

**RED ELÉCTRICA**  
CORPORACIÓN

**Ordinary General Shareholders' Meeting  
2009**



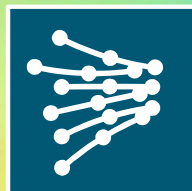
**Luis Atienza Serna**

**Chairman**



**Rafael García de Diego Barber**

**Secretary to the Board of Directors**



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**Ordinary General Shareholders' Meeting  
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**2008**

**A year marked by  
sound financial results  
and consolidation as  
the Spanish TSO**



## The role of electricity

- Key to competitiveness and economic progress.
- Increasing participation in overall energy consumption.
- Integration vector for renewable energies in the electricity system.



**Essential for facing the climate change challenge**



## Consequences of the crisis

- The recession can be seen in the leading macroeconomic indicators.

GDP, inflation and unemployment.

- Negative performance of electricity demand.

- 3 % in last 12 months

- 9 % Jan-Apr 2009

- Lower oil prices.

\$140 July 2008

\$48 April 2009

- Average energy prices in the market are falling.

€63/MWh April 2008

€42/MWh April 2009



## Measures to be taken in new scenario

- **Conclusions from G-20 summit.**  
Foster clean, efficient and sustainable technologies.
- **US Recovery and Reinvestment Act to kick-start the economy.**  
Emphasis on renewable energies and energy efficiency.
- **EU Plan.**  
Investment in energy efficiency, network infrastructure and interconnections.



**The energy sector is a major player  
in the economy's recovery**





## EU energy policy

### Third regulatory package

- Implementation of the TSO model to guarantee competition in the electricity markets and investment in transmission grids.

### “Green package” (20-20-20).

- 20 % of final consumption to come from renewable sources.
- 20 % in energy savings.
- 20 % reduction in CO<sub>2</sub> emissions



**Objective: Advance towards a more efficient and sustainable energy model**



# The role of Red Eléctrica

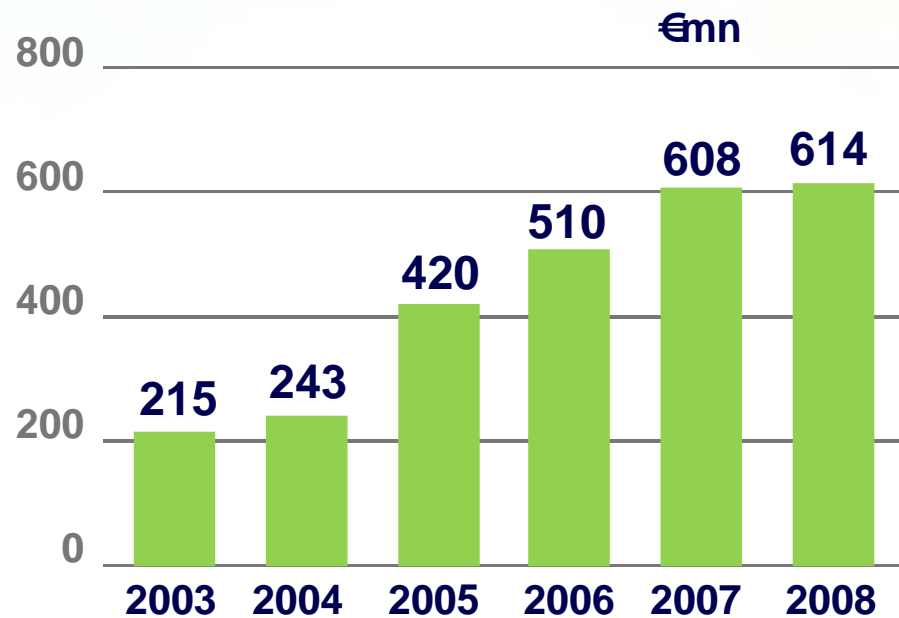
## Key activities

- **Building a more condensed and reliable transmission grid.**
- **Maintaining efficiency and quality of service.**
- **Integrating maximum output of renewable energies.**
- **Strengthening international interconnections.**



# The role of Red Eléctrica

## Investment in the transmission grid



**€4,000mn**  
invested in 2009-  
2013

**653 km of lines and 120 substation positions  
brought on stream in 2008**



## Main investment areas

- Strengthening of the transmission grid.
- Strengthening international interconnections.
- Evacuation of renewable energies.
- Feeding the high-speed train.
- Evacuation of combined cycles.
- Distribution.

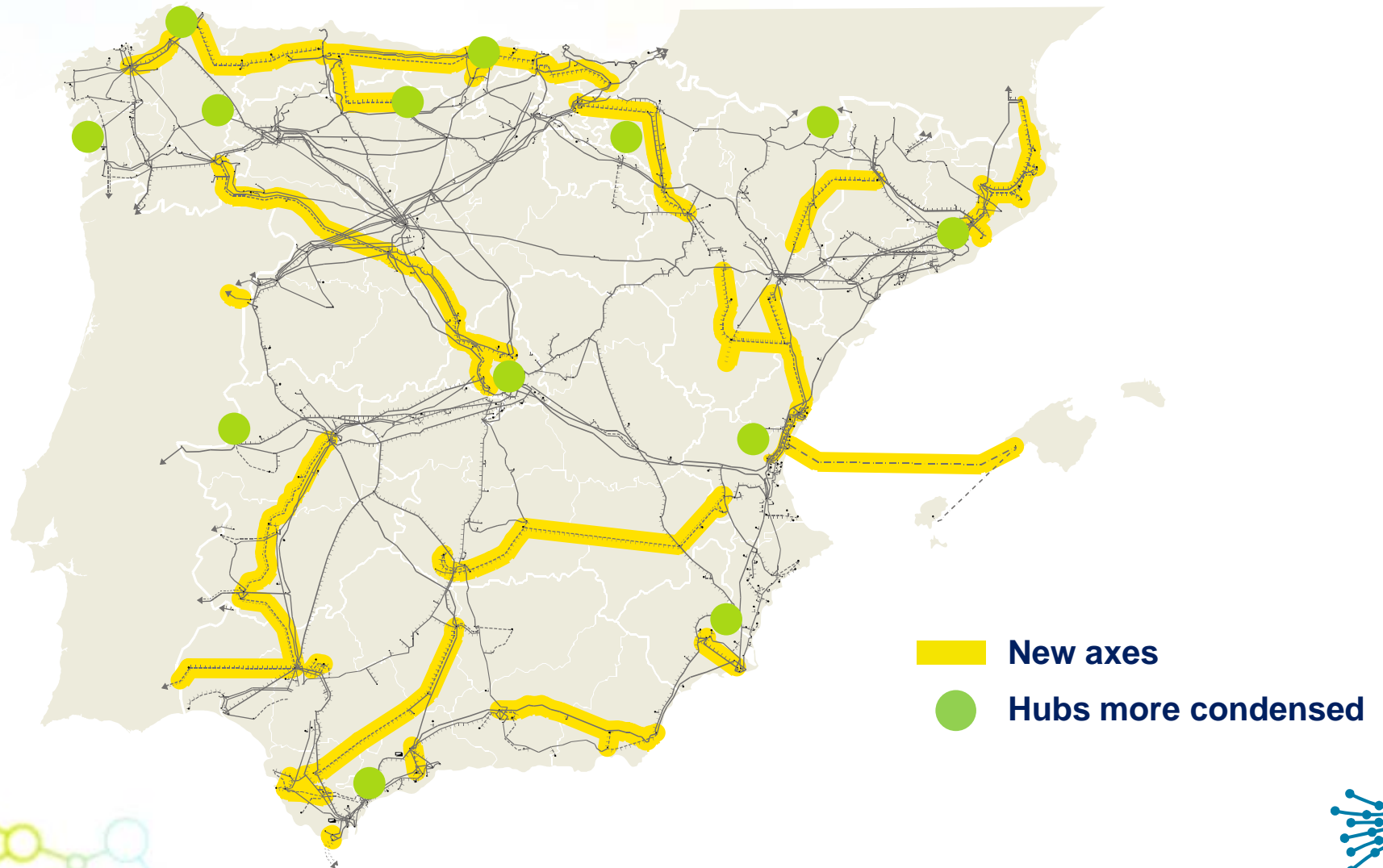


**Objective: Building a more condensed, robust and reliable transmission grid**



# The role of Red Eléctrica

## Major developments in the transmission grid



## New remuneration framework

- Provides regulatory stability.
- Offers greater transparency.
- Provides sufficient remuneration for future investment.
- Introduces incentives for efficient facilities.



**Stability and profitability to undertake investment for energy planning**



# The role of Red Eléctrica

## Clearly committed to quality of service

- High level of quality and asset maintenance.
- Efficient response by system operations and repositioning the transmission grid in extreme situations.
- Efficient integration of the assets acquired.



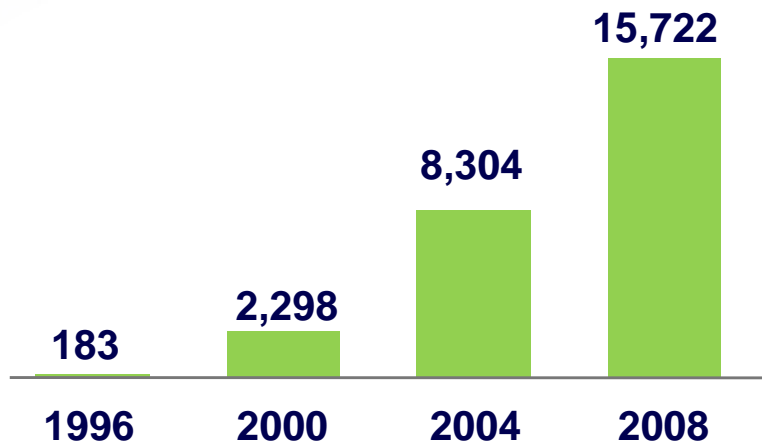
**Excellent performance of the  
transmission grid**



# The role of Red Eléctrica

## Leader in integrating renewables

### Installed wind capacity in Spain (MW)



In 2008,  
**11 %**  
of electricity demand  
was covered by  
wind energy

#### CECRE

- The world's first centre for the safe incorporation of renewable output.
- Key to our commitment to sustainability.

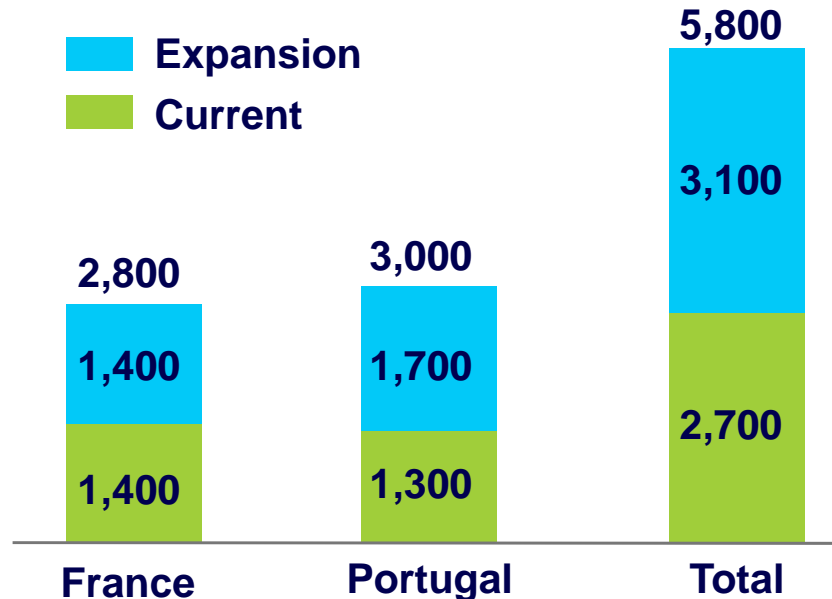




# The role of Red Eléctrica

## Strengthening international interconnections

### Interconnection capacity (MW)



### New interconnection with France

- Doubles current interconnection capacity (up to 6 % of peak demand).
- Bolsters security of the Iberian system.
- Greater support to integrate renewable generation.



# The role of Red Eléctrica

## Our contribution to energy efficiency

- Extensive usage of information and communication systems in operating the system and managing the transmission grid.
- Development of advanced technologies to integrate renewable energies.
- Application of demand management strategies to use energy efficiently.



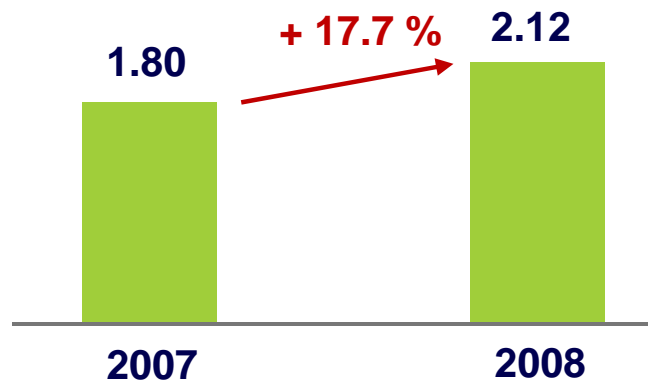
**Objective: Roll out intelligent networks which help provide a better quality supply which is more secure and efficient**



## Commitments to the market honoured

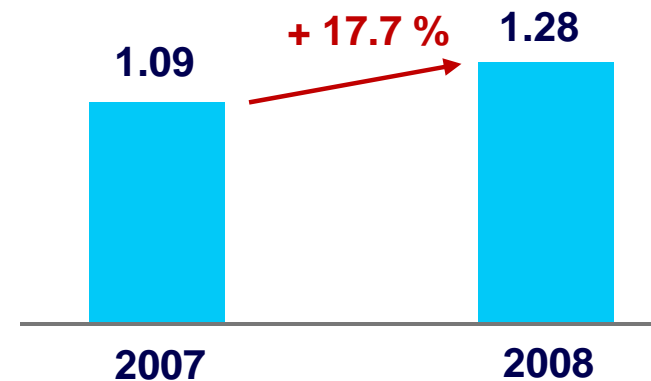
### Earnings per share (EPS)

€/ sh



### Dividend per share (DPS)

€/ sh



### Commitment:

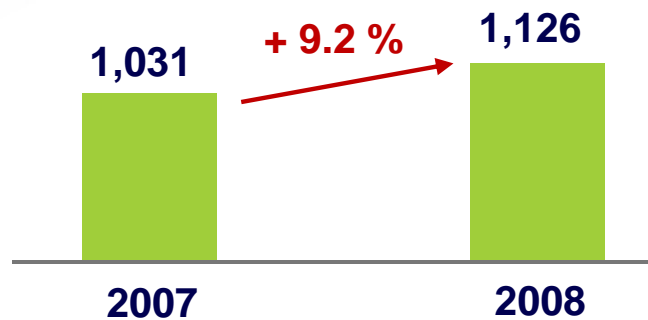
- 15 % increase in EPS.
- Increase dividend in line with EPS.



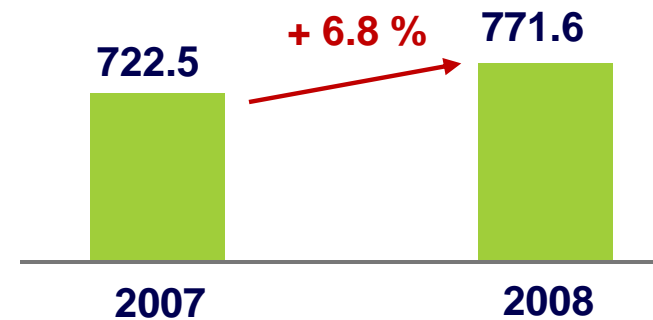
# Financial results

## Key consolidated data

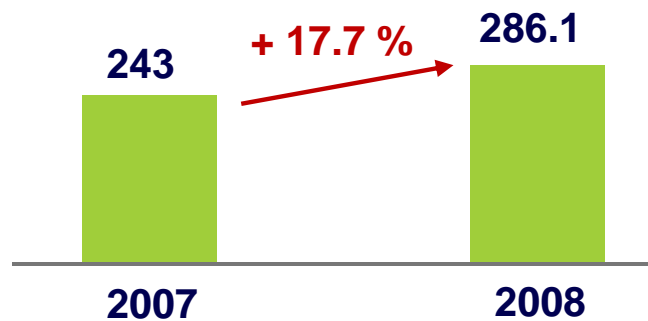
### Revenue (€mn)



### EBITDA (€mn)



### Income for the year (€mn)



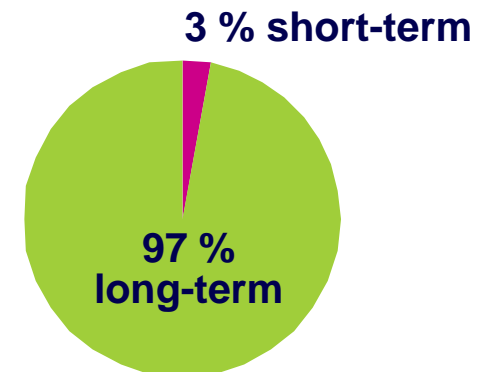
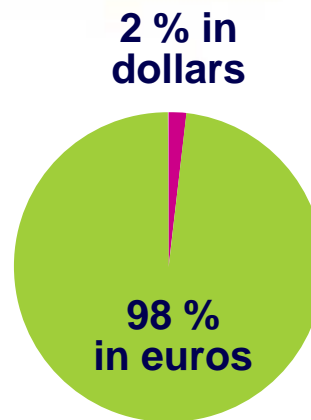
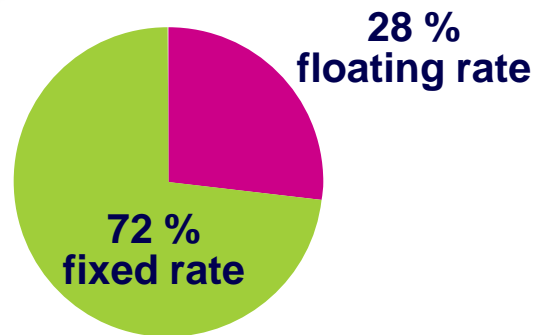
### 2008 ratios

- ROE: 21.4 %
- ROA (after tax): 8.6 %



## Sound financial position

### Debt breakdown



**Average cost** 4.4 %

**Leverage** 69 %

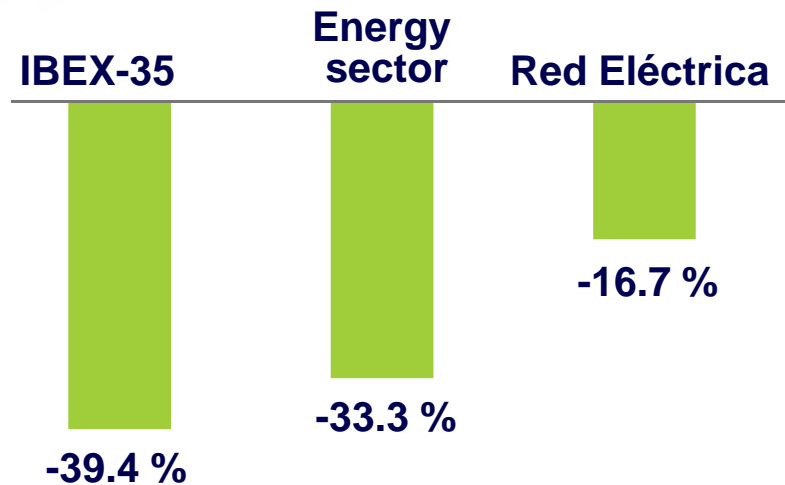
**Average maturity** 6.8 years

**Credit rating** AA-/A2



## Shareholder remuneration

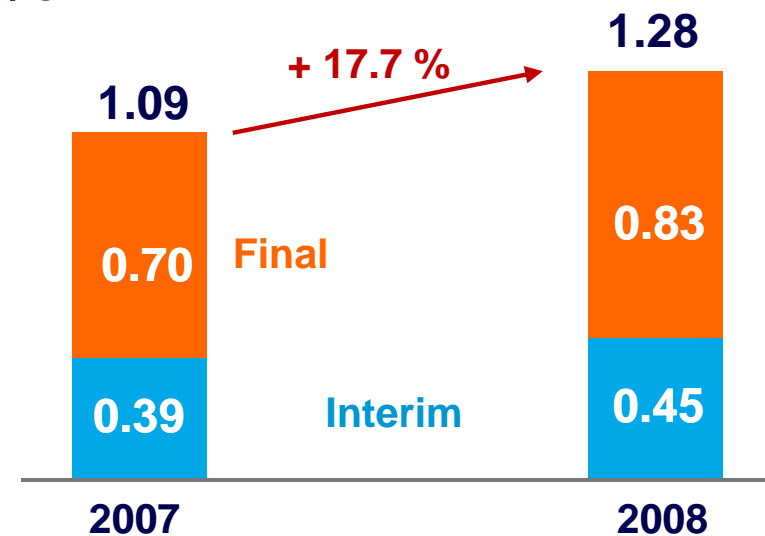
### Stock market performance 2008



Negative performance due to financial crisis

### Dividend per share

€/ sh



Attractive dividend remuneration



# Corporate social responsibility

## Key components of a sustainable company

- Ethical and responsible behaviour.
- Integrity and transparency in management.
- Good financial, social, environmental and corporate governance practices.



**Afford the company a competitive edge  
and robustness**



# Corporate social responsibility

## Commitment to employees

**Stable, high quality employment**

**98.2 % fixed contracts**

**Social dialogue**

**Collective labour agreement for six years**

**Training and professional development**

**81 hours of training per employee**

**Equal opportunities and work-life balance**

**23.4 % of workforce is female  
(22.1 % in 2007)**





# Corporate social responsibility

## Recognition

- **Presence in the leading sustainability indices.**



- **First place in the corporate responsibility studies of all the Ibex 35 companies.**
- **Best annual sustainability report of all the Ibex 35 companies.**  
**Prize awarded by AECA and ICJCE.**
- **European Award for the Environment.**  
**For the rollout of Cecre (control centre for renewable energies).**



# Corporate social responsibility

## Advances in the field of corporate governance

- **Fostering corporate governance policies and practices.**
- **Dissemination of the principles and recommendations of the ethical code to the entire company.**
- **Greater number of female directors.**  
**27 % female directors**  
**(the highest percentage of all Ibx 35 companies).**
- **Board remuneration frozen.**



## Consolidating our role as TSO

- Significant investment in the transmission grid to roll out electricity infrastructure plan.
- Acquisition of transmission grid assets from electricity companies.
- Maintaining high levels of operating efficiency and quality of service.



**€4,000mn**

**invested in the transmission grid in 2009-2013**



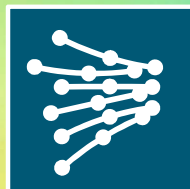
## Financial commitments

- Annual growth of earnings per share of at least 15 %.
- Shareholder remuneration in line with increased earnings.



**Emphasis on creating value and shareholder remuneration**





# **RED ELÉCTRICA**

## CORPORACIÓN

**A business project focused on efficiency and profitability which provides shareholder value and contributes to sustainable development**

