



RED
ELÉCTRICA
CORPORACIÓN

2011 Results 2011-2015 Business Plan

28 February 2012

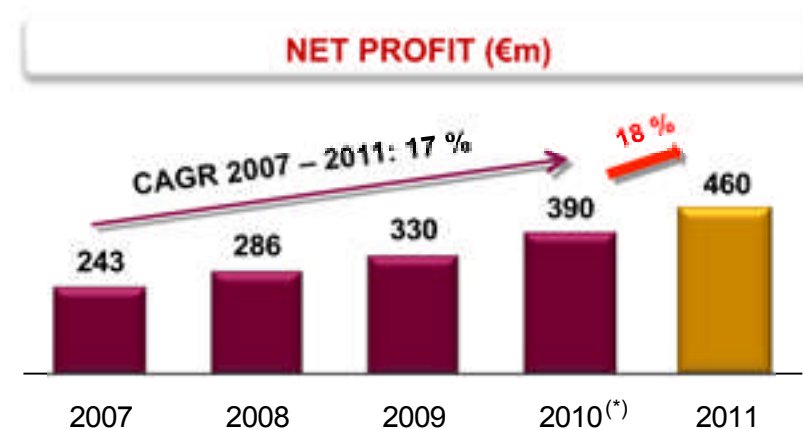
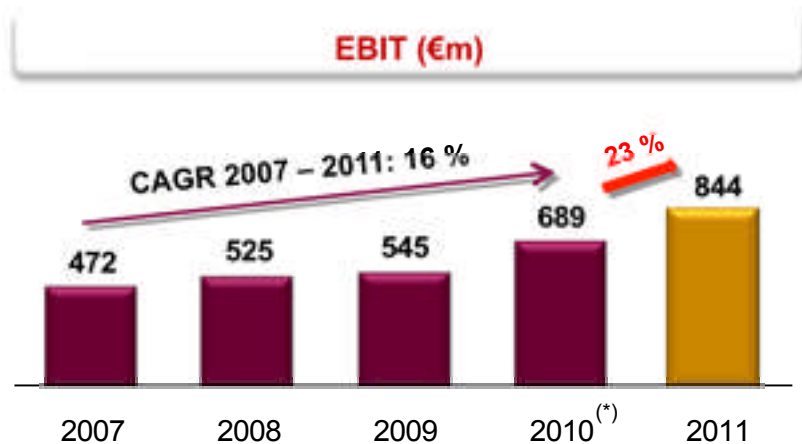
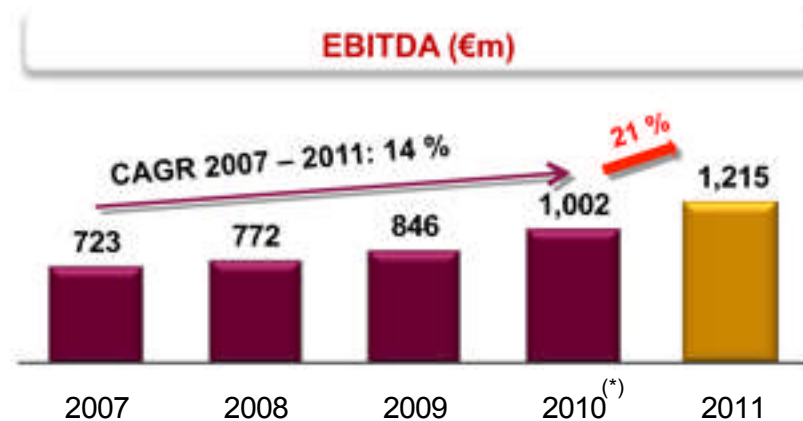


Red Eléctrica's Achievements in 2011

- Financial and operating results exceeded our targets
- Integration of assets acquired in 2010 progressing
- Capex in line with strategic objectives
- Record in the number of assets put into operation (more than 1,700km circuit) including the mainland to Baleares connection
- Bridge loan and 2012 maturities refinanced in the long term
- Consolidation of pay-out level in 65%

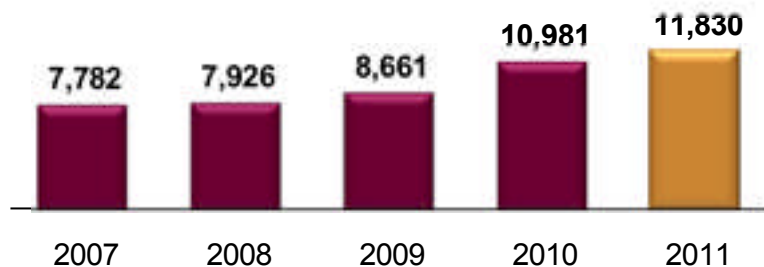


Results Summary

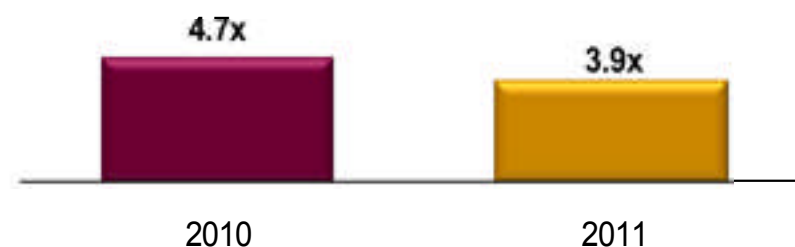


Financial Strength

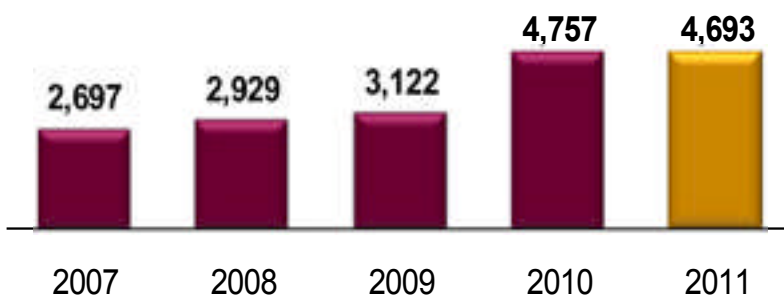
GROSS TANGIBLE ASSETS (€m)



NET DEBT / EBITDA



NET DEBT (€m)



OTHER PARAMETERS

	2010	2011
Leverage (D/D+E)	74 %	72 %
Average Cost of Debt	3.2 %	3.7 %
EBITDA / Interests	7.7 x	6.8 x



Key Strategic Initiatives



OPERATING EXCELLENCE

DEVELOPMENT OF INFRASTRUCTURE PLAN AND INTEGRATION OF ASSETS ACQUIRED

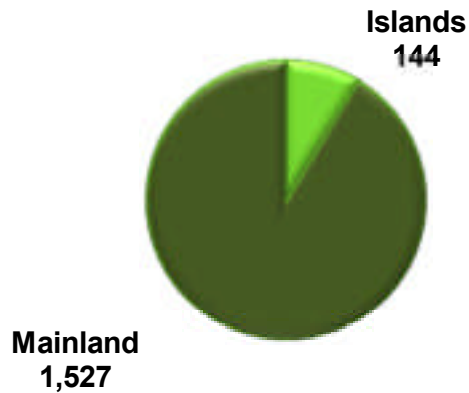
INTEGRATION OF RENEWABLE ENERGY

OPERATING EFFICIENCY & FINANCIAL STRENGTH

2012 Regulated Revenues

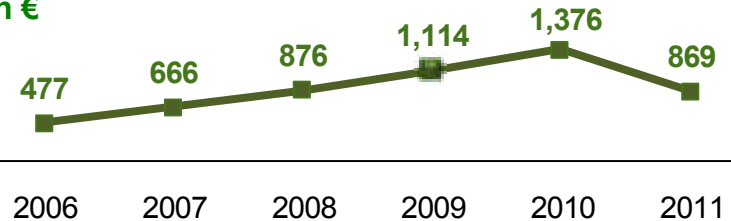
REGULATED REVENUES

Mn €



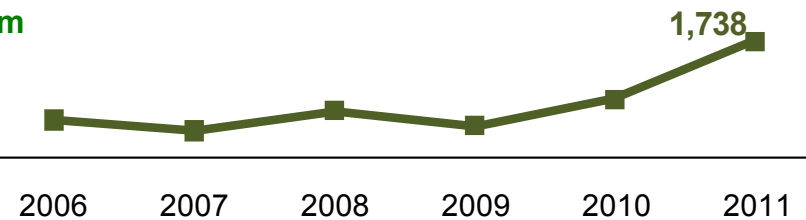
ASSETS UNDER CONSTRUCTION

Mn €



ASSETS PUT INTO OPERATION

km



Source: Orden IET/3586/2011, 30 December in which access tolls are defined from 1 January 2012.

- High level of assets put into operation in 2011
- >12% growth in regulated revenues

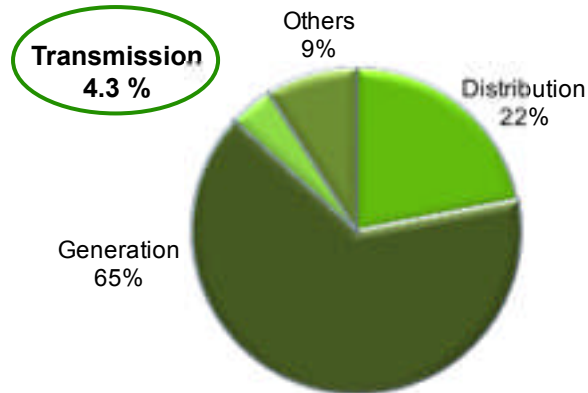


Reduced Weight in the Total Cost System

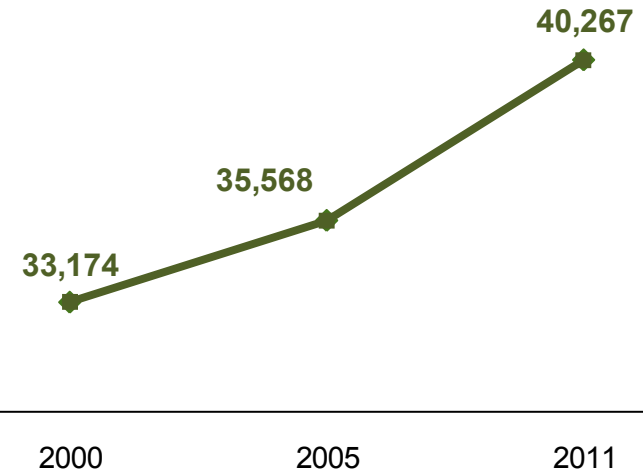
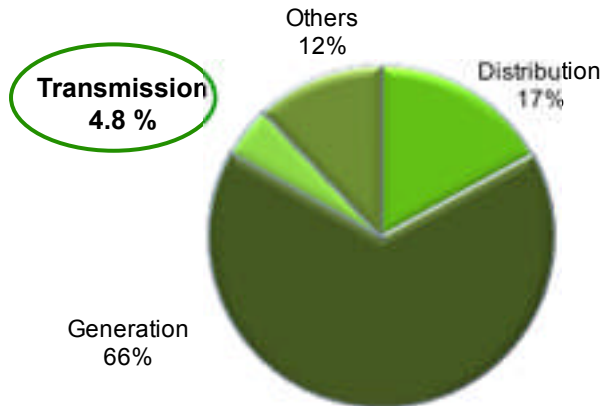
ELECTRIC SYSTEM COSTS

TRANSMISSION NETWORK EVOLUTION (km of circuit)

2000

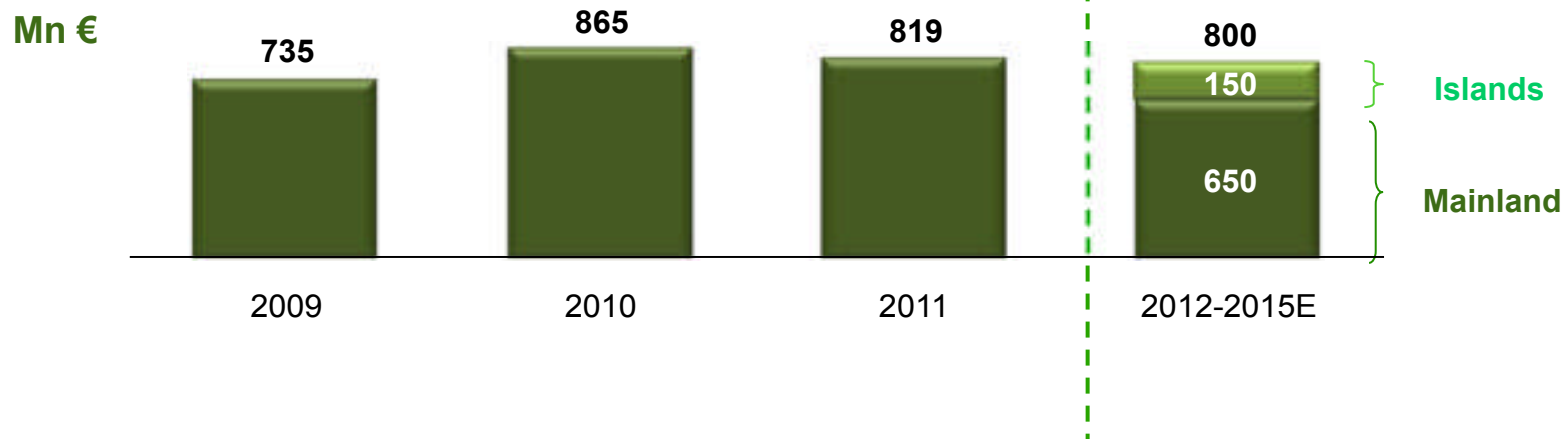


2011



Electricity transmission regulated revenues have remained constant with a reduce weight over the last decade

Investments for 2011 and Coming years



- Singular projects: East Spain – France interconnection (€239m between 2012-2014), Spain - Portugal interconnection (€27m between 2012-2014)⁽¹⁾, Islands interconnections⁽²⁾ (€334m between 2012-2015)
- After the islands acquisition, investment levels in those systems will be €150m / year

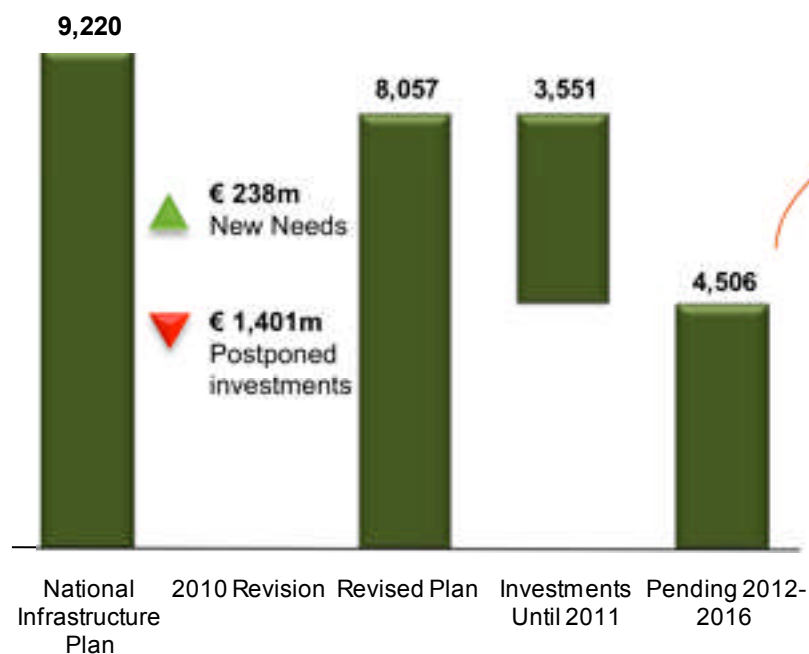
(1)Andalucia – Algarve 2013 and Galicia – Oporto 2014.

(2)Interconnections: Mallorca – Ibiza, Ibiza – Formentera, Mallorca – Menorca and Fuerteventura – Lanzarote.

Infrastructure Plan

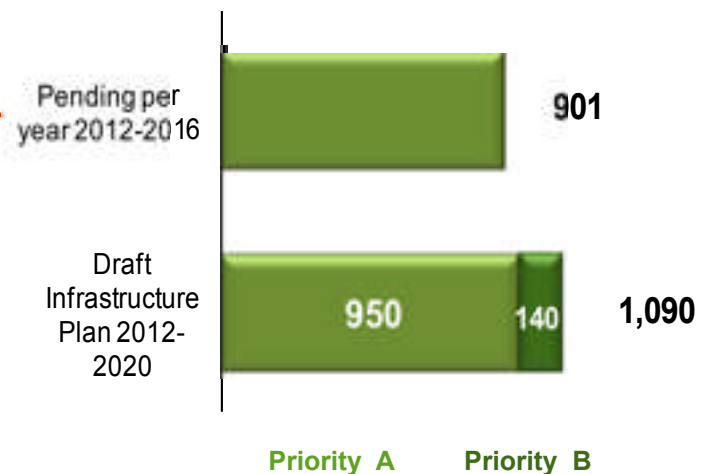
2008-2016 INFRASTRUCTURE PLAN (excl. Islands)

Mn €



AVERAGE ANNUAL INVESTMENTS INFRASTRUCTURE PLAN (excl. Islands)

Mn € / Año

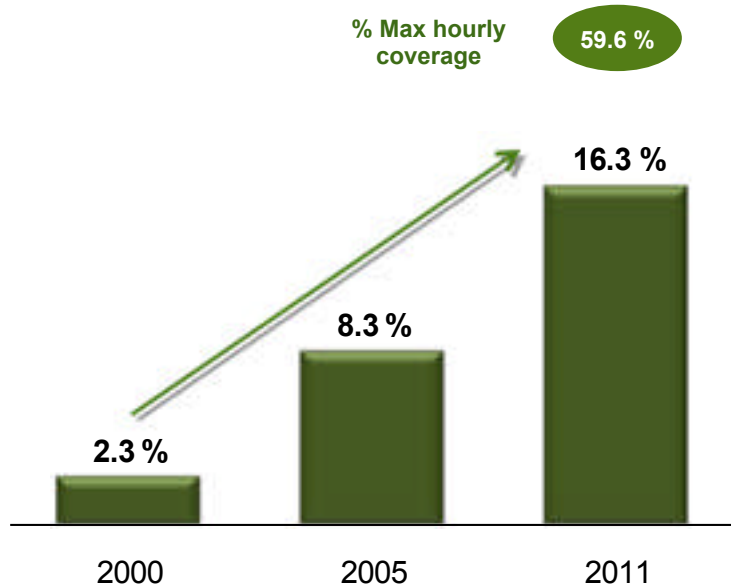


- 2008-2016 Plan revised to lower levels in November 2010 due to changes in the environment
- 2012-2020 Infrastructure Plan under revision and pending approval. Framework for investments from 2016 onwards

Renewable Assets Integration

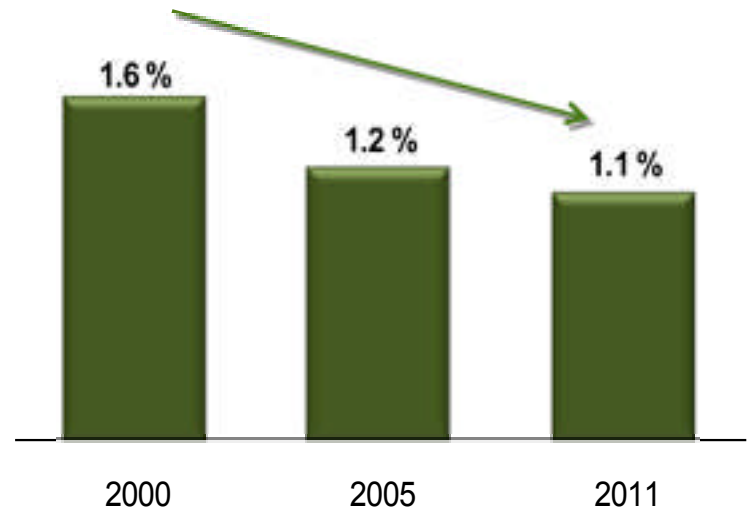
% WIND GENERATION / TOTAL DEMAND

WIND ENERGY INTEGRATION



% DEMAND

TRANSMISSION LOSSES REDUCTION

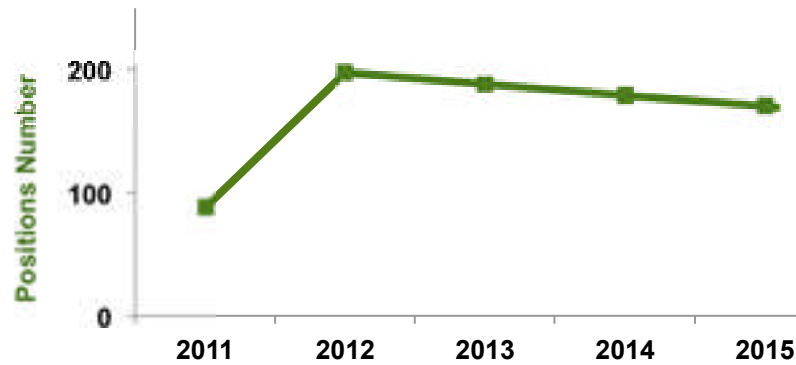


- Pre assigned power pending to put in operation: 2,412MW wind; 1,469MW solar thermoelectric; 592MW photovoltaic
- 2020 European objectives remain in place



Integration of Assets Acquired in 2010

ADAPTATION PLAN



- Implementation finalised in Islands: 13 working centres; 80 employees
- 100% of facilities acquired to be remotely controlled
- Start of adaptation of facilities to the Company's quality standards: extended at 6%

Operating Efficiency

2011
EBITDA
Margin

- 2011 EBITDA Margin improvement, reaching 74% of revenues
- Economies of scale due to a higher volume of assets in 2010
- Purchasing improvement of goods and services
- Structure costs restrained and progress in the information systems development

**Improvement
Objective Met**

2012-2015
EBITDA
Margin

- Lower margin 2012 due to integration costs
- Margin recovery in the following years
- Continued improvements in operating efficiency will compensate assets integration

**Consolidation
of
2011 levels**

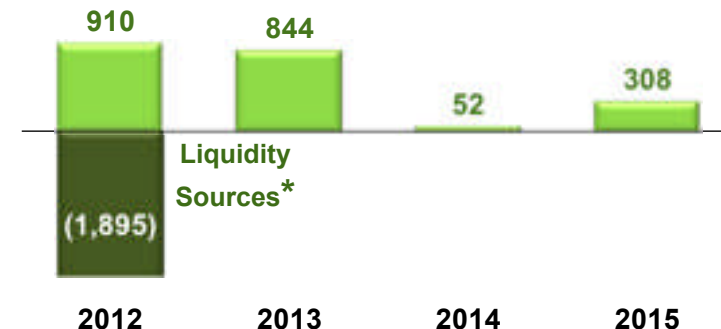
Refinancing and Debt Maturity

MAIN REFINANCINGS

Instrument	Eurobond	Eurobond	Eurobond	Eurobond
Date	September 2010	February 2011	April 2011	February 2012
Size	€500m	€600m	€300m	€250m
Maturity	October 2016	February 2018	April 2020	April 2020
Yield	3.6%	4.8%	4.9%	4.5%

DEBT MATURITY SCHEDULE

Mn €

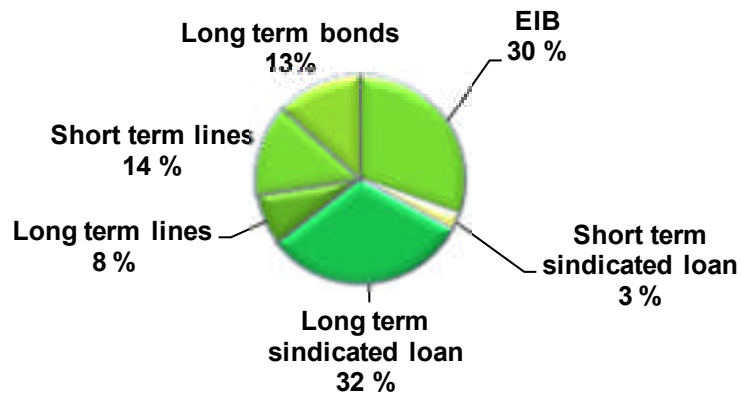


- Conservative financial policy, providing long term refinancings with attractive terms
- Strong liquidity position allows to face upcoming maturities in the following years

* Liquidity as of 31 December of 2012, adding the €250m bond issued 13 February of 2012.

Liquidity Sources and Rating

LIQUIDITY SOURCES



S&P AND MOODY'S RATING EVOLUTION

		Red Eléctrica	Kingdom of Spain
2007	S&P	AA-	AAA
	Moody's	A2	Aaa
2012	S&P	A+	A
	Moody's	A2	A3

- Red Eléctrica maintains a positive credit rating. Today the company has a credit rating higher than the Kingdom of Spain (by Standard & Poor's and Moody's)
- The Company's financial strength has allowed to issue debt in the market at a lower cost than the Spanish treasury



2012-2015 Objectives

Net Income	CAGR \geq 12%
Dividend	Growth in line with net income (payout 65%)
Investment	€800m / year



RED ELÉCTRICA CORPORACIÓN

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Presentation available in:

www.ree.es

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