Social Responsibility



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.



Red Eléctrica was selected for the results obtained in the area of sustainable development in the category SAM Bronze in Sustainability Yearbook 2009. This distinction arises from achieving an outstanding result in the electricity sector as being one of the fourteen 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.



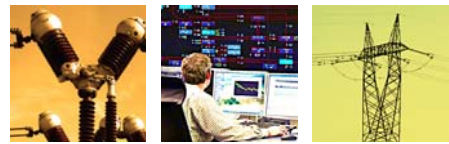
Red Eléctrica was included in the new FTSE4Good IBEX index, the first corporate responsibility index in Spain, launched on 9 April 2008.



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 fourth consecutive year in the ranking of the 100 best companies with the highest reputation (merco EMPRESAS). REE holds the 55th position. Besides, REE holds position number 28 in mercoPERSONAS.



Red Eléctrica was the first company 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".



Red Eléctrica has been included in the ECPI Ethical Index Euro because of its responsible environmental, social and corporate governance practices.