

**RED**  
**ELÉCTRICA**  
CORPORACIÓN

## 2009 Highlights

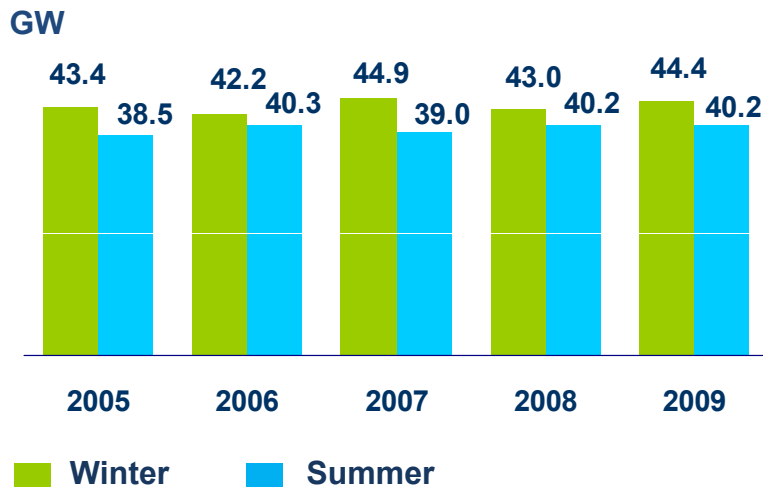
## 2010-2014 Strategic plan

February 25, 2010

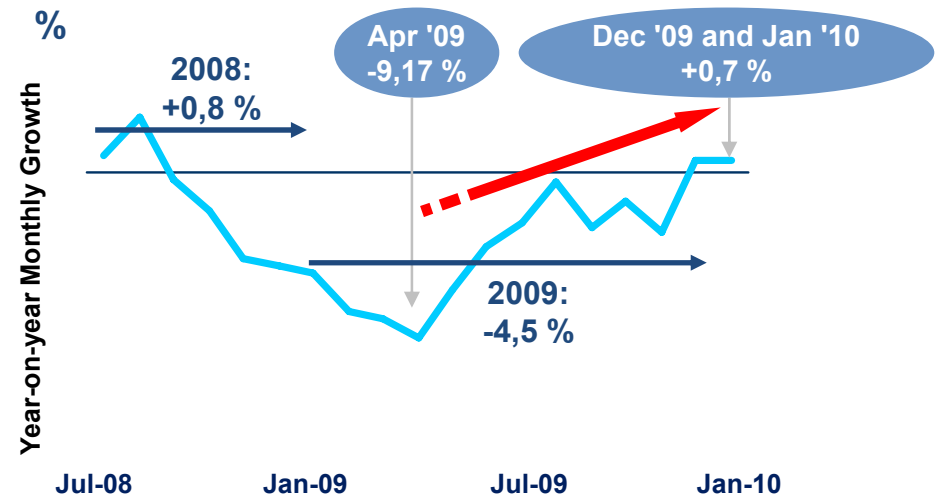


## Sector performance in 2009

### Peak demand still at maximum levels



### Recovery in electricity demand<sup>(1)</sup>



(1) Adjusted for temperature and workability

- n Stable 2010 demand.
- n Long-term demand growth outlook around 2 %.

## 2009 Red Eléctrica achievements

### n Meeting our targets:

- EPS grew 15.5 %.
- DPS\* growth 15.5 %.
- Improved efficiency: operating expenses increased only 4.7 % in 2009 vs. 9.5 % 2005-2008.

### n Record investments: €759 million

- 19.4 % more than in 2008.
- 431 km of lines and 223 positions put into operation.

### n Integration of renewable energies

- Record wind integration (45 % of daily demand and 54% of hourly demand).
- Real-time monitoring of renewable energies and co-generation.

### n Service Quality

- Average interruption time 0.45 min vs. 1.15 in 2008.

\* 2009 dividend proposed by the Board of Directors, subject to approval at the General Shareholders' Meeting.



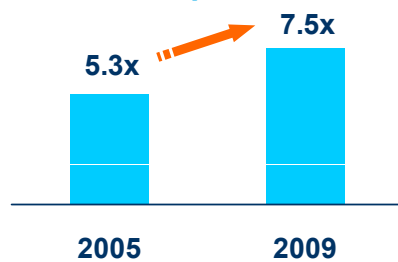
## Results summary

€m	2008	2009	% Growth
Revenue	1,125.9	1,200.1	+6.6 %
<b>EBITDA</b>	771.6	845.6	+9.6 %
Net profit	286.1	330.4	+15.5 %
<b>Investment in Transmission Network</b>	614.0	735.0	+19.7 %

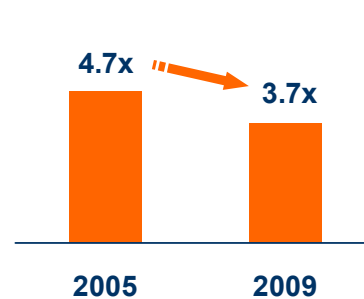
# Financial strength

## Financial ratios

**EBITDA / Gross financial expenses**



**Net Debt/EBITDA**

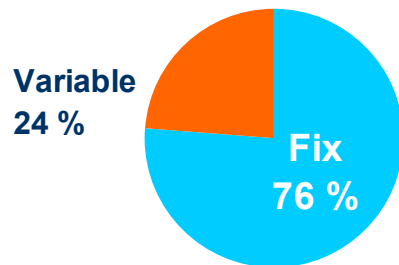


## Debt

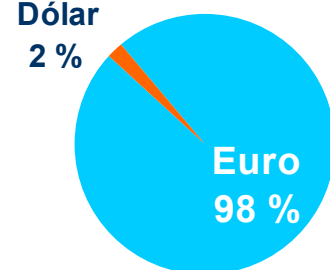
€ million	2008	2009
<b>Net debt</b>	2,929	3,122
<b>Leverage (D/D+Equity)</b>	69 %	68 %
<b>Average cost of debt</b>	4.39 %	3.49 %
<b>Credit rating</b>	AA-/A2	AA-/A2

## Debt breakdown

### Interest Rate

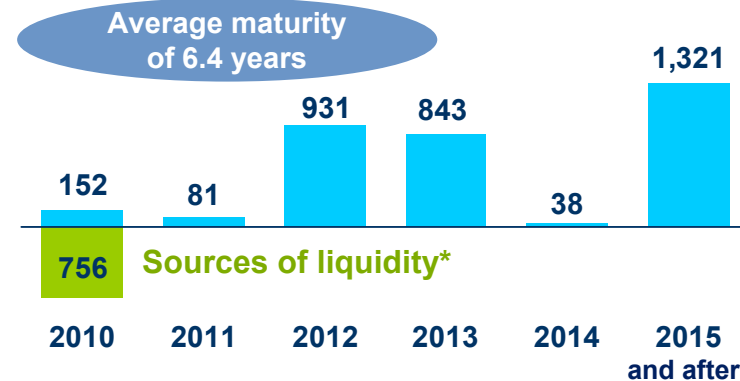


### Currency



\* Includes short-term debt, syndicated loans, and commercial paper.

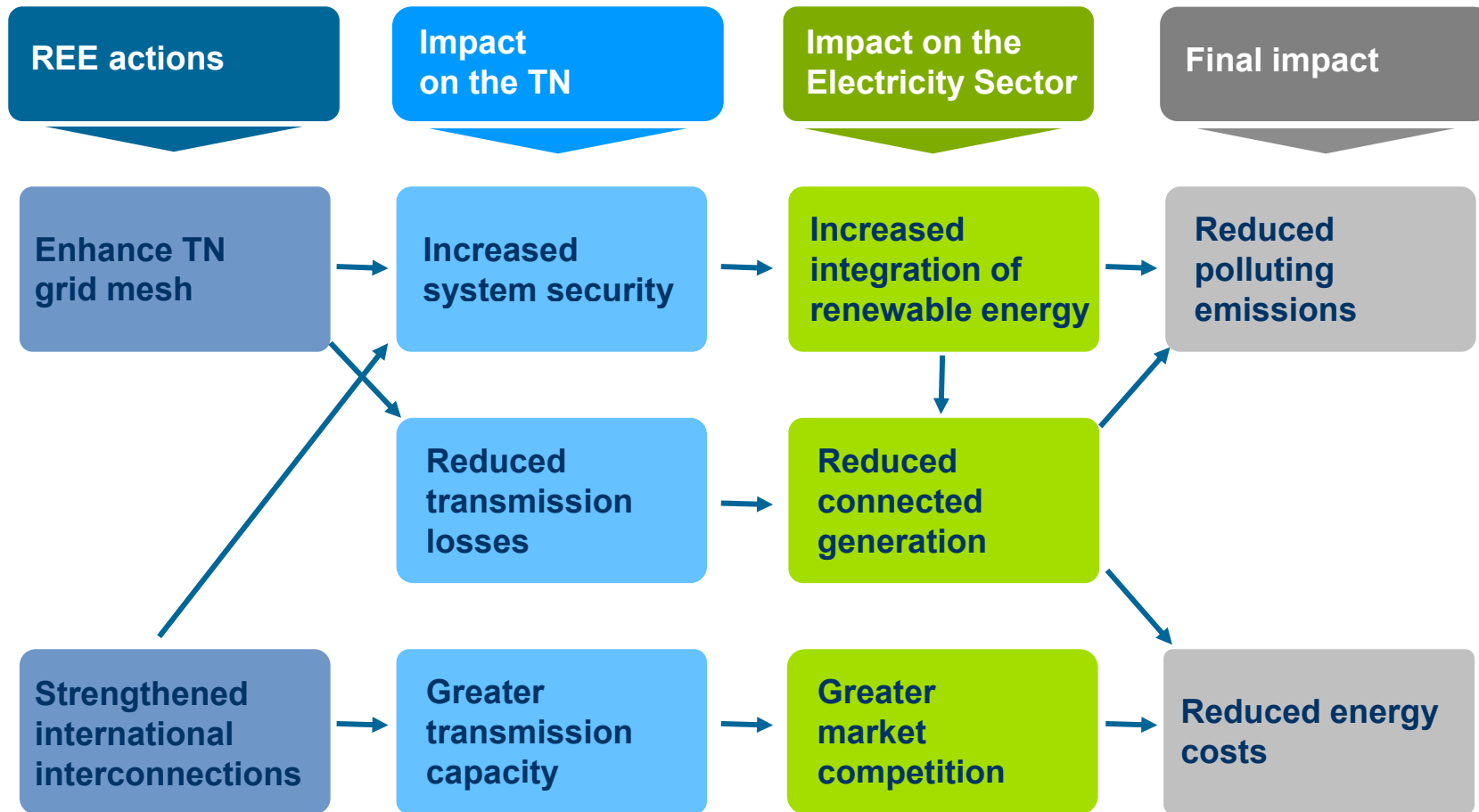
## Debt maturity



Strategic plan  
2010-2014



## Impact of Red Eléctrica's activities in the Electricity Sector



## Key Strategic Lines

**TSO Consolidation:  
Implementation of the infrastructure Plan and Law 17/2007**

**Operating and  
financial efficiency**



**Integration of renewable  
energies and demand  
management**

**Supply security  
and Service Quality**

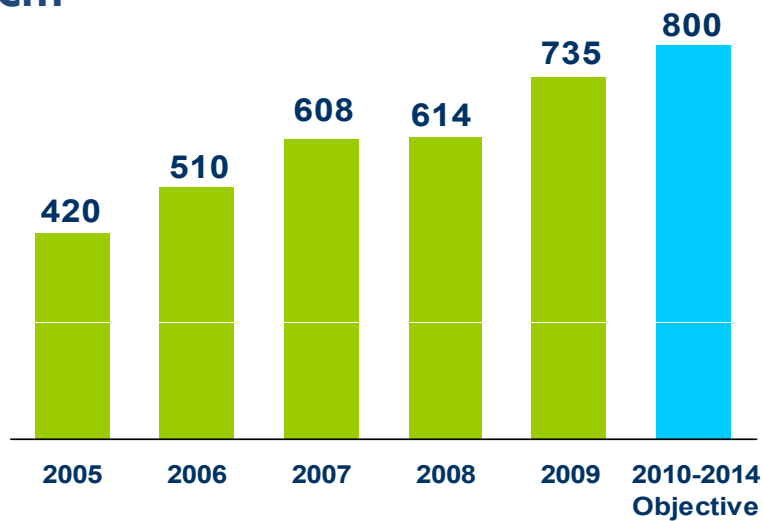


## €4bn investment plan 2010-2014

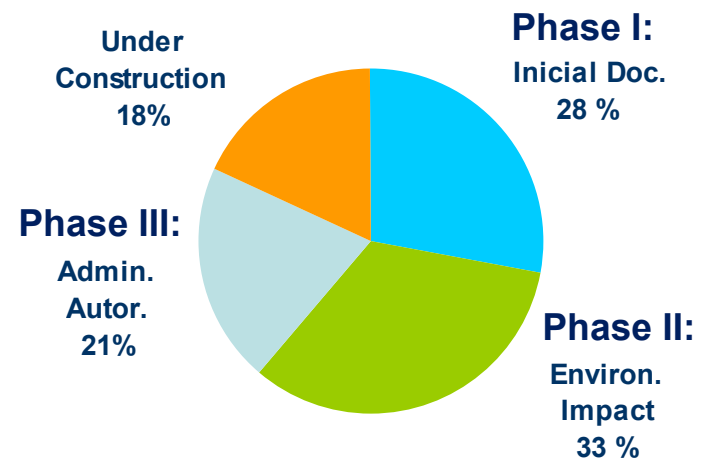
REE investment in the transmission network

5 year plan

€m



% of total investment



- n Significant progress made towards reaching €800 m/yr investment goal.
- n Updated Infrastructure plan through 2020 due end of 2011.

## Greater visibility of singular projects

**Interconnection with France, 2,000 MW**



**Investment: €350m**

**Connection Mainland Spain-Balearic Islands**



**Investment: €420m**

**Connection Mallorca-Ibiza**

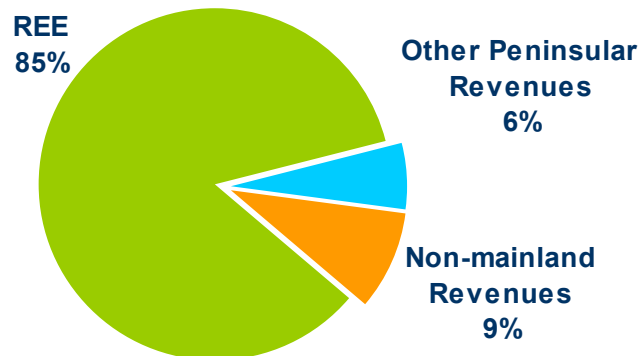


**Investment: €225m**

**Comissioned: 2011-2014**

## Asset acquisition: Deadline July 2010

### Transmission revenues 2010\*



### Specifications of assets that should be acquired

<b>Mainland Spain</b>	<ul style="list-style-type: none"> <li>• 220kV lines.</li> <li>• Compact substations in cities.</li> </ul>
<b>Non-mainland</b>	<ul style="list-style-type: none"> <li>• Transmission Network for 220 kV, 132 kV and 66 kV.</li> </ul>

- n €85m in Peninsular revenues, €131m in extra-peninsular revenues.
- n All transmission assets will be transferred to REE, barring exceptions to be defined by the Ministry of Industry.

\*Source: Ministerial order 3519/2009 on December 28, 2009..

# Growing integration of renewable energies

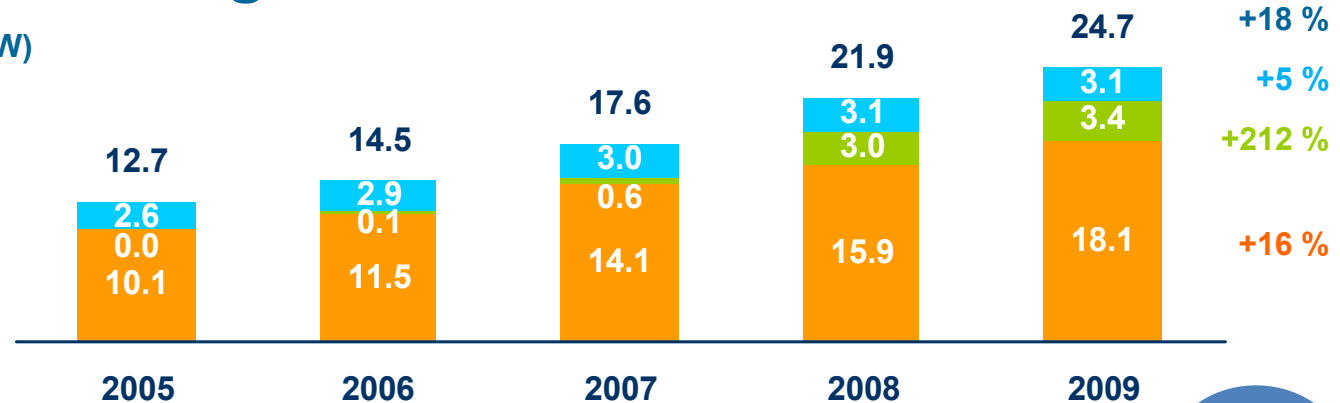
Installed capacity (GW)

Renewable vs. Total Production(\*)

Other Renewables

Solar

Wind



PeakWind Energy Generation (GW)	6.3 GW	7.3 GW	8.4 GW	10.9 GW	11.6 GW
Renewable vs. Total Production(*)	8.1 %	8.7 %	10.2 %	12.1 %	16.4 %

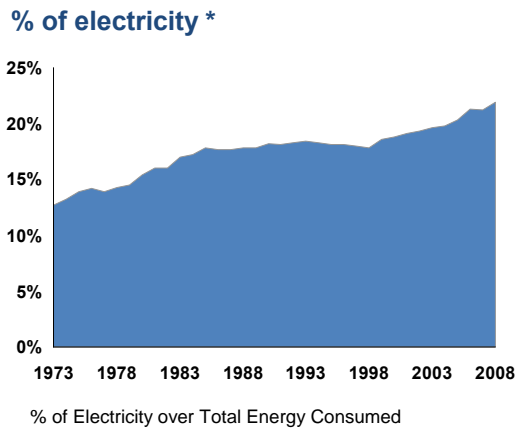
12.9 GW  
Februar  
y 2010

- n 2.7 GW installed renewable capacity in 2009.
- n December 2009 Ministry publication of pre-register priority renewable energy projects.
  - 6,389 MW of wind energy, put into operation before 2012.
  - 2,340 MW of solar thermal energy, put into operation before 2013.

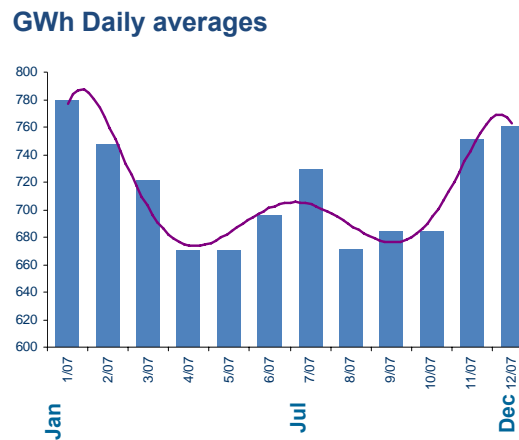
(\*) This does not include hydraulic, biomass, MSW, and industrial solid waste energy production.

# Demand and load curve management

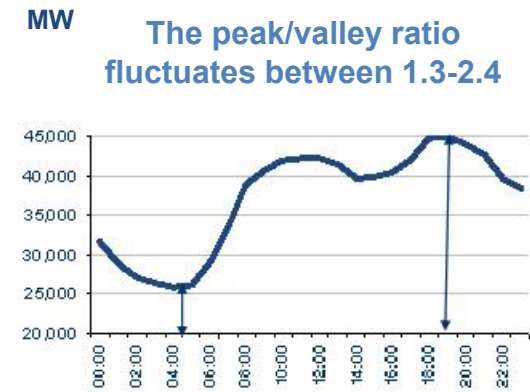
## Higher electricity weighting



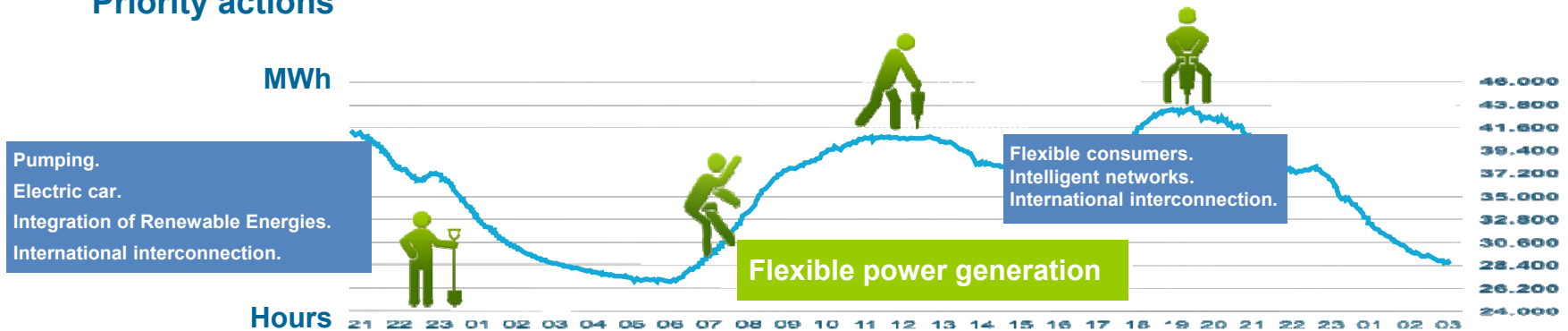
## Demand seasonality



## Peak/valley ratio

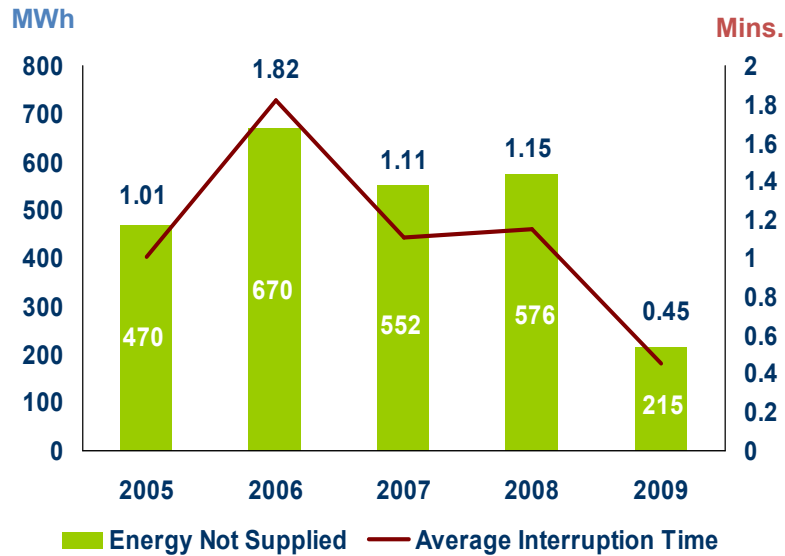


## Priority actions



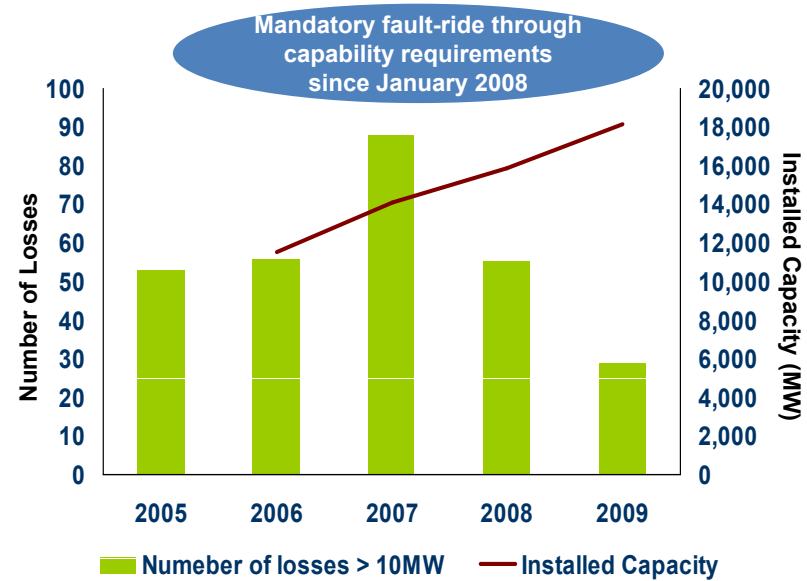
# Supply security and service quality

## Low supply interruptions



Historical minimums despite severe climate conditions.

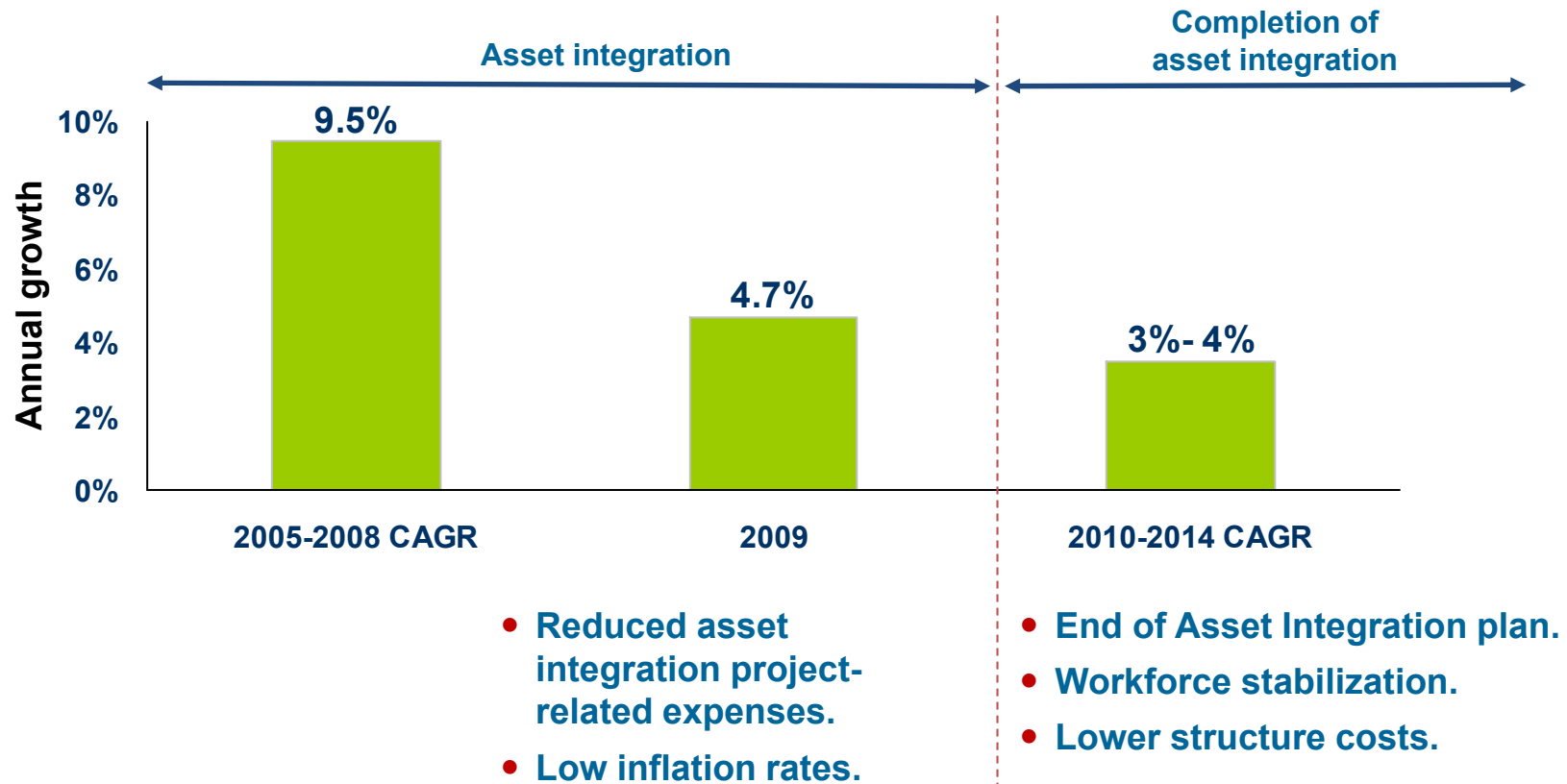
## Reduced wind trippings



Increased wind capacity able to handle the fault-ride-through capability and increased system security.

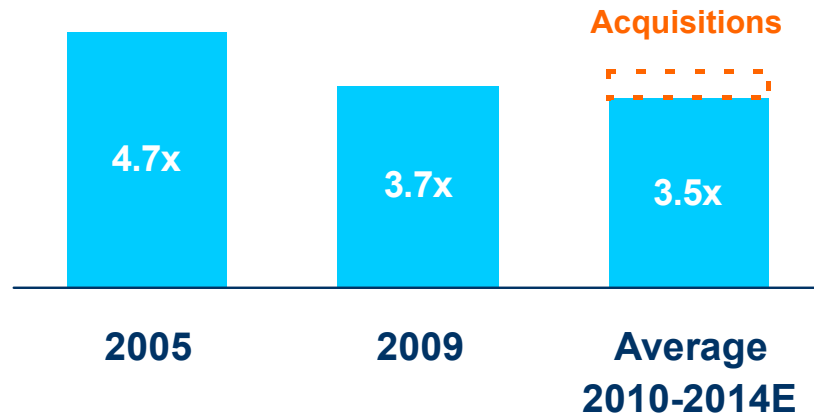
## Focus on efficiency

### Change in operating expenses



## Sound capital structure

Evolution Net Debt/EBITDA

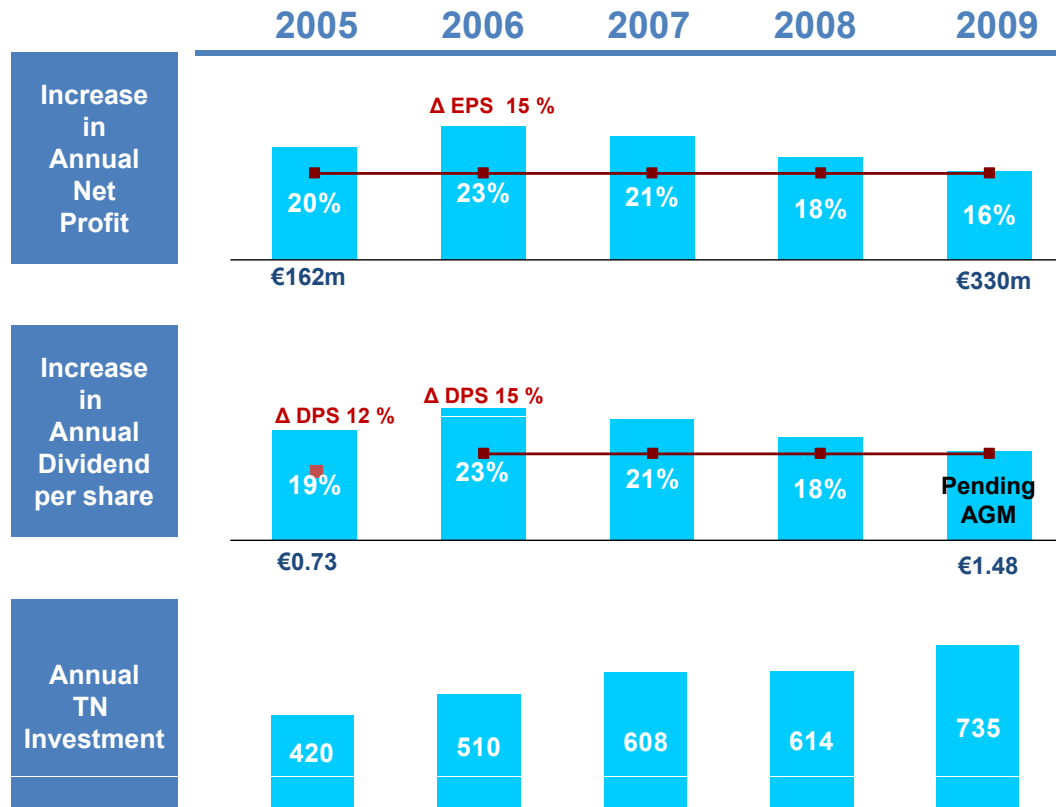


- n Increase of debt in absolute terms, maintaining ratios at a similar level.
- n Capital structure in line with sound credit rating (stable at AA-/A2 since 2003).
- n Acquisitions would imply increased leverage in the first year would go down over the period.



## Confirming our financial goals

### Goals vs. Reality 2004-2009



### Plan 2010-2014

- Maintaining growth pace in the short run.
- EPS growth > 12 % per year in the medium run.
- DPS growth in line with EPS growth.
- €4.000m investment between 2010-2014.