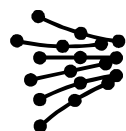


The release of the financial results for the first half of 2005 has been changed in accordance with the significant event of march 6th, 2006. This change has not impacted the Profit attributable to the parent company.



RED ELÉCTRICA DE ESPAÑA

13 February 2005

CONSOLIDATED PROFIT FOR 2005

The figures for 2005 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 inclusion 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 to Unión Fenosa, effective from 1 January 2005, which generated a capital gain before taxes of Euros 23.5 million.
- The incorporation of the assets of Electra del Viesgo, effective from 1 January 2005, once the corresponding administrative authorisations were obtained in September.

Consolidated investments amount to Euros 755.5 million (including the Euros 247.3 million for 75% of Redalta shares), compared to Euros 274.6 million the prior year.

The gross operating profit (EBITDA) has risen by 19.1%, mainly due to the incorporation of Inalta.

The profit for the year after taxes totalled Euros 162.4 million, compared to Euros 135.8 million in 2004, representing an increase of 19.6%.

PRINCIPAL INDICATORS

Consolidated profits IFRS (thousands of Euros)	2005	2004	Var. (%)
Turnover	860,163	738,830	16.4
Gross Operating Profit (EBITDA)	591,129	496,369	19.1
Net Operating Profit (EBIT)	332,164	307,229	8.1
Profit before taxes on continuing operations	262,044	240,453	9.0
Profit for the year on continuing operations	176,704	159,276	10.9
Profit attributable to the parent company	162,422	135,806	19.6

Investor Relations
Paseo Conde de los Gaitanes, 177
28109 Alcobendas - Madrid

Irene Gómez
igomez@ree.es
91 453 33 57

Amanda Cedeño
acedeno@ree.es
91 659 91 11



CONSOLIDATED PROFITS FROM 2005

Turnover is Euros 860.2 million in 2005, up 16.4% on 2004 fundamentally due to:

- inclusion of income associated with the transmission assets of Inalta for ten and a half months, totalling Euros 107.6 million,
- increase in transmission activity income resulting essentially from the installations commissioned 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 prior year.

Consolidated operating expenses total Euros 274.6 million, up 11.4% on the Euros 246.4 million recorded for 2004, and include:

- Other operating expenses and supplies, which have increased to Euros 196.5 million, up 10.3% compared to 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. There have also been fewer expenses associated with engineering and construction work for third parties.
- Personnel expenses of Euros 78.1 million, an increase of 14.5% compared to 2004. These expenses include Euros 4.6 million comprising the additional provision for employee electricity rates.

The Group's average headcount has risen by 10.8% to 1,355 employees at 31 December 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.

The Group's final headcount totals 1,401 employees, compared to 1,286 employees at 31 December 2004.

Gross consolidated operating profit (EBITDA) is Euros 591.1 million, up 19.1% on 2004.

Amortisation and depreciation charges amount to Euros 259.0 million compared to Euros 189.1 million for 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 in 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 332.2 million, representing an increase of 8.1% compared to 2004.



Consolidated losses on financial operations total Euros –104.1 million, compared to Euros –73.2 million in 2004. The increase is mainly due to the financial expenses associated with the acquisition of the remaining 75% of Redalta.

In the fourth quarter, the Company's has completed the refinancing of its debt, strengthening its financial structure and ensuring it has a healthy balance between bank debt and issues of securities, with a strong proportion of long-term financing.

Disposal of non-current assets has generated a profit of Euros 23.5 million, mainly comprising the sale of assets to Unión Fenosa.

The **profit before taxes from continuing operations** totalled Euros 262.0 million, up 9.0% on 2004.

The **profit after tax from continuing operations** amounted to Euros 176.7 million, representing an increase of 10.9% compared to 2004. The tax rate was 32.6%, compared to 33.8% in the prior year.

The profit after tax from discontinued activities totals Euros -14.3 million and includes the losses of albura to 30 June 2005 and the capital loss from the sale of 100% of the shares of this company.

Profit after taxes amounted to Euros 162.4 million, up 19.6% on the Euros 135.8 million from 2004.

Consolidated investments amounted to Euros 755.5 million in 2005. Of these investments, Euros 420.2 million relate to the extension and improvement of the transmission network, Euros 247.3 million to the acquisition of 75% of the shares and participating loan of Redalta, Euros 45.1 million for the acquisition of the transmission network from Viesgo and Euros 42.9 million for other investments. There have been a 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 high-speed train development
- An increase in the transmissions interconnections capacity of Morocco.

At 31 December 2005, **net financial debt** totals Euros 2,791.1 million, up Euros 945.3 million on the Euros 1,845.8 million recorded at 31 December 2004. This increase is due mainly to of the transmission network of Inalta and the investments in the transmission network throughout the year.

The rating agencies Moody's y Standard&Poor's maintained the ratings of Red Eléctrica de España at A2 y AA-, respectively, after analyzing the acquisition of the remaining 75% of Redalta.



The leverage ratio (net financial debt as a percentage of shareholders' equity plus net financial debt) is 74.4%. The structure of financial debt is as follows:

Thousands of Euros	Euros	Foreign Currency	Total
Short-term Investments	-31	-	-31
Cash in hand and at banks	-7,305	-11,463	-18,768
Long-term debentures	1,252,696	-	1,252,696
Long-term loans	1,213,363	71,465	1,284,828
Promissory notes and short-term loans	267,769	4,640	272,409
Total Net Financial Debt	2,726,492	64,642	2,791,134

INTERNATIONAL BUSINESS

The contribution made by TDE to the principal indicators of the 2005 consolidated income statement is turnover of Euros 19.5 million, EBITDA of Euros 13.1 million, Euros 7.8 million EBIT and profit after tax of Euros 5.7 million.

Dividends

In 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 paid.

SIGNIFICANT EVENTS

TRANSMISSION AND SYSTEM OPERATION REVENUES FOR 2006

In accordance with Royal Decree 1556 of 23 December 2005, revenues recognised by Red Eléctrica de España and Inalta for transmission activity in 2006 totals Euros 725.0 million and Euros 131.0 million, respectively.

These amounts include income from transmission assets commissioned in 2005, from when they entered service, as well as the incentive for availability of installations that totals Euros 11.8 million.

Revenues for system operation in 2006 recognised by Red Eléctrica de España totals Euros 34.8 million, which includes income for operation of the Company's system in the islands, in accordance with Royal Decree 1747 of 19 December 2003, which regulates operation of electricity systems on the peninsula and the islands.

INTERIM DIVIDEND

At the meeting held on 24 November 2005, the board of directors of Red Eléctrica de España, S.A., agreed to distribute a dividend on account of the profit for 2005, detailed as follows:

Gross amount	Euros 0.270800 per share
Withholding	Euros 0.040620 per share
Net amount	Euros 0.230180 per share



The dividend agreed is up 14.0% on that distributed on account of the profit for 2004. Settlement of the dividend for all profit-sharing shareholders took place on 2 January 2006.



RED ELECTRICA GROUP

Income Statement

	Thousands of Euros		%
	31-Dec-2005	31-Dec-2004	
Net turnover	860,163	738,830	16.4
Other operating income	5,520	3,915	41.0
Materials consumed	(26,432)	(18,365)	43.9
Personnel expenses	(78,080)	(68,188)	14.5
Other operating expenses	(170,042)	(159,823)	6.4
Gross operating profit (EBITDA)	591,129	496,369	19.1
Depreciation and amortisation of non-current assets	(258,965)	(189,140)	36.9
Net operating profit (EBIT)	332,164	307,229	8.1
Financial income	4,604	2,716	69.5
Financial expenses	(108,437)	(76,701)	41.4
Exchange difference	(243)	739	-
Net profit/(loss) on variations in value of financial instruments	4,753	(67)	-
Net profit/(loss) due to impairment of assets	(312)	(874)	-64.3
Profits from equity-accounted companies	556	703	-20.9
Profit/(loss) on disposal of non-current assets	23,510	199	-
Other income or expenses	5,449	6,509	-16.3
Profit before tax on continuing activities	262,044	240,453	9.0
Income tax expense	(85,340)	(81,177)	5.1
Profit for the year on continuing activities	176,704	159,276	10.9
Profit after tax on discontinued activities	(14,271)	(23,463)	-39.2
Profit for the year	162,433	135,813	19.6
Minority interests	(11)	(7)	57.1
Profit attributable to parent company	162,422	135,806	19.6



RED ELECTRICA GROUP

Balance Sheet

Assets	Thousands of Euros		%
	31-Dec-2005	31-Dec-2004	2005/2004
Property, plant and equipment	4,174,430	3,022,049	38.1
Investment properties	3,666	1,216	201.5
Goodwill	15,056	13,040	15.5
Intangible assets	8,686	8,844	-1.8
Non-current investments	4,355	17,453	-75.0
Equity-accounted investments	7,142	4,003	78.4
Deferred tax assets	33,973	25,878	31.3
Other non-current assets	688	7,360	-90.7
Non-current assets	4,247,996	3,099,843	37.0
Inventories	35,640	28,037	27.1
Trade and other receivables	347,642	230,638	50.7
Current investments	31	1,234	-97.5
Current tax assets	1,481	930	59.2
Other current assets	5,791	19	-
Cash and cash equivalents	18,768	12,958	44.8
Assets classified as held for sale	-	103,471	-
Current assets	409,353	377,287	8.5
Total Assets	4,657,349	3,477,130	33.9

Shareholders' equity and liabilities	Thousands of Euros		%
	31-Dec-2005	31-Dec-2004	2005/2004
Share capital	270,540	270,540	-
Reserves	264,546	264,546	-
Retained earnings	464,907	383,155	21.3
Own shares	(3,823)	(2,695)	41.9
Exchange differences	2,635	(4,560)	-157.8
Other valuation adjustments	562	(2,743)	-120.5
Interim dividend settled in the year	(36,588)	(32,093)	-
Minority interests	74	55	34.5
Net equity	962,853	876,205	9.9
Issue of liabilities and other marketable securities	1,252,696	849,565	47.5
Loans	1,284,828	783,085	64.1
Deferred tax liabilities	156,776	57,461	172.8
Provisions	34,618	30,329	14.1
Other non-current liabilities	311,669	256,076	21.7
Non-current liabilities	3,040,587	1,976,516	53.8
Issue of liabilities and other marketable securities	16,894	58,020	-70.9
Loans	282,974	189,246	49.5
Trade and other payables	117,177	100,786	16.3
Other current financial liabilities	2,854	3,010	-5.2
Provisions	1,505	1,000	50.5
Current tax liabilities	31,026	25,172	23.3
Other current liabilities	201,479	140,995	42.9
Liabilities associated with assets classified for sale	-	106,180	-
Current liabilities	653,909	624,409	4.7
Total shareholders' equity and liabilities	4,657,349	3,477,130	33.9