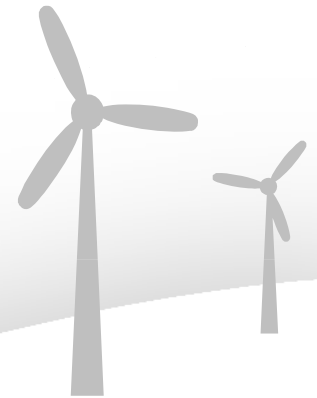




RED
ELÉCTRICA
CORPORACIÓN



Keeping on track

2010-2014
Strategic plan

February 25, 2010



Index

2009 Highlights

Strategic plan
2010-2014

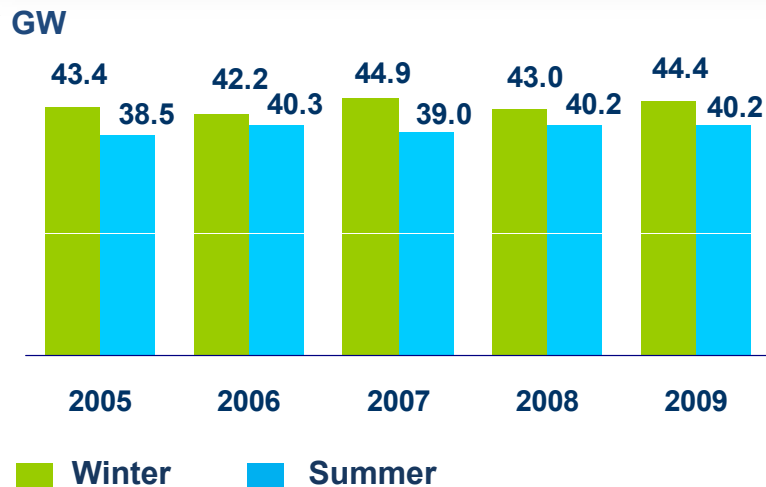


2009 Highlights

The image features a decorative background with three wavy lines. A blue line starts at the bottom left, dips, and then rises sharply towards the top right. A red line starts at the bottom left, dips, and then rises to a peak on the right side. A green line starts at the bottom left, dips, and then rises steadily towards the right side. The text '2009 Highlights' is centered in the upper half of the image.

Sector performance in 2009

Peak demand still at maximum levels



Recovery in electricity demand⁽¹⁾



(1) Adjusted for temperature and workability

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



2009 Red Eléctrica achievements

■ 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.

■ Record investments: €759 million

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

■ 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.

■ 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

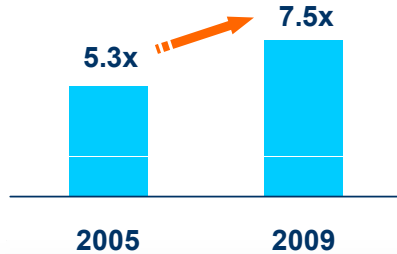
€m	2008	2009	% Growth
Revenue	1,125.9	1,200.1	+6.6 %
EBITDA	771.6	845.6	+9.6 %
Net profit	286.1	330.4	+15.5 %
Investment in Transmission Network	614.0	735.0	+19.7 %



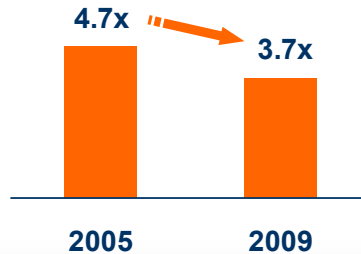
Financial strength

Financial ratios

EBITDA / Gross financial expenses



Net Debt/EBITDA

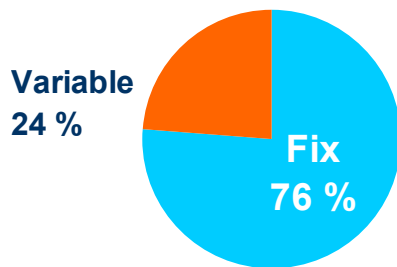


Debt

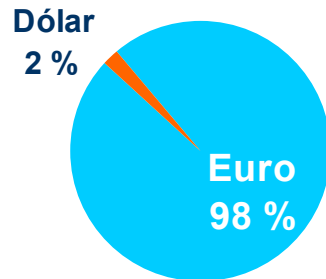
€ million	2008	2009
Net debt	2,929	3,122
Leverage (D/D+Equity)	69 %	68 %
Average cost of debt	4.39 %	3.49 %
Credit rating	AA-/A2	AA-/A2

Debt breakdown

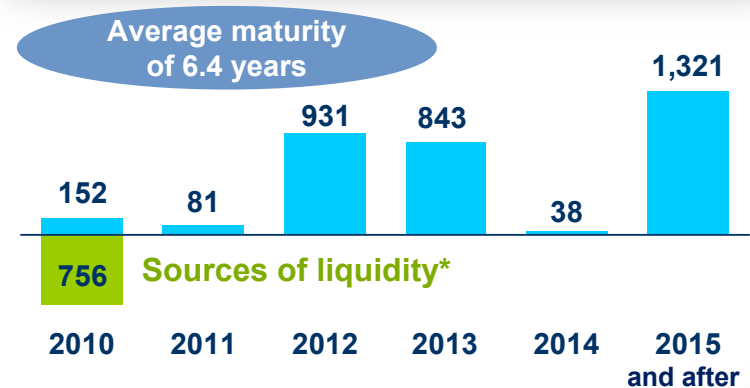
Interest Rate



Currency



Debt maturity

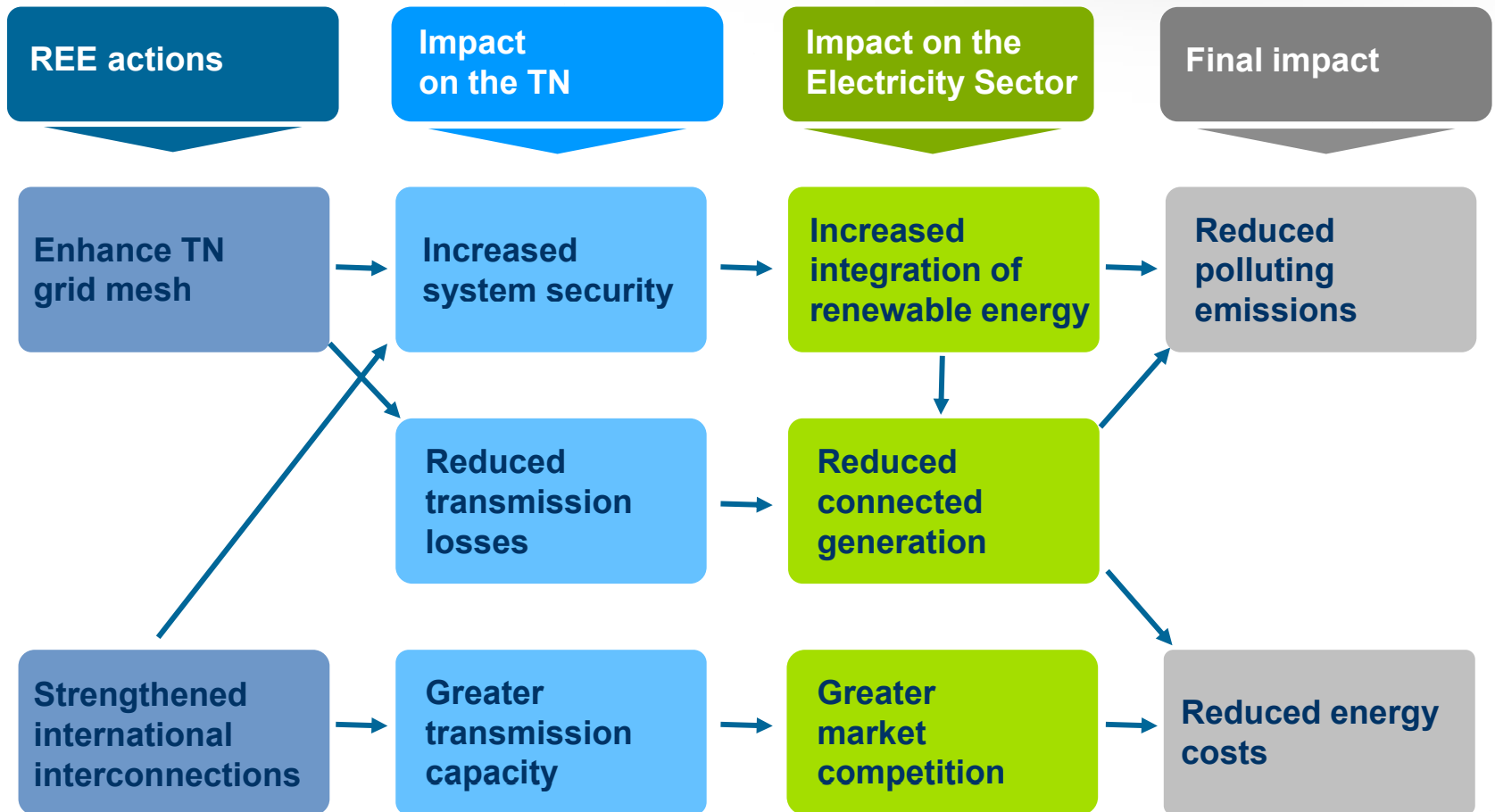


* Includes short-term debt, syndicated loans, and commercial paper.



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**



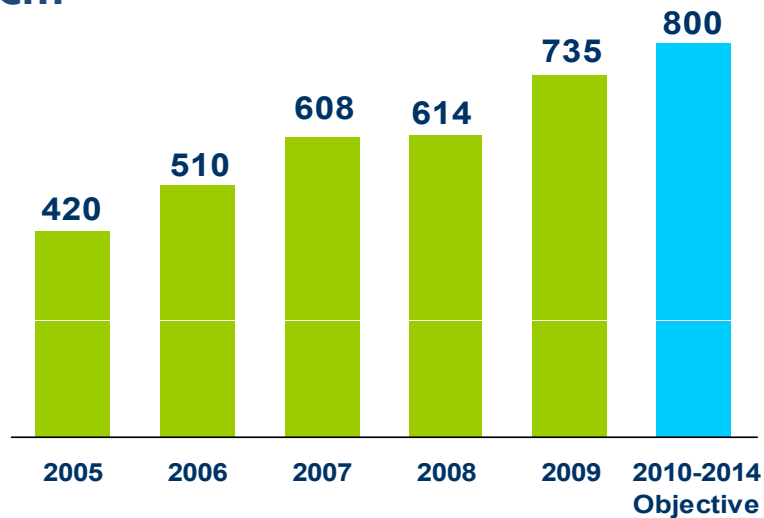
**Integration of renewable
energies and demand
management**

**Supply security
and Service Quality**

€4bn investment plan 2010-2014

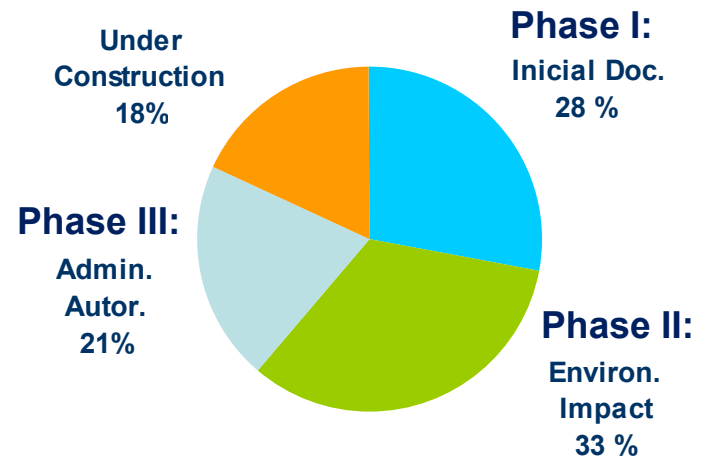
REE investment in the transmission network

€m



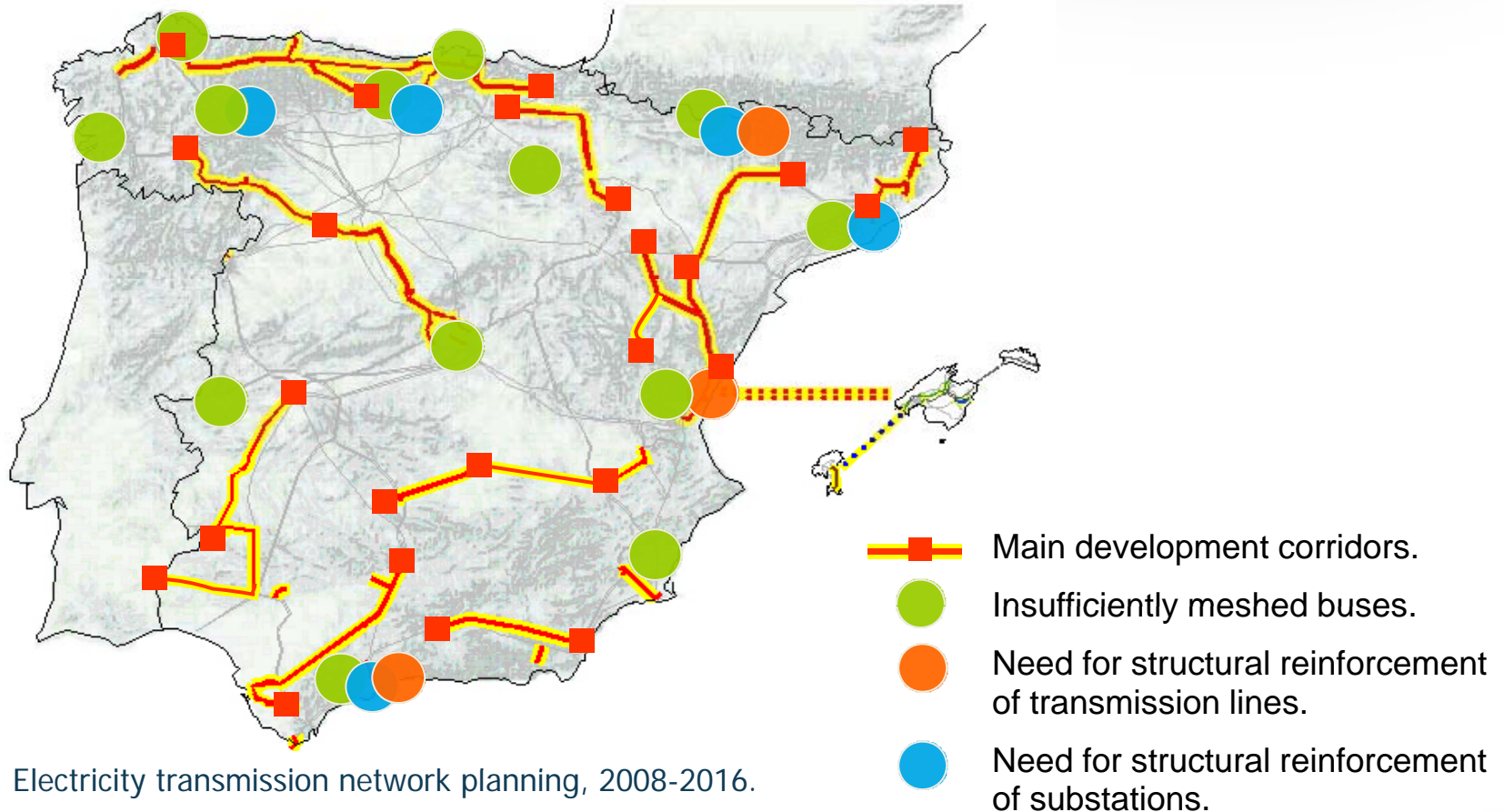
5 year plan

% of total investment



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

Investments in improving and developing the Transmission Network



* Electricity transmission network planning, 2008-2016.

Greater visibility of singular projects

Interconnection with France, 2,000 MW



Investment: €350m

Connection Mainland Spain-Balearic Islands



Investment: €420m

Connection Mallorca-Ibiza



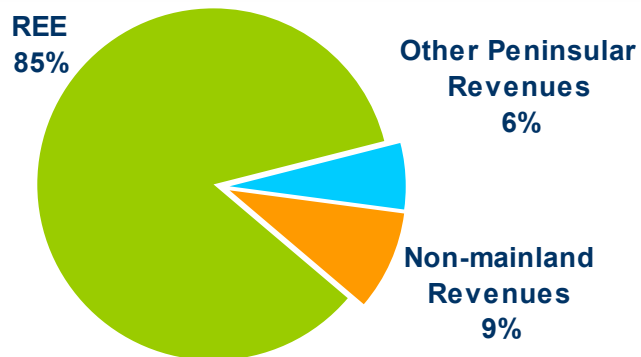
Investment: €225m

Comissioned: 2011-2014



Asset acquisition: Deadline July 2010

Transmission revenues 2010*



Specifications of assets that should be acquired

Mainland Spain

- 220kV lines.
- Compact substations in cities.

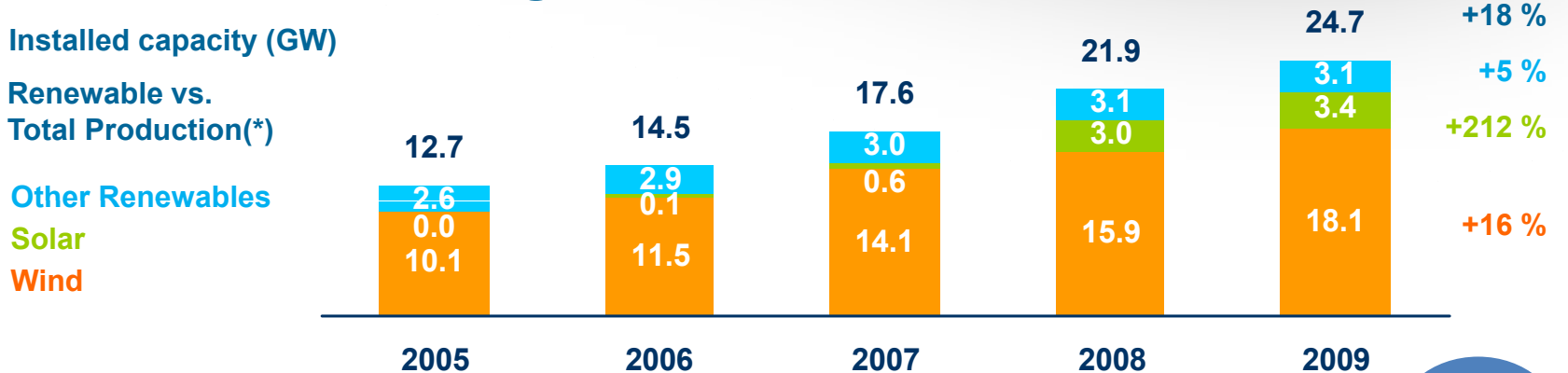
Non-mainland

- Transmission Network for 220 kV, 132 kV and 66 kV.

- €85m in Peninsular revenues, €131m in extra-peninsular revenues.
- 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



12.9 GW
Februar
y 2010

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 %

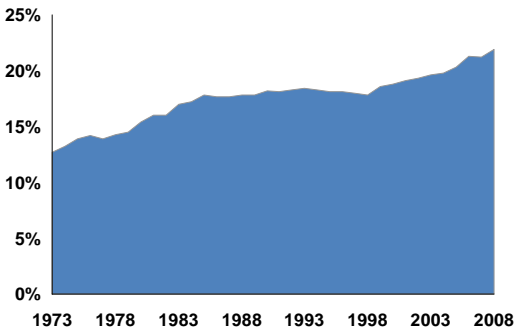
- 2.7 GW installed renewable capacity in 2009.
- December 2009 Ministry publication of pre-register priority renewable energy projects.
 - 6,389 MW of wind energy, put into operation before 2012.
 - 2,340 MW of solar thermal energy, put into operation before 2013.

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

Demand and load curve management

Higher electricity weighting

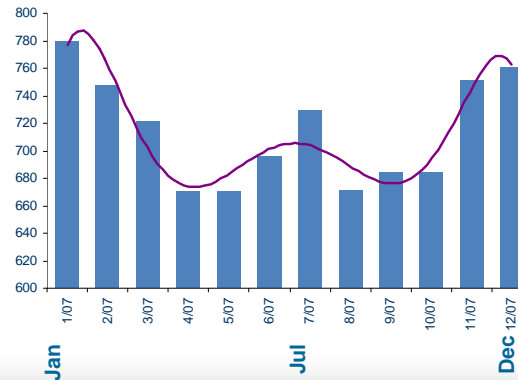
% of electricity *



% of Electricity over Total Energy Consumed

Demand seasonality

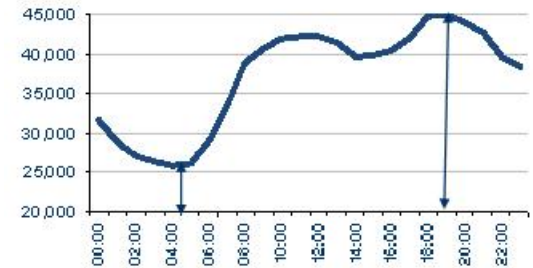
GWh Daily averages



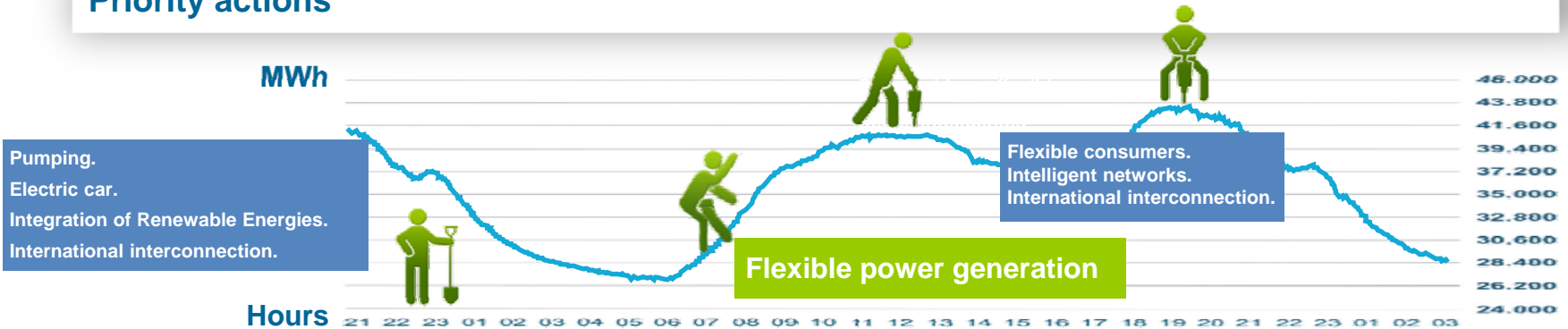
Peak/valley ratio

MW

The peak/valley ratio fluctuates between 1.3-2.4

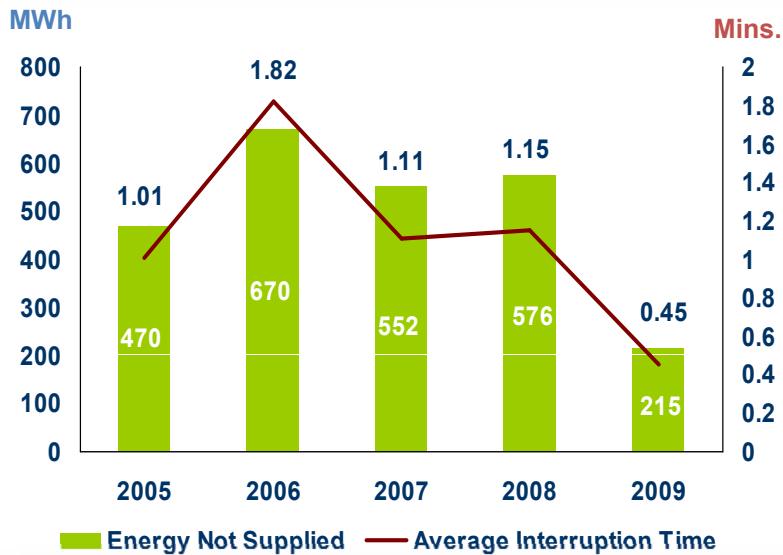


Priority actions



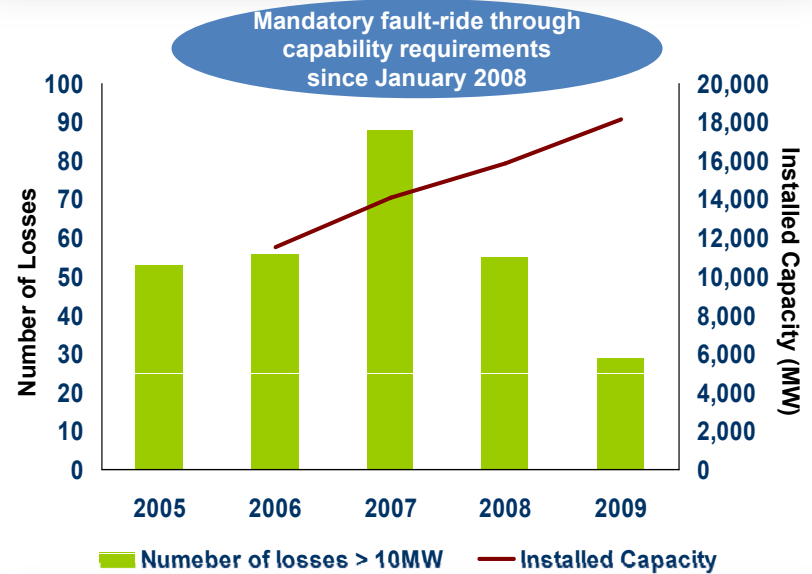
Supply security and service quality

Low supply interruptions



Historical minimums despite severe climate conditions.

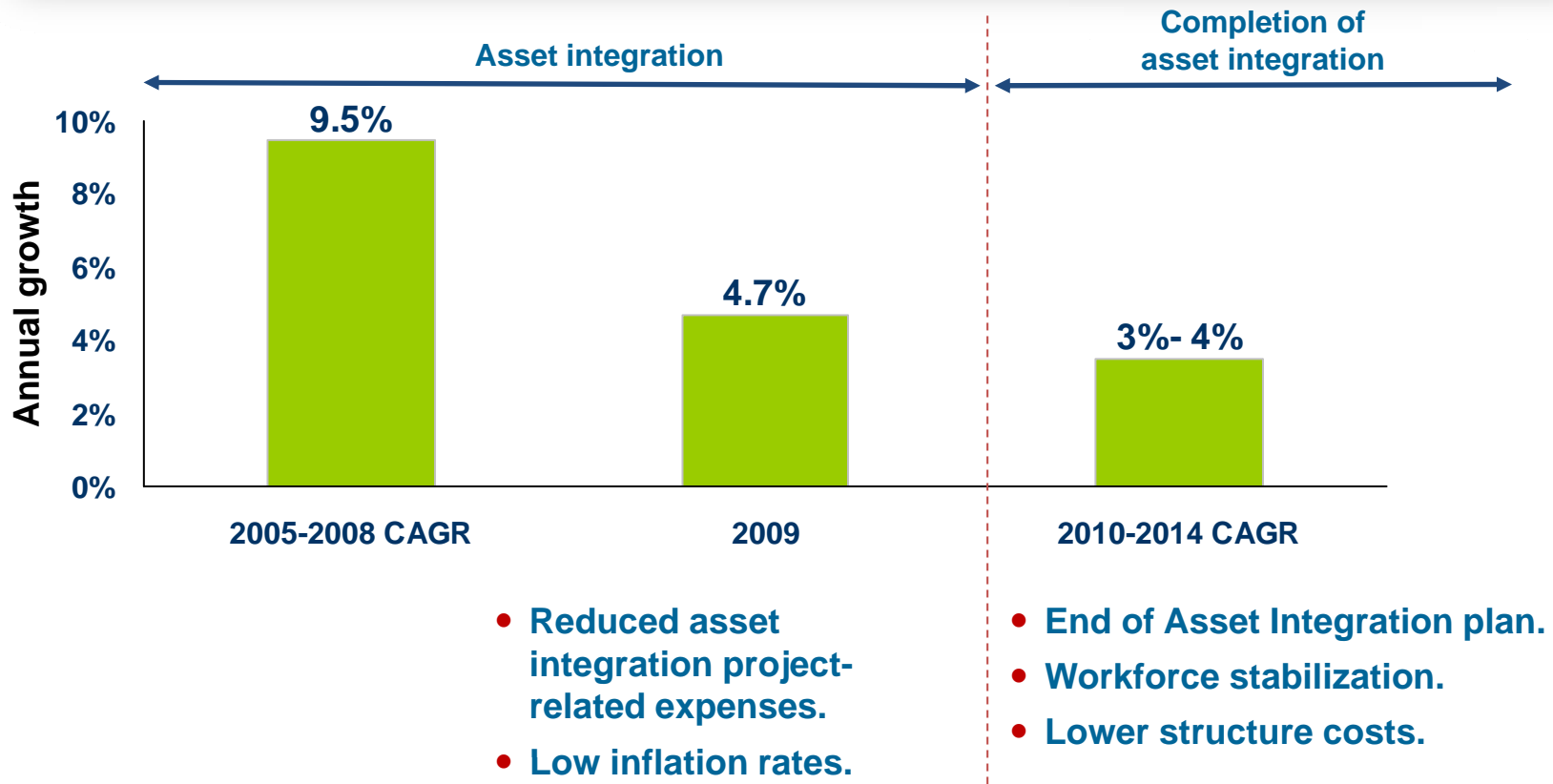
Reduced wind trippings



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

Focus on efficiency

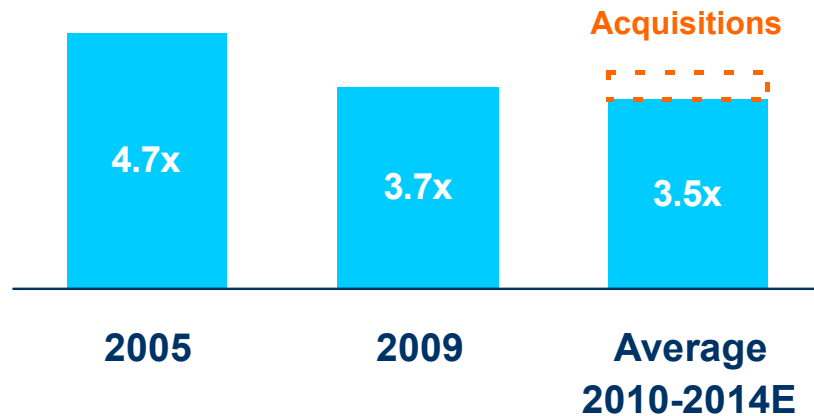
Change in operating expenses





Sound capital structure

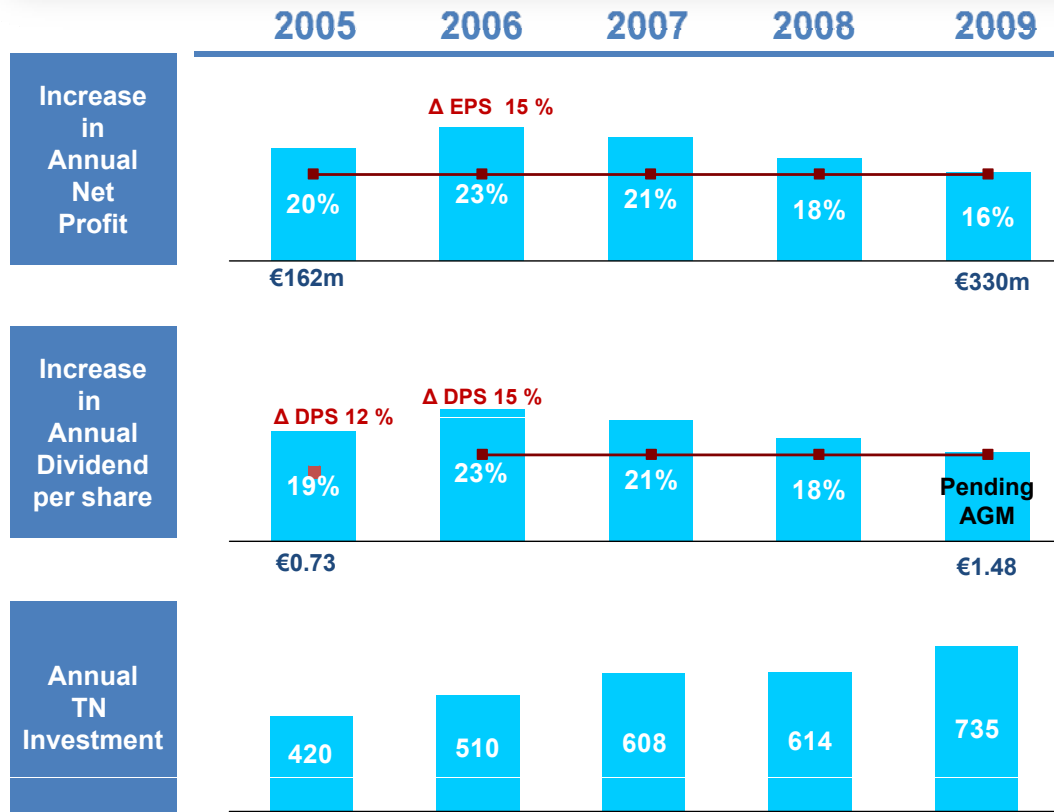
Evolution Net Debt/EBITDA



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

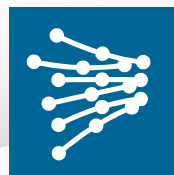
Confirming our financial goals

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.



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