



RED
ELÉCTRICA
CORPORACIÓN

**Ordinary General
Shareholders'
Meeting**

2012



José Folgado Blanco

CHAIRMAN



RED
ELÉCTRICA
CORPORACIÓN

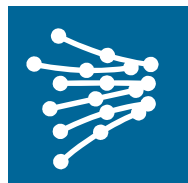
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Rafael García de Diego Barber

SECRETARY TO THE BOARD OF DIRECTORS



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Our commitment



We will continue to strengthen the pillars which guarantee the company's future growth.



Economic context

Global economic performance in 2011

- ◆ Lower than expected growth rates of leading world economies.
- ◆ Even greater stagnation in most of the Euro zone countries.

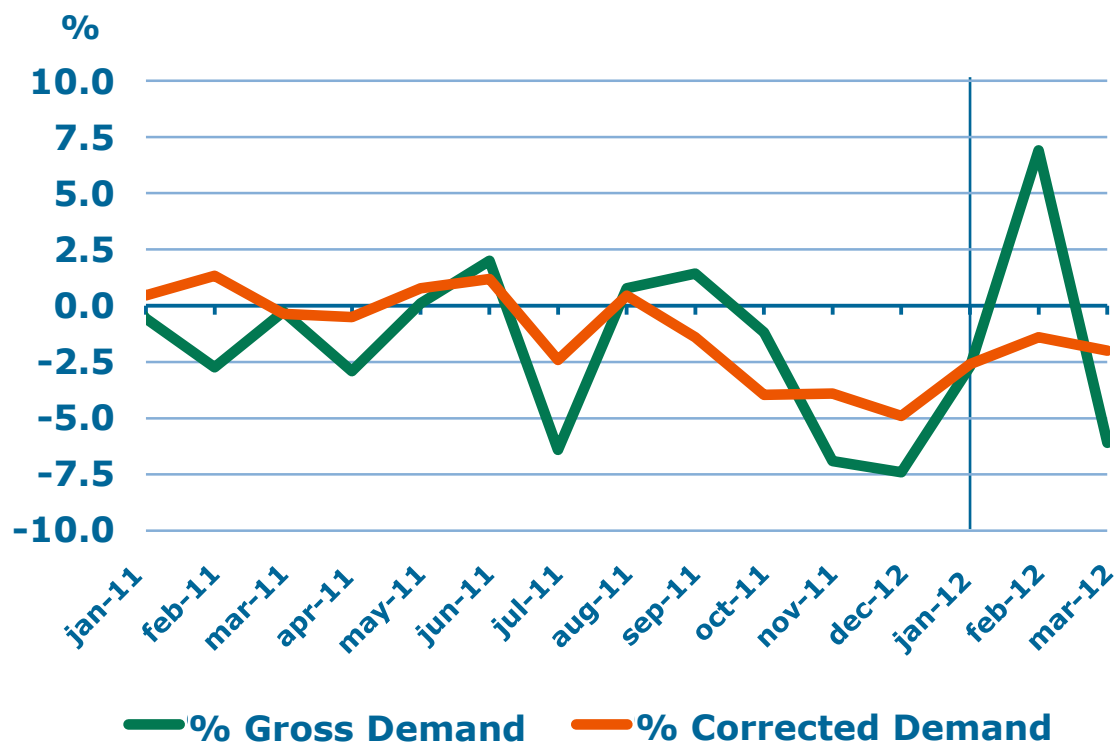
Measures for economic recovery in the Euro zone

- ◆ Fiscal consolidation.
- ◆ Reform of the financial system.
- ◆ In Spain's case, reforms to control the public deficit and reactivate the economy.



Energy situation

Electricity demand growth trends



Corrected Demand

- ◆ -1.1 % in 2011.
- ◆ -2 % 1st quarter of 2012.

Energy situation

Shaped by global events

- ◆ Political uprisings in several Arab states.
- ◆ Nuclear disaster in Japan following earthquake.
- ◆ Tension in the Middle East due to Iran's nuclear program.
 - ❖ Volatility in energy prices, particularly oil.



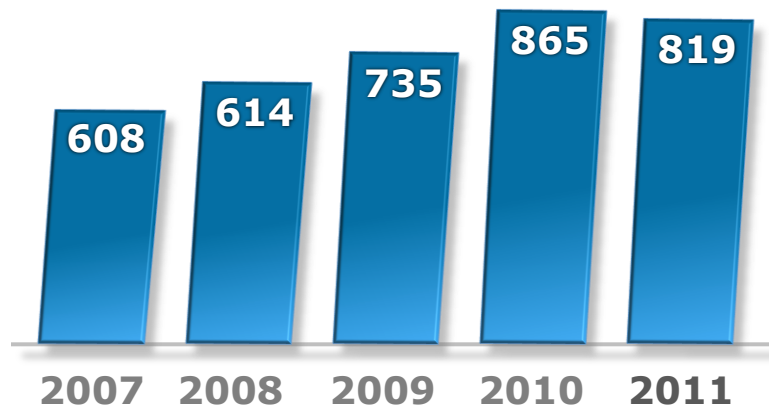
Advisable to hold global debate about the energy model of the future.



Improvement in transmission grid

Investment in the grid

(Million €)



Priority objectives

- ◆ Strengthening international interconnections.
- ◆ Strengthening the network mesh and creating new transmission axes.
- ◆ Developing plan to integrate acquired assets.

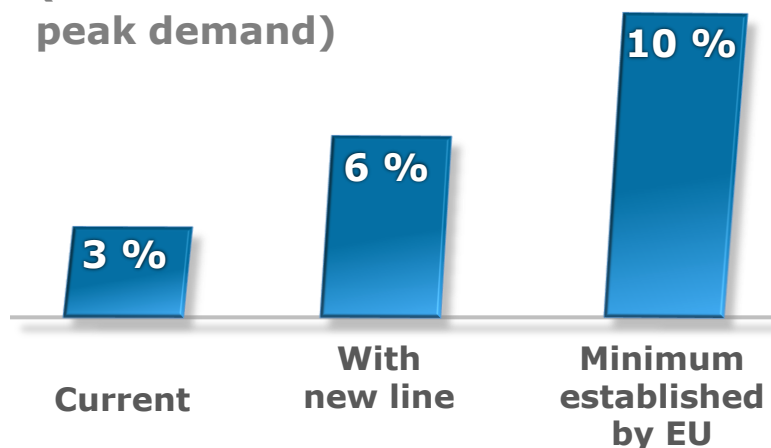
**Over 1,700 km
power lines put in service in 2011.**



Strengthening interconnections with Europe

Spain-France interconnection capacity

(% of maximum peak demand)



New interconnection with France

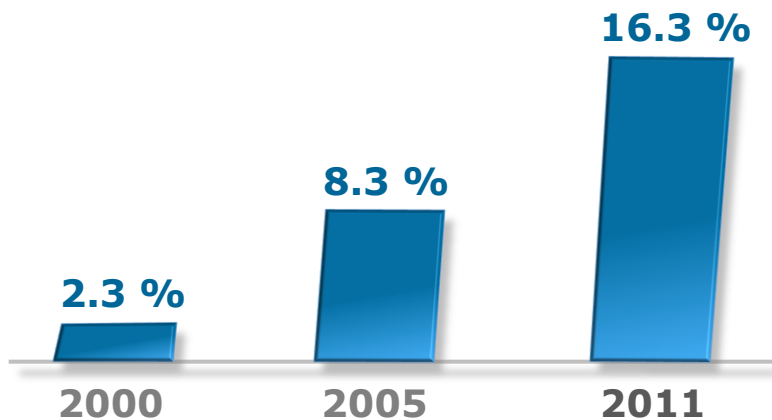
- ◆ Will increase system stability and security of supply.
- ◆ Will make better use of renewable energies.
- ◆ Will help integrate the Iberian market into the European electricity market.

It is essential to strengthen interconnections in order to reach energy sustainability targets.



Integration of renewable energies

Wind power/Total demand (%)



- ◆ **25,600 MW** of installed wind and solar capacity.
- ◆ **33 %** of annual demand covered by renewable sources.
- ◆ **61 %** maximum coverage of instant demand with wind power (04/19/2012).

CECRE

Leading centre on global level
in integration of renewable energies.



RED ELÉCTRICA DE ESPAÑA

Future challenges

New challenges

- ◆ Achieve greater flexibility in demand.
- ◆ Flatten the demand curve (lower peak/trough ratio).
- ◆ Compensate for the lower manageability of renewable power.
- ◆ Develop intelligent networks.
- ◆ Increase energy efficiency.

**Development
of demand management
strategies**

**Greater integration
of renewable energies**

**Optimising
generation capacity**

**Increasing global efficiency
of the electricity system**



Key consolidated figures

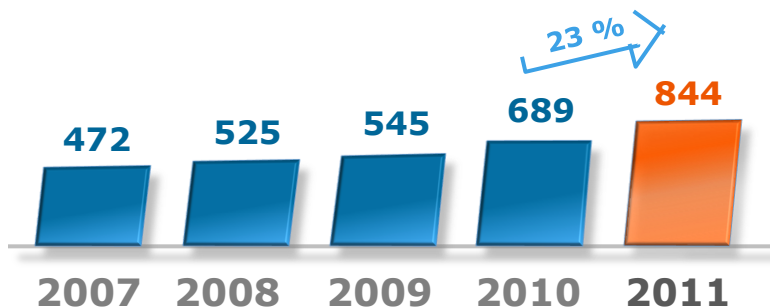
Revenue (€mn)



EBITDA (€mn)



EBIT (€mn)

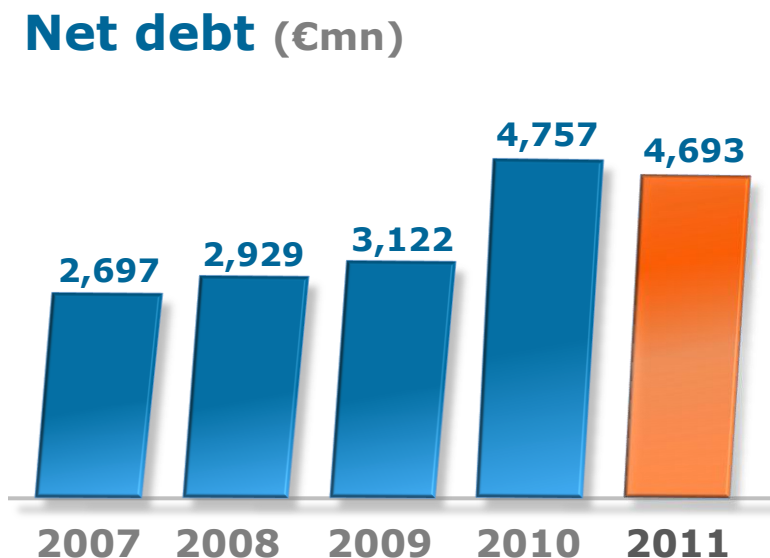


Net profit (€mn)



Financial strength

Net debt (€mn)



	2010	2011
Leverage	74 %	72 %
Average cost	3.2 %	3.7 %
Net debt/EBITDA	4.7 x	3.9 x

Credit rating

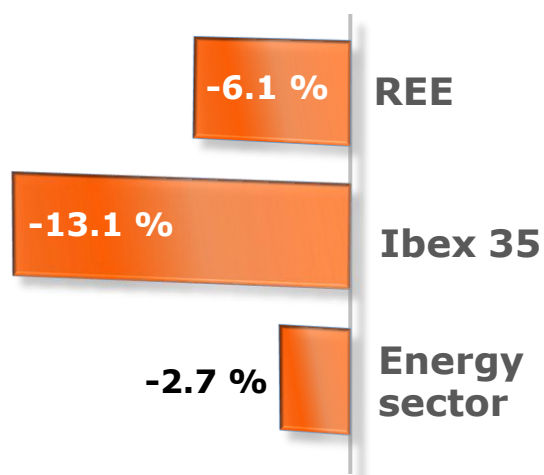
A+ Standard & Poor's
A2 Moody's

**Our financial strength,
a solid stepping stone for developing future business targets.**

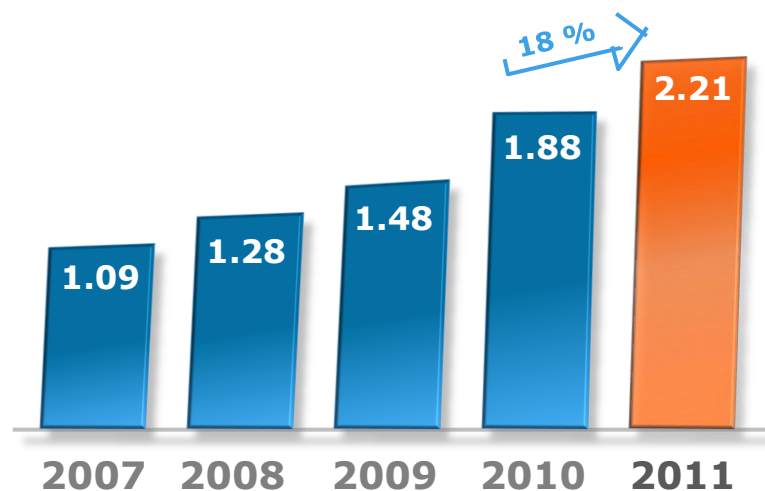


Shareholder returns

Stock market performance (2011)



Dividend per share (€)



Pay-out: 65 %

Excellent business management



European business excellence award

Category:

"Taking responsibility
for a sustainable future"



Best European practice in:

"Adding value for customers"

"Achieving balanced results"

**Red Eléctrica de España,
first major Spanish company to be given this award.**



Corporate social responsibility

Commitment to employees

- ◆ Creating stable and high quality employment.
- ◆ Obtaining equality certificate.
- ◆ Family-Friendly Certificate (EFR).

Commitment to the environment and sustainability

- ◆ Conserving biodiversity is a top priority.
- ◆ Approval of Climate Change Strategy.

Commitment to corporate governance

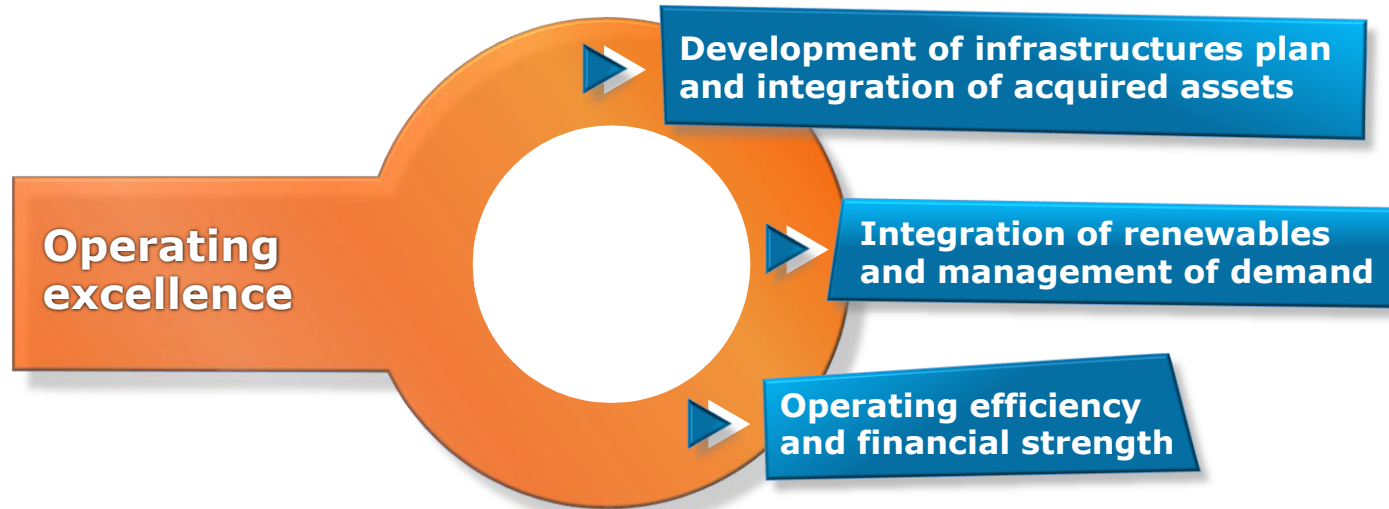
- ◆ 96 % compliance with recommendations of the Unified Good Governance Code.
- ◆ Global remuneration of Board unchanged since 2007.

**Best Ibex 35
company in
corporate social
responsibility.**

**Presence in the key
sustainability indexes**



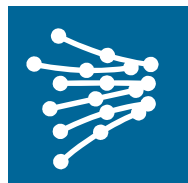
Key strategic initiatives



We shall remain focused on creating value in a solid and sustainable way.



Thanks you for your attention



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